

**PREPARED STATEMENT OF
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ECONOMICS AND STATISTICS ADMINISTRATION**

The Fiscal Year 2008 Budget

**Before the Subcommittee on Commerce, Justice, Science, and Related Agencies
Committee on Appropriations, U.S. House of Representatives**

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Thank you Chairman Mollohan and Ranking Member Frelinghuysen.

I am Cynthia A. Glassman and I am the Under Secretary for Economic Affairs at the Department of Commerce and as such I head the Economics and Statistic Administration (ESA). ESA is home to two of the most important statistical agencies making up the distributed Federal Statistical System: the Census Bureau and the Bureau of Economic Analysis (BEA).

My colleagues, BEA Director Steve Landefeld and Census Director Louis Kincannon, will review with you some of the particular highlights in their bureaus, but I'd like to take a moment to explain broadly the President's request for our bureaus, and the relationship between the bureaus, as well as review some of our goals.

We are requesting \$1.2 billion for the Census Bureau in FY 2008. It is an important ramp-up year for the 2010 Census program. Planning and operations are increasing this year and will accelerate sharply in FY 2008, as we prepare for the start of nationwide field activities in 2009. This ramp up in preparation for 2010 represents much of the 38% increase in the Census Bureau's request. You will hear more detail about this request from Director Kincannon. The Secretary and I have scrutinized this request and believe the increases, though large, are critical to the success of the decennial count and to maintain and improve the Bureau's other economic and demographic programs.

We are requesting a far more modest \$85 million for the combined Economic and Statistical Analysis budget, which includes both ESA and BEA. This portion of the budget includes a small but important increase of \$2 million to incorporate research and development spending as investment in the Gross Domestic Product accounts.

You may know that ESA is the bureau within the U.S. Department of Commerce where economic and social changes are chronicled, understood, and explained. Census, BEA, and ESA headquarters staff each have a unique role in collecting, preparing and fostering understanding of economic and social data on which so many decisions are based.

Our organization plays an important role in competitiveness and the vitality of the U.S. economy at the national and local levels. For example, the Gross Domestic Product and balance of payment accounts produced by BEA are critical to understanding how we are doing and, as such, are important inputs to budget and monetary policy.

Members of Congress need our data to be accessible and timely in order to make sound fiscal and social policy decisions. A myriad of other agencies use our data as well. For example, FEMA needs ESA's reports on the economic impacts of Hurricane Katrina to help judge recovery efforts. Census data are important at the state level for the allocation of federal funding, while city planners use American Community Survey data to understand the best place for a new school. And, of course, our data are used by many in the private sector for planning and policy purposes.

The three organizations under my purview are much like a pyramid. Census is the base – the largest bureau in terms of budget, people, and variety of programs. Census has the Constitutionally mandated task of counting U.S. residents every ten years, and is statutorily required to conduct the Economic Census every five years. Both of these programs are nearing the peak of their periodic data-collection and funding cycles. We have many other activities producing data that reflect the American economy and social condition. The Census Bureau is working on ever more innovative and cost effective ways to gather, calculate, and distribute those data.

BEA is Census's best customer. The two bureaus work closely so that Census can deliver quality inputs to BEA's national income accounts. BEA too is innovating. It is developing ways to understand better the effects of research and development and health spending on our economy. And of course, BEA produces the broadest, most closely watched measure of the economy – the Gross Domestic Product.

ESA is the point on the pyramid. We analyze data from BEA, Census and many other statistical organizations and use those data to provide economic analyses for the Secretary of Commerce, Congress, and others in the government. ESA works to understand the turns in the economy and policy changes that accelerate or check those changes.

For example, ESA is spearheading an initiative that we hope will add to our understanding of American competitiveness. Just two weeks ago, we convened an impressive panel of leading CEOs and academics to discuss how businesses track innovation in their firms and how the government might measure the effect of that innovation on the economy more broadly.

Advances in our understanding of what fuels this economic growth are important. Measuring innovation will give us a better understanding of the drivers in our dynamic economy and allow policy and investment decisions to be made with more complete information, which should, in turn, enable the United States to remain the most competitive nation in the world.

I would like to thank you, Mr. Chairman, and the members of this committee for the FY07 funding you finalized recently. Your actions will keep the re-engineered Decennial Census on track and allow BEA to continue to improve its measures. We believe the President's budget for FY08 can build on your commitment to the statistical bureaus in the Department of Commerce. I thank you for your consideration and would be happy to answer your questions.