

“Bidenomics & Land Management: The Misguided National Strategy to Develop Environmental Economic Decisions”

**House Committee on Natural Resources
Subcommittee on Oversight & Investigations**

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Statement for the Record

by

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Consistent with the Department’s agreement with the Subcommittee’s staff, I am pleased to provide this Statement for the Record on behalf of the Department of Commerce. The Department remains committed to cooperation with our congressional partners.

The Office of Science and Technology Policy (OSTP), the Office of Management and Budget (OMB), and the Department of Commerce (DOC) organized and co-chaired an Interagency Policy Working Group to develop the National Strategy to Develop Statistics for Environmental-Economic Decisions (“National Strategy”). The National Strategy outlines how the U.S. Federal statistical system can better integrate economic and environmental data, with an emphasis on environmental-economic accounts as a means to understand nature’s critical contributions to a competitive and sustainable U.S. economy. The National Strategy provides a roadmap for a multi-year effort to measure stocks of (and flows of value from) natural capital assets – such as land, water, timber, mineral resources, and other critical components of the U.S. economy – in a way that complements and aligns with our existing national economic accounts. The National Strategy recommends a 15-year phased approach for Federal agencies to develop natural capital accounts, charting a path from research-grade environmental-economic accounts to core statistical products that would eventually be presented alongside our core economic statistics.

The main objective of the National Strategy is to improve the Nation’s statistical infrastructure. The National Strategy does not have specific use cases or policy goals.

At present, natural capital assets are largely absent from the Nation’s balance sheet, effectively understating U.S. national wealth and distorting our asset position relative to countries that have already begun integrating these assets into their economic accounts by following the latest statistical standards. The United Nations Statistical Commission, which governs international statistical standards such as the System of National Accounts (SNA), approved new statistical standards in 2012 and 2021 (System of Environmental-Economic Accounting, or SEEA) that

provide a policy-neutral, rigorous accounting framework for developing environmental-economic statistics that dovetail with our existing national accounts. Coordinating international standards in this way mirrors the approach used for gross domestic product (GDP) and other components of National accounts. As of 2021, 90 countries have already produced or have begun compiling SEEA-based accounts. Indeed, the United States has moved to a leadership position, including signing a Joint Statement with Australia and Canada to exchange technical information in support of quantifying the value of natural assets. The United States, Australia, and Canada are large resource-rich nations that will be key players in the measurement of natural capital assets. Ultimately, however, the United States remains independent from other countries in how we implement our environmental-economic statistics and reserves the right to implement differing approaches that better serve the needs of U.S. data users.

The Administration is working within its existing authorities, making use of the substantial expertise within Federal departments and agencies, including by coordinating across agencies. Moreover, the measurement of natural capital is hewing closely to SNA and SEEA standards, which are internationally agreed upon standards, and not trying to exaggerate or undersell the value of natural assets.

However, production of new national accounts does not occur overnight. The development of our existing system of national economic accounts has taken decades, given the technical, methodological, and data collection challenges of measuring the complex and evolving U.S. economy. Current work across the Federal statistical system is in the initial pilot stage to assess feasibility, data availability, and resource needs. The Office of the Under Secretary for Economic Affairs has been coordinating Commerce's collaboration with the White House and technical work on the National Strategy.

Within Commerce, the Bureau of Economic Analysis (BEA) will play a leading role in the development of technical standards and compilation of statistics that are consistent with existing economic measures such as GDP. BEA's sister agency within Commerce, the Census Bureau, will be a key partner for much of this work, collecting the foundational data used to compile BEA's higher-level products. Initial research will focus on natural capital assets and environmental activities within the asset boundary of the SNA and SEEA's Central Framework (which is one part of the SEEA standards). The asset boundary restricts analysis to goods, services, and assets, whether natural or produced, from which owners may extract economic benefit, and valuation follows market prices. For certain environment-related activities, such as the emission of air pollutants, current standards only provide guidance for measurement on a physical flow basis.

Initial research within BEA has focused on Phase I and Supporting Activities within the National Strategy. These activities include the production of pilot tables that "restructure" existing input-output data to quantify environmental activities in the U.S. economy, such as waste and wastewater

management, production of renewable energy, and soil remediation. BEA has also produced experimental statistics on the total value of land in the United States (residential, commercial/industrial, and agricultural land). For reference, other countries such as the United Kingdom and Australia have already added aggregate land value as a separate item on their national balance sheet and currently produce a detailed land account, among other natural capital assets.

Also, as part of Phase I work within Commerce, the National Oceanic and Atmospheric Administration (NOAA) will lead the development of pilots for marine natural accounts that are within the asset boundary of the SNA through FY 2026. Pilots were selected based on the following criteria: (1) they support one or more sectors in the Marine Economy Satellite Account (MESA); and (2) they are within the SNA boundary, as required for Phase I marine accounts. The selected pilots were offshore oil and gas exploration and production (a component of the MESA Offshore Minerals sector), and commercial fishing (a component of the Living Resources MESA sector).

The offshore oil and gas research phase has involved identifying data for the development of physical accounts. Resource estimates published by the Bureau of Ocean Energy Management (BOEM) have been analyzed and combined into accounting tables, consistent with SEEA. The research phase for commercial fisheries has involved the identification of available fisheries data and selection of species to be part of the pilot.

In addition to the marine natural capital pilots, NOAA is participating, along with other federal agencies, in the hazards and extreme weather natural capital accounting interagency working group. The goal of this account will be to capture the net costs of natural hazards to the U.S. economy.

All of these research efforts will help identify viable methods to develop the accounts, as well as data-related and other challenges, and potential solutions.

Thank you, again, for the opportunity to submit this Statement for the Record.