



Economics and Statistics Administration

Mission Statement

Help maintain a sound federal statistical system that monitors and measures America's rapidly changing economic and social arrangements; Improve understanding of the key forces at work in the economy and the opportunities they create for improving the well-being of Americans; Develop new ways to disseminate information using the most advanced technologies; Support the information and analytic needs of the Commerce Department, the Executive Branch, and the Congress.

The United States is the world's economic information leader, due in large part to the timely and accurate data and analyses produced by the agencies of the Economics and Statistics Administration (ESA). These agencies, the Bureau of the Census and the Bureau of Economic Analysis (BEA), collect vital demographic and economic data through the decennial census and other surveys and produce key economic measures such as the gross domestic product and the balance of payments. The data produced by BEA and the Census Bureau and the analyses produced by ESA headquarters affect the lives of all Americans by providing the President, Congress, local communities, and businesses with the information they need to make sound decisions.

ESA Headquarters

ESA headquarters (comprised of the Office of the Under Secretary, the Chief Economist, the Policy Support staff, and STAT-USA) has four main roles: (1) to provide executive direction, management, financial analysis, and administrative support to all ESA agencies; (2) to evaluate current economic conditions; (3) to provide economic policy analysis; and (4) to provide data dissemination services.

The Office of the Under Secretary provides leadership and executive oversight of all activities of ESA. The Chief Economist and the Office of Economic Conditions monitor and interpret major new economic statistics with the goal of anticipating the future directions of the economy. The economists of the Policy Support Office conduct research on the factors contributing to U.S. industrial strength and the relationship between industry performance and economic growth, including recent major studies on the scope and economic impacts of electronic commerce. Data dissemination services are provided by STAT-USA, an easy-to-use, "one-stop shop" that provides a focal point for business, economic, and trade statistics. STAT-USA is a revolving fund account that requires no government funding.

All resource requirements of ESA headquarters, including STAT USA, are shown on page 97. These resources contribute directly to our performance goal, "To develop relevant, accurate, and timely GDP and economic accounts statistics."

STAT-USA

STAT-USA provides the public with access to key business, economic, and international trade information. STAT-USA's mission is to produce, distribute, and assist other government agencies in producing world-class business, economic, and government information products that U.S. businesses and the public can use to make intelligent, informed decisions. It accomplishes this goal through two primary products and services: (1) STAT-USA/Internet and (2) USA Trade Online.

With over eighteen years of sustained performance in producing and delivering business information, STAT-USA has acquired the reputation as a model for federal agencies. STAT-USA builds effective yet inexpensive government data dissemination systems that effectively and efficiently provide business, economic, and international trade information to U.S. businesses and the public.

STAT-USA operates on a revolving fund, obtaining all financial support for its activities through the fee sales of information products and services, and receives no congressional funding.

The most important issue facing STAT-USA is the need to attract and retain customers for its products. In light of the rapid growth of the Internet and increased availability of economic data, STAT-USA works constantly to identify ways to improve information delivery and enhance product content as a means to enhance its value to consumers.

As cited in the Department of Commerce FY 2000-2005 Strategic Plan, STAT-USA plans to:

Identify New Markets For Products and Services To Increase The Customer Base

- The information distributed by STAT-USA is critical to sound economic decision-making in a variety of business venues. STAT-USA plans to expand the customer base beyond the export and trade industries to support other related business areas such as investment and financial management. For these new business markets to be viable, the information must be shown to support their needs.
- STAT-USA will analyze information provided in STAT-USA products and develop additional market opportunities by increasing the customer base by 5 percent.
- STAT-USA has a business and marketing plan that links employee evaluations to how well it meets its annual goals and objectives. Evaluations of ways STAT-USA will meet those goals and objectives are accomplished by conducting analysis of customer contacts and related sales.

Increase Customer Involvement To Improve Customer Satisfaction.

- To meet the economic information needs that contribute to effective decision-making for businesses involved in exporting activities, STAT-USA must disseminate economic and trade information for e-commerce. The usefulness of the data can be measured by the total fee sales generated from STAT-USA/Internet and USA Trade Online, and by the level of customer satisfaction reported in customer surveys. The goal is to obtain over 90 percent customer satisfaction ratings for FY 2003 and FY 2004. STAT-USA has also initiated an Office of Management and Budget-approved customer survey and is utilizing results to identify actions that might be taken to improve STAT-USA products and services in support of increased sales.

Increase Supplier Involvement

- STAT-USA data suppliers need to be kept abreast of the types of statistical data that are collected, and the composition of the customer markets that utilize the data. These data suppliers will then understand that timeliness of receipt and accuracy of the data they supply are paramount to STAT-USA's ability to maintain its position in a competitive e-marketplace. STAT-USA will establish Memorandums of Understanding for major STAT-USA data suppliers that update database content for accuracy and improve methods of data collection for on-time delivery. STAT-USA will contact major data suppliers to discuss its content requirements and pursue the potential to provide enhanced access to other related data supportive of agency missions and the public need for expansion of e-commerce.

The Bureau of Economic Analysis

BEA is the nation's economic accountant, developing measures and systems for collecting and interpreting vast amounts of diverse data from both government and private sources. BEA combines and transforms the data into a consistent and comprehensive picture of economic activity, which is summarized by estimates of gross domestic product (GDP). BEA's national, regional, industry, and international economic accounts form much of the core of the federal statistical system and are critical for informed decision making by businesses; individuals; and federal, state, and local governments. These data, which provide the yardstick by which the health and potential of the economy are measured, are vital ingredients in major decisions affecting such areas as interest and exchange rates, tax and spending policies, and social security projections. They also affect every American who runs a business, saves for retirement, or borrows to buy a house.

The Bureau of the Census

The Bureau of the Census chronicles societal and demographic change. The Bureau fulfills the constitutionally-mandated requirement to conduct a decennial census, and the Bureau collects a wide range of economic and demographic data. The data provided by the Census Bureau shape important policy decisions that help improve the nation's social and economic conditions.

Summary

ESA's staff and programs provide vital information, analysis, and advice to Department of Commerce officials and other executive branch departments, agencies, and officials. Many of the nation's decisions are based upon the economic and demographic information the Agency produces.



Bureau of Economic Analysis

Mission Statement

The Bureau of Economic Analysis (BEA) seeks to strengthen understanding of the U.S. economy and its competitive position by providing the most accurate and relevant GDP and economic accounts data in a timely and cost effective manner.

BEA is one of the world's leading statistical agencies. Although it is a relatively small agency, BEA produces some of the most closely-watched economic statistics that influence the decisions made by government officials, business leaders, households, and individuals. BEA's economic statistics, which provide a comprehensive, up-to-date picture of the U.S. economy, are key ingredients in critical decisions affecting monetary policy, tax and budget projections, and business investment plans. The cornerstone of BEA's statistics is the National Income and Product Accounts (NIPA), which feature the estimate of GDP and related measures. The President's FY 2003 budget request highlighted BEA's statistical programs as an example of an effective government program. Since the NIPAs were first published, BEA has developed and extended its estimates to cover a wide range of economic activities. Today, BEA prepares national, regional, industry, and international accounts that present essential information on such key issues as economic growth, regional economic development, inter-industry relationships, and the nation's position in the world economy.

Priorities/Management Challenges

The past decade has witnessed rapid, widespread changes in the size and complexity of the U.S. economy. These changes reflect the increasing role of services relative to goods, technological advances, new modes of communication, and the introduction of new goods, services, and types of financial transactions. These and other new factors challenge BEA in its efforts to produce accurate and comprehensive economic statistics.

BEA must adapt and change in order to continue to accurately measure the dynamic U.S. economy. To help facilitate this change, BEA recently updated its Five-year Strategic Plan. While the plan outlines specific requirements to improve the work of BEA, it is also a fluid document which allows BEA to adjust to the demands of a dynamic economy. Past funding increases provided for the research and data acquisition were needed to improve the quality of BEA statistics and make them more timely. The FY 2004 funding request will help build on the work already done and bring the BEA statistical programs up to the standards being demanded by users.

- **Objective 1. Make BEA's economic accounts and services more responsive to the needs of its customers and partners.** BEA is concentrating on improving its relationships with its customers and partners. Specific actions are identified in the plan that address such objectives as: establishing and improving two-way communication with customers through regular customer surveys and other sources of feedback; expanding outreach efforts to data users, the Congress, the business community, and the news media through the more effective use of technology, partnerships, and informational materials; upgrading the technology used to collect and disseminate information; and redesigning BEA's Web site to provide more explanations, background information, searchable links to metadata, and other interactive features.

- **Objective 2. Attract, develop, and retain a highly qualified, diverse workforce prepared to innovate and improve BEA's statistics.** BEA faces a variety of workplace challenges. The plan provides for specific actions that address such workplace objectives as improving employee retention and recruitment by: more effectively using the flexibility of the Personnel Management Demonstration Project; supporting continuous career development for all employees; aiming employee training plans toward future workforce needs; and improving the system for recognizing and rewarding employees for their work.
- **Objective 3. Upgrade resource management to support BEA's strategic goals.** Support for the initiatives outlined in the strategic plan will come from the more effective use of existing resources (through productivity-enhancing IT investments and changes in work processes and products). To manage its resources effectively, BEA will have to better account for the costs and benefits of existing and proposed work. By using new financial accounting support and by stepping up its interaction with customers, the Department, and statistical agency partners, BEA will more effectively conduct its programs, allocate resources, and plan for the provision of resources to achieve the Bureau's goals.
- **Objective 4. Upgrade BEA's economic statistics by improving statistical methodologies and source data and by using new technologies.** The strategic plan identifies statistical program priorities for FY 2003 through FY 2008. These priorities are summarized in detail in the strategic plan by program area and are accompanied by an across-the-board review of source data improvements.

In FY 2004, BEA's funding request builds on the challenges identified in the Five-year Strategic Plan. The Bureau is requesting funding to:

- Complete FY 2003 obligations to:
 - Generate more timely economic data by accelerating gross domestic product (GDP), U.S. personal income and outlays, and county personal income.
 - Continue to meet U.S. international obligations for data comparability by beginning to fully implement the Special Data Dissemination Standards developed by the International Monetary Fund (IMF).
- Incorporate real-time data into the premier BEA statistics in order to provide data users more current economic measures so they can make better informed business, policy and monetary decisions.

FY 2004 Program Changes

(Dollars in Thousands)

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Bureau of Economic Analysis	470	\$72,844	+25	+\$5,448

The recent economic uncertainties facing our nation have challenged BEA to provide economic measures that are more relevant, accurate, and timely than ever before. Federal, State and local government budget forecasts; interest and exchange rate changes; and business investment strategies rely on these measures as the foundation for their decisions. To meet these challenges, BEA has implemented a 5-year Strategic Plan to drive activities that will significantly improve the accuracy of our most important estimates, accelerate the release of our key economic measures, and continue to meet our international obligations.

Funds provided in FY 2002 allowed BEA to accomplish all of its stated goals to improve the quality of our measures and repair our failing processing systems. During the year, BEA incorporated better estimates of wages and salaries and improved indexes for brokerages services and federal consumption expenditures into the Gross Domestic Product (GDP) and related accounts which significantly improved their accuracy. IT funding allowed BEA to begin replacing its antiquated and stovepiped processing systems and begin the multi-year implementation of a comprehensive, integrated system to handle the more complex and difficult calculations being required of it.

The FY 2004 budget request for BEA mirrors the activities laid out in BEA's 5-year Strategic Plan. The request builds on past improvements and seeks to meet the challenges being made of BEA to provide the essential tools to make fundamental decisions that affect the economic lives of all Americans.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Generate more timely economic data/ Met U.S. international obligations			+18	+\$3,830

Generate More Timely Economic Data: The economic data produced by BEA are among the most timely economic statistics in the world. Even as the world leader, BEA must meet the demands of its own users that require more accurate, timely and relevant data at home. The recession of 2001 demonstrated this need. Policymakers and business leaders alike scrambled to fully understand the macro-economic picture in order to set monetary and fiscal policy and determine investment strategies. More timely and accurate measures from BEA are required. This challenge is being met head-on by BEA in its FY 2004 initiatives. BEA seeks to build on the work planned for FY 2003 and accelerate its hallmark GDP measure by two weeks as well as accelerate personal income and outlays and county area personal income estimates. Incorporating this acceleration with the plan to acquire real-time data to improve the accuracy of these measures (see following page) will dramatically improve the usefulness of these measures.

Met U.S. International Obligations: The second component of this multi-year initiative seeks to ensure the Nation’s compliance with international statistical obligations. The U.S. and the IMF have stated that past debt crises resulted in large part because timely and accurate data about worsening economic conditions were unavailable. U.S.’s leadership to comply with the “Special Data Dissemination Standards” (SDDS) will help ease this data gap and encourage other nations to maintain their compliance. The SDDS were developed under an international agreement to increase the transparency of data on economic conditions, particularly of country that wish to borrow internationally.

FY 2004 funds will allow BEA to meet this U.S. commitment as well by updating the U.S. Balance of Payments to recognize derivatives and other new financial instruments important to the U.S. and world financial markets.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Acquire real-time data to improve quality			+7	+\$1,618

Investments in purchasing real-time data have shown large potential to dramatically improve macro-economic measures such as the GDP. For example, the July 2002 revisions of the GDP and National Accounts incorporated a new method for estimating brokerage receipts using a mix of monthly public and private real-time data that better captured changes in pricing practices. This additional data significantly lowered measured growth in that dynamic industry. As a result, BEA’s revision showed a recession that started earlier and lasted longer than BEA had initially estimated. Incorporating real-time data is a simple, proven method of improving the GDP and national accounts. FY 2004 funds will improve the economic accounts by allowing BEA to acquire monthly real-time data from private sources to fill data gaps in current measures.

Targets and Performance Summary

See individual Performance Goal section for further description of each measure.

Performance Goal 1: Develop Relevant, Accurate, and Timely GDP and Economic Accounts Statistics

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Reliability of delivery of economic data (number of scheduled releases issued on time) ¹	100%	100%	100%	50 of 50	50 of 50	48 of 48	TBD ²
Customer satisfaction with quality of products and services (mean rating on a 5-point scale)	N/A (survey postponed to 2000)	4.3	N/A (survey postponed to 2002)	Greater than 4.0	4.3	Greater than 4.0	Greater than 4.0
Percent of GDP estimates correct	New	New	New	New	83%	Greater than 84%	Greater than 84%
Improving GDP and the economic accounts	New	New	New	Develop new measures to address gaps in and update BEA's accounts; design new quarterly survey of international services; develop new pilot estimates that provide better integration with other accounts.	Developed new measures to address gaps and updated BEA's accounts; designed prototype of new quarterly survey of international services; developed new pilot estimates that provide better integration with other accounts.	Successful completion of related Strategic Plan milestones, including benchmark and update of industry accounts, incorporate NAICS into regional accounts, and update international accounts.	Successful completion of related Strategic Plan milestones, including update of national accounts.
Accelerating economic estimates	New	New	New	New	New	Successful completion of related Strategic Plan milestones, including accelerate the release of international trade estimates (with Census Bureau), GDP by Industry, annual input-output tables, gross state product, and metropolitan area personal income.	Successful completion of related Strategic Plan milestones, including accelerate the release of Gross Domestic Product, personal income and outlays, and county area personal income.

¹ Prior to FY 2003 this measure was worded as "Reliability of delivery (% of scheduled releases issued on time)."

(Continued)

² Once the release schedule is developed in the Fall of 2003, the FY 2004 target will be determined.

Performance Goal 1: Develop Relevant, Accurate, and Timely GDP and Economic Accounts Statistics (Cont.)

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Meeting U.S. international obligations	New	New	New	New	New	Successful completion of related Strategic Plan milestones, including assist Treasury in designing a survey of derivatives; incorporate estimates of short-term claims and long-term assets, in accounts; provide data for SDDS compliance; and publish annual supplemental ownership-based accounts.	Successful completion of related Strategic Plan milestones, including clear and conduct new derivatives survey; and incorporate estimates of short-term and long-term liabilities into the accounts.
Upgrading information technology systems	New	New	New	Develop new systems, including design and prototype phase of new NIPA2 core processing system; develop improved interactive features on BEA's Web site; extend electronic reporting for international surveys.	Developed new systems, including implementation of prototype phase of new NIPA core processing system; developed improved interactive features on BEA's Web site; extended electronic reporting for international surveys.	Successful completion of related Strategic Plan milestones, including implement a new system for industry accounts benchmark processing and balance of payments processing; extend BEA's electronic reporting option for six international investment surveys.	Successful completion of related Strategic Plan milestones, including complete national accounts system redesign and proceed with upgrades to international and industry account processing systems, continue to enhance BEA web applications.

Resource Requirements Summary

(Dollars in Millions. Funding amounts reflect total obligations.)

Information Technology (IT)

Full-Time Equivalent (FTE)

Performance Goal 1: Develop Relevant, Accurate, and Timely GDP and Economic Accounts Statistics

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
STAT-USA								
Total Funding	5.0	2.0	3.4	2.5	1.7	1.9	0.0	1.9
FTE	19	19	27	12	15	15	0	15
Salaries and Expenses:								
Policy Support:								
Total Funding	5.6	6.5	5.9	7.1	6.2	6.5	0.0	6.5
FTE	50	40	44	58	52	52	0	52
BEA:								
Total Funding	44.5	46.0	48.6	57.1	65.5	72.8	5.4	78.3
IT Funding ¹	6.0	6.1	6.2	10.2	10.4	11.4	0.0	11.4
FTE	414	409	403	418	448	470	25	495
Grand Total								
Salaries and Expenses	50.1	52.5	54.5	64.2	71.7	79.3	5.4	84.8
Total Funding ²	55.1	54.5	57.9	66.7	73.4	82.7	5.8	88.6
Direct	53.3	52.8	56.5	62.5	69.9	79.3	5.4	84.8
Reimbursable ²	1.8	1.7	1.4	4.2	3.5	3.4	0.4	3.8
IT Funding ¹	6.0	6.1	9.3	10.2	10.4	11.4	0.0	11.4
FTE ³	483	468	474	488	515	537	25	562

¹ IT funding included in total funding.

² FY 2003 and FY 2004 out includes reimbursable funding in Total Funding under the Grand Total only (includes STAT-USA and ESA/BEA direct and reimbursable funds).

³ Total FTE includes ESA/BEA reimbursable FTE.

Skill Summary:

Economists, accountants, statisticians, and computer specialists.

FY 2004 Performance Goals

Performance Goal 1: Develop Relevant, Accurate, and Timely Gross Domestic Product (GDP) and Economic Account Statistics

Corresponding Strategic Goal

Strategic Goal 1: Provide the information and the framework to enable the economy to operate efficiently and equitably.

Rationale for Performance Goal

The economic statistics produced by the Bureau of Economic Analysis (BEA) enable government and business decision makers, researchers, and the public to follow and understand the performance of the U.S.'s economy; thus, they are critical to sound economic decision-making at all levels, from individuals to the highest-level policymakers. BEA prepares national, regional, industry, and international economic accounts that present essential information on such key issues as economic growth, regional economic development, inter-industry relationships, and the U.S.'s position in the world economy. The national economic accounts include the national income and product accounts (NIPAs), which provide a quantitative view of the production, distribution, and use of the U.S.'s output and feature GDP, one of the most closely followed of all economic measures. The national accounts also include estimates of the U.S.'s stock of fixed assets and consumer durable goods. The regional economic accounts provide estimates and analyses of personal income and earnings by industry for regions, states, metropolitan areas, and counties. They also include estimates of gross state product by industry. The industry economic accounts include the input-output tables, which show how industries interact to provide input to and take output from each other, and the gross product by industry data, which measure the contributions of private industry and government to GDP. The international economic accounts include the international transactions accounts (balance of payments) and the estimates of U.S. direct investment abroad and foreign direct investment in the United States.

BEA's current estimates usually appear first in news releases, and they also are available on the BEA Web site and in BEA's monthly journal of record, the *Survey of Current Business*.

BEA's statistics must be as relevant, accurate, and timely as possible in order to provide a clear and comprehensive picture of economic activity. By meeting these goals, BEA estimates are most useful to data consumers. In addition, BEA estimates must be provided when expected and be readily accessible in easy-to-use formats. The first three measures reported below are aggregate indicators of BEA's success in producing data that are consistently released on schedule, useful and readily available to the public to satisfy their data needs, and as accurately estimated as possible given current data limitations.

The final four performance measures are budget-based measures closely tied to the milestones of BEA's Five-year Strategic Plan. The BEA annually reviews, assesses, and updates its Strategic Plan to provide direction and guidance to its long-term goals of providing relevant, accurate, and timely economic estimates. Data users and other stakeholders are invited to comment on the milestones to insure future efforts are targeted toward areas of user need, and the Strategic Plan is made public on BEA's Web site. As a living document, BEA's budget initiatives are developed from this plan and performance measures are used to track agency success. Funding consistent with the President's FY 2003 and FY 2004 Budgets is critical for achieving the targets in these performance measures.

Measure 1a: Reliability of Delivery--Economic Data (Number of Scheduled Release Issued on Time)

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target ¹	100%	100%	100%	50 of 50	48 of 48	TBD ²
Actual	100%	100%	100%	50 of 50		
Met/Not Met	Met	Met	Met	Met		

This measure was changed for FY 2002 from percentage to number of releases that me delivery dates.

¹ BEA's scheduled release is published annually in the Survey of Current Business in the fall.

² Once the release schedule is developed in the Fall of 2003, the FY 2004 target will be determined.

Explanation of Measure

BEA has issued all of its economic data releases on schedule and on time since this performance measure was instituted. In FY 1999, all forty-seven scheduled releases were issued on time, and in FY 2000 and FY 2001 all forty-eight scheduled releases were issued on time each year. FY 2002 followed suit with all of its scheduled fifty data releases provided to the public on schedule and on time. The importance of these data as an ingredient of sound economic decision-making requires BEA to deliver data into the hands of decision-makers and other data users not only quickly but also reliably, that is, on schedule. BEA has achieved this goal in recent years despite serious concerns over GDP computer processing systems that were at risk of failure. BEA anticipates that it will continue its perfect record of issuing its data releases on schedule and on time. The target for FY 2003 is set at forty-eight releases to be delivered reliably. Targets for FY 2004 and out years cannot be determined until the release schedule is set, which occurs in the fall of the year preceding the releases.

FY 2003 & FY 2004 Targets

For FY 2003, BEA expects to issue forty-eight data releases with a target to release them each on time as scheduled. The FY 2004 target cannot be determined until the release schedule is developed in the fall of 2003.

Measure 1b: Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5-point Scale)

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0
Actual	N/A (survey postponed to 2000)	4.3	N/A (survey postponed to 2002)	4.3		
Met/Not Met	Not Met	Met	Not Met	Met		

Explanation of Measure

Each year, BEA conducts a survey of users of BEA products and services through a mail and on-line survey. The BEA customer survey was conducted in FY 2002. BEA's customers again gave the Bureau high marks on their satisfaction with BEA products and services. On a scale of one to 5 with 5 being "very satisfied," respondents rated BEA with a 4.3. This score was identical to the score given BEA in FY 2000. In eight of nine questions related to BEA's services and products, a noticeable increase was reported. The greatest increase in satisfaction was recorded in the ease of access and use of BEA data, which is directly related to the significant improvements undertaken by BEA to upgrade and enhance data available online. Other areas of important increase were reported in customer perception of the accuracy of BEA data, availability of background documentation, and access and helpfulness of BEA staff. The one area that did not experience an increase in customer satisfaction was in the adaptation of new methodologies. Improvements in methodologies will be made as part of the benchmark work on the national accounts during FY 2003. More details from the customer satisfaction survey can be found in the report which is available on the BEA Web site at www.bea.gov.

FY 2003 & FY 2004 Targets

BEA has set its FY 2003 and FY 2004 target for customer satisfaction to achieve a rating greater than 4.0 percent.

Measure 1c: Percent of GDP Estimates Correct						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	Greater than 84%	Greater than 84%
Actual				83%		
Met/Not Met						

Explanation of Measure

The accuracy of the GDP estimate is a top priority of BEA. As a foundation measure used by policymakers and businesses to help determine fiscal and monetary policy and investment strategies, the accuracy of a measure of national economic activity is critical to the U.S. economy. To provide an indicator of BEA's success at accurately estimating GDP, the Bureau has developed this new quantitative measure. It is based on long-standing research studies by BEA and consists of an average of six indicators. These six indicators measure the accuracy of the GDP estimate with respect to (1) whether the economy is expanding or contracting, (2) whether the economy is growing faster or slower, (3) whether the economy is strong or weak, (4) the trend in GDP growth rate, (5) the average quarterly GDP growth rate, and (6) the level of current-dollar GDP. A methodology is applied using three-year rolling averages to develop a single measure of the correctness of the GDP estimate. The closer the measure is to 100 percent, the more accurate BEA is at estimating GDP. A number of factors can affect the success of accurately measuring GDP and affect the level of the measure. Turning points are a clear example of when accuracy drops due to the lack of real-time data and data source gaps. BEA seeks to improve access to these data with its FY 2004 budget proposal.

FY 2003 & FY 2004 Targets

BEA seeks to correctly estimate the GDP estimate, in terms of the six indicators, more than 84 percent of the time in both FY 2003 and FY 2004.

Measure 1d: Improving GDP and the Economic Accounts

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	Develop new measures to address gaps in and update BEA's accounts; design new quarterly survey of international services; develop new pilot estimates that provide better integration with other accounts.	Successful completion of related Strategic Plan milestones, including benchmark and update of industry accounts, incorporate NAICS into regional accounts, and update international accounts.	Successful completion of related Strategic Plan milestones, including update of national accounts.
Actual				Developed new measures to address gaps and updated BEA's accounts; designed prototype of new quarterly survey of international services; developed new pilot estimates that provide better integration with other accounts.		
Met/Not Met				Met		

Explanation of Measure

The economic accounts are the core products of BEA. In order to maintain their relevance, they must continually be upgraded to keep pace with our increasingly complex and rapidly changing economy and to provide public and private policymakers with the best possible economic information. BEA's Five-year Strategic Plan for 2003-2008 lays out the steps BEA will take to achieve needed improvements and produce the high-quality data that its users expect and rely upon. This measure tracks BEA's success in achieving these milestones and highlights some of the more important issues. During FY 2002, BEA met all of the most important Strategic Plan milestones. It seeks to achieve a similar record in FY 2003 and FY 2004.

FY 2003 & FY 2004 Targets

The FY 2003 and FY 2004 targets for this performance measure reflect commitments made by BEA in its Five-year Strategic Plan. BEA expects to continue its efforts to improve its core economic measures by developing new measures for specific economic activity. In FY 2004, BEA plans to bring in real-time data to significantly improve the quality and timeliness of GDP and the national accounts, as well as better integrate the national accounts with industry, international, and regional measures.

Measure 1e: Accelerating Economic Estimates

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	Successful completion of related Strategic Plan milestones, including accelerate the release of international trade estimates (with Census Bureau), GDP by Industry, annual input-output tables, gross state product, and metropolitan area personal income.	Successful completion of related Strategic Plan milestones, including accelerate the release of Gross Domestic Product, personal income and outlays, and county area personal income.
Actual						
Met/Not Met						

Explanation of Measure

BEA was challenged by the Secretary of Commerce and its data users to provide important economic measures more quickly after the reference period. This acceleration of major economic estimates will make these data significantly more useful to decision makers in both the public and private sectors. This measure tracks BEA's success at meeting critical milestones in BEA's Five-year Strategic Plan for 2003-2008 related to accelerating economic measures.

FY 2003 & FY 2004 Targets

The FY 2003 and FY 2004 targets for this performance measure reflect commitments made by BEA in its Five-year Strategic Plan. For FY 2003, BEA committed to accelerate five measures, including international trade estimates (with the Census Bureau), GDP by Industry, annual input-output tables, gross state product, and metropolitan area personal income. Building on the work from FY 2003, the target for FY 2004 includes accelerating the release of the GDP, personal income and outlays, and county area personal income.

Measure 1f: Meeting U.S. International Obligations

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	Successful completion of related Strategic Plan milestones, including assist Treasury in designing a survey of derivatives; incorporate estimates of short-term claims, and long-term assets, in accounts; provide data for SDDS compliance; and publish annual supplemental ownership-based accounts.	Successful completion of related Strategic Plan milestones, including clear and conduct new derivatives survey; and incorporate estimates of short-term and long-term liabilities into the accounts.
Actual						
Met/Not Met						

Explanation of Measure

The North American Industry Classification System (NAICS) was developed jointly by the United States, Canada, and Mexico to provide a uniform basis for identifying, compiling, and presenting industry data. This new system reflects the increasing importance of new industries, especially services and new technologies, while improving the comparability of statistics among countries. These comprehensive benchmark accounts, which are prepared every five years, provide detailed data on the interactions among industries and are the basis for subsequent comprehensive revisions of GDP and the other economic accounts. This measure indicates BEA's progress in achieving the planned incorporation of NAICS.

FY 2003 & FY 2004 Targets

The FY 2003 and FY 2004 targets for this performance measure reflect commitments made by BEA in its Five-year Strategic Plan. For FY 2003 and FY 2004, BEA will work to incorporate NAICS into its accounts and meet its international obligations with the IMF and United Nations.

Measure 1g: Upgrading Information Technology Systems

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	Develop new systems, including design and prototype phase of new NIPA ¹ core processing system; develop improved interactive features on BEA's Web site; extend electronic reporting for international surveys.	Successful completion of related Strategic Plan milestones, including implement a new system for industry accounts benchmark processing and balance of payments processing; extend BEA's electronic reporting option for six international investment surveys.	Successful completion of related Strategic Plan milestones, including complete national accounts system redesign and proceed with upgrades to international and industry account processing systems, continue to enhance BEA Web applications.
Actual				Developed new systems, including implementation of prototype phase of new NIPA ¹ core processing system; developed improved interactive features on BEA's Web site; extended electronic reporting for international surveys.		
Met/Not Met				Met		

¹ NIPA - National Income and Product Accounts.

Explanation of Measure

One of BEA's major priorities is the upgrading of its information technology systems. BEA's statistical processing systems are essential elements in the production of the economic accounts. Because these systems have been pieced together over time in a patchwork of cumbersome and inefficient elements, it is critical that they be redesigned and upgraded to take full advantage of current information technology capabilities. This will improve the speed, reliability, and accuracy of the statistical production process. It is also important that BEA improve users' access to BEA data by incorporating the latest technological tools to upgrade its Web site. BEA's latest customer survey showed that user-friendly electronic access is very important to customers. Improvements to the Web site will dramatically increase the usability of BEA data and should have a positive effect on customer satisfaction ratings in future surveys. A third element of the information technology improvements is the

provision of an electronic reporting option for respondents to BEA's surveys of multinational companies. These surveys of foreign direct investment and international trade in services require the submission of more than 100,000 report forms each year. By providing the ability to report electronically, BEA will reduce respondent burden and reduce its own processing costs. This measure indicates BEA's progress in achieving the planned information technology system improvements.

FY 2003 & FY 2004 Targets

The FY 2003 and FY 2004 targets for this performance measure reflect commitments made by BEA in its Five-year Strategic Plan. For FY 2003 and FY 2004, BEA will upgrade the hardware and software of each of the divisions of BEA to bring them into an integrated system that will allow for better data manipulation, sharing, and calculations.

Program Evaluation

Strategic Program Evaluation BEA's most important evaluation of its programs was the development and publication of a new strategic plan. The initial evaluation and draft were conducted in FY 2001 and FY 2002 with the support of an outside consultant and BEA staff. Subsequent drafts were vetted with BEA's statistical agency partners, its customers, and its Advisory Committee. The final plan was published in May of 2002. Based on the evaluation of its programs, BEA plan goals consist of making its economic accounts and services more responsive to customers; improving the methodologies, source data, and technologies used to prepare the national, international, industry, and regional accounts; attracting, developing, and retaining a top-notch workforce; and upgrading resource management to support these initiatives.

Human Capital Management In March 2002, BEA contracted with the Office of Personnel Management (OPM) to conduct an employee assessment survey to better understand the strengths and weaknesses of the organization. The assessment results were very positive for BEA with BEA employees ranking BEA above other federal agencies in sixteen of seventeen broad categories. Among the categories in which BEA employees rated BEA significantly above average were in use of resources, performance measures, diversity, and rewards and recognition. However, the survey also revealed a number of important challenges. The two challenge areas identified are (1) training and career development and (2) job security and commitment to workforce. In both cases, BEA fell at or below the other federal agency medians. The employee assessment survey also pointed out a need to address employee health and safety issues.

Information Technology In the information technology area, several evaluations were completed. In FY 2002 three independent reviews were conducted focusing on information technology security.

- KPMG performed a security assessment of BEA's internal and external technology infrastructure. No major vulnerabilities were found.
- The DOC Office of Inspector General performed a compliance review of BEA's security plans and security operating procedures. No major deficiencies were found.
- The DOC Office of the CIO performed a security review of International Investment systems and the supporting BEA local area network. No security weaknesses were discovered and no recommendations were made. The BEA IT security system level documentation, policies, and procedures that were reviewed met or exceeded DOC standards. In addition, through intrusion detection scanning BEA's network was determined to be very secure.

In addition:

- BEA completed an annual self-assessment of management processes and procedures followed for IT capital planning, IT security and IT architecture. Our programs received above average rankings based on levels provided by DOC.
- Three tests and evaluations were made of BEA's disaster recovery capabilities. Each test focused on specific program areas. Testing successfully verified that BEA was capable of producing its critical data estimates at an off-site location in support of key mission activities.
- CompuCom Corporation performed an assessment of BEA data storage requirements in order to streamline network backup and restore capabilities. The assessment led to the FY 2002 major upgrade to network backup system that reduced the time window required for backup of critical data by 50 percent.
- Digicon Corporation performed an evaluation of BEA's data transmission infrastructure in order to make recommendations for major upgrades. From this evaluation BEA was able to plan a significant FY03 upgrade to its LAN and desktop information technology infrastructure. This upgrade will improve the performance and productivity of BEA estimation systems.

Discontinued Measure

Timeliness of Release of GDP (As Compared with Other Countries)						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	1st	1st	N/A	N/A
Actual		1st	1st			
Met/Not Met			Met			

Explanation of Measure

This measure has been discontinued beginning in FY 2003 due to concerns about its relative narrowness in scope. Timeliness remains important to BEA's statistics and it is covered in the BEA strategic plan and in its budget initiatives.

Cross-cutting Activities

Intra-Department of Commerce

The Bureau of the Census: BEA works closely with the Census Bureau, which is one of the principal suppliers of source data used to compile BEA's economic accounts. BEA and Census representatives meet regularly to maintain an awareness of their joint and individual statistical problems and needs and to facilitate cooperation in meeting those needs. The availability of current source data from the Census Bureau is a key factor in the scheduling of BEA release dates.

Other Government Agencies

Bureau of Labor Statistics (BLS) and Internal Revenue Service (IRS): These two agencies are principal suppliers of source data used to compile BEA's economic accounts. BEA works closely with both agencies to maintain an awareness of their joint and individual statistical problems and needs, and to facilitate cooperation in meeting those needs. The availability of current source data from BLS is a key factor in scheduling the release of BEA estimates.

Interagency Council on Statistical Policy (ICSP): Under the auspices of the Office of Management and Budget, BEA is a major participant in the ICSP, which works to improve collaborative activities of federal statistical agencies. Activities of the ICSP have led to standardization of data and concepts, transfers of technology, methodology exchange, collaborative research, process improvement, improved customer service, reduced respondent burden, and infrastructure sharing.

Other agencies: To obtain source data for its economic accounts, BEA maintains close working relationships with statistics-producing agencies in most of the executive branch departments of the government, including Agriculture, Defense, Education, Energy, Health and Human Services, Labor, Transportation, and Treasury.

External Factors and Mitigation Strategies

BEA is highly dependent on other government agencies and private organizations for the source data it uses to produce its economic accounts statistics. Thus, BEA's ability to provide relevant, accurate, and timely economic data and to move forward with improvements in its economic accounts is constrained by the quality and availability of that source data. BEA works closely with its data sources to obtain the best and most complete data possible and continually refines its estimation methods to improve its measures, especially in areas with source data deficiencies.

BEA Data Validation and Verification

BEA's Director conducts an annual review of the Bureau's performance data to ensure that it is complete and accurate. Any significant deviations from the projected target, if any, are reviewed by the Director and action is planned to address deficiencies.

The validation process is conducted in a manner similar to audit principles including data collection and verification of data. Data is collected from independent sources and BEA's Five-year Strategic Plan and compared to actual outcomes to determine the success or failure of the agency to meet its specific goals. All data is maintained and publicly available for additional outside review. The BEA Data Validation and Verification table can be found starting on the following page.

BEA Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 1a: Reliability of delivery—economic data (number of scheduled releases issued on time)	A schedule of release dates for the coming calendar year is published each fall in the Survey of Current Business and is posted on BEA's Web site. BEA maintains a record of subsequent actual release dates.	Annually	BEA maintains the schedule of future release dates and the record of actual release dates. Both sets of information are available on BEA's Web site.	Scheduled and actual release dates are a matter of public record and can be verified via the Internet.	A few releases may not be included in the published annual schedule because their release dates cannot be established that far in advance, and those releases are excluded from the performance measure.	FY 2004 target to be determined after the release schedule is developed in the Fall of 2003.
Measure 1b: Customer satisfaction with quality of products and services (mean rating on a 5-point scale)	BEA customer survey.	Annually	BEA conducts the survey, compiles the results, and retains records of raw data and computations that lead to final results.	BEA will provide a copy of the survey to the Economics and Statistics Administration.	Data are not available for years, such as FY 2001, in which survey is not conducted.	Survey will be conducted in FY 2003 and FY 2004.
Measure 1c: Percent of GDP estimates correct	Background research studies published in BEA's Survey of Current Business. Annual report will be submitted to OMB and available to the public on BEA's Web site.	Annually	The Survey of Current Business is published monthly and available for free online and for a fee through subscription. Statistical report will be made available on BEA's Web site.	The Survey of Current Business is a matter of public record and can be verified via the Internet or hardcopy. The statistical report also will be available to the public on BEA's Web site.	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 new measure will be conducted.
Measure 1d: Improving GDP and the economic accounts	BEA's strategic plan provides a timetable with annual milestones for achieving significant improvements in the economic accounts. At the end of each fiscal year, beginning with FY 2002, BEA will evaluate and report its progress in achieving the scheduled milestones.	Annually	BEA compiles and maintains data.	BEA conducts internal review and analysis.	BEA's annual review and updating of its strategic plan could result in changes to milestones.	Milestones will be adjusted as necessary to match BEA's strategic plan.

BEA Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 1e: Accelerating economic estimates	BEA's strategic plan provides a timetable with annual milestones for accelerating the release of its economic accounts estimates. Beginning with FY 2003, BEA will annually evaluate and report its progress in achieving the scheduled milestones.	Annually	BEA compiles and maintains data.	Internal review and analysis by BEA.	BEA's annual review and updating of its strategic plan could result in changes to milestones.	Milestones will be adjusted as necessary to match BEA's strategic plan.
Measure 1f: Meeting U.S. international obligations	BEA's strategic plan provides a timetable with annual milestones for incorporating NAICS (North American Industry Classification System) in its economic accounts. At the end of each fiscal year, beginning with FY 2003, BEA will evaluate and report its progress in achieving the scheduled milestones.	Annually	BEA compiles and maintains data.	Internal review and analysis by BEA.	BEA's annual review and updating of its strategic plan could result in changes to milestones.	Milestones will be adjusted as necessary to match BEA's strategic plan.
Measure 1g: Upgrading information technology systems	BEA's strategic plan provides a timetable with annual milestones for modernizing the information technology systems used to produce the economic accounts estimates, collect survey data, and disseminate data to users. At the end of each fiscal year, beginning with FY 2002, BEA will evaluate and report its progress in achieving the scheduled results.	Annually	BEA compiles and maintains data.	Internal review and analysis by BEA.	BEA's annual review and updating of its strategic plan could result in changes to milestones.	Milestones will be adjusted as necessary to match BEA's strategic plan.