



Initial Guidance for Environmental-Economic Accounting Classifications for Economic Statistics – Request for Comments on Future Natural Capital Accounting Statistical Classifications

AGENCY: Office of Information and Regulatory Affairs, Office of Management and Budget, Executive Office of the President.

ACTION: Notice of solicitation of comments on a preliminary draft of new statistical classification guidance for environmental-economic statistics.

SUMMARY: The Office of Management and Budget (OMB), on behalf of the Environmental-Economic Accounting Classification Interagency Technical Working Group (ITWG), seeks public comments on an Interim Report which contains initial draft statistical classification guidance for environmental-economic accounting classifications. Details about the Interim Report, its contents, and specific questions of interest for public comment are available in the **SUPPLEMENTARY INFORMATION** section below.

DATES: To ensure consideration of comments on this notice, they must be received no later than [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Because of delays in the receipt of regular mail related to security screening, respondents are encouraged to send comments electronically (see **ADDRESSES** section, below).

ADDRESSES: Submit comments through www.regulations.gov, a Federal E-Government website that allows the public to find, review, and submit comments on documents that agencies have published in the **Federal Register** and that are open for comment. Enter “OMB-2024-0011” (in quotes) in the Comment or Submission search box, click Go and follow the instructions for submitting comments. Comments received by the date specified above will be included as part of the official record. OMB and the ITWG will respond to comments by issue and theme, and not to individual submissions.

Please include the Docket ID (OMB-2024-0011) and the phrase “Environmental-Economic Accounting Classifications Guidance” at the beginning of your comments.

Please also indicate which questions in the **SUPPLEMENTARY INFORMATION** of this notice are addressed in your comments.

Privacy Act Statement: OMB is issuing this request for comments pursuant to its authority to oversee the Federal statistical system under 44 U.S.C. 3504(e). Submission of comments in response to this notice is voluntary. Information you provide will be used to inform sound decision making regarding potential future OMB statistical classifications. Please note that all submissions received in response to this notice may be posted on *www.regulations.gov* or otherwise released in their entirety, including any personal and business confidential information provided. Do not include in your submissions any copyrighted material; information of a confidential nature, such as personal or proprietary information; or any information you would not like to be made publicly available. The OMB System of Records Notice, OMB Public Input System of Records, OMB/INPUT/01, 88 FR 20913

(*www.federalregister.gov/documents/2023/04/07/2023-07452/privacy-act-of-1974-systemof-records*), includes a list of routine uses associated with the collection of this information.

Electronic Availability: **Federal Register** notices are available electronically at *http://www.federalregister.gov/*.

For general inquiries email: *Statistical_Directives@omb.eop.gov*. Please note: Communication through this email will not be included in the record for OMB-2024-0011. Comments should be submitted through *www.regulations.gov*.

SUPPLEMENTARY INFORMATION:

Pursuant to its authority under 44 U.S.C. 3504(e), the Office of Management and Budget (OMB) announces the start of the classification development process for new

statistical classification guidance for environmental-economic statistics. OMB, on behalf of its Environmental-Economic Accounting Classification Interagency Technical Working Group (ITWG), seeks public comment on an Interim Draft report which contains an initial draft of statistical classification guidance, as well as on the specific topics presented in **Section IV** of this Federal Register Notice (FRN). This is the first of multiple FRNs requesting public comment in the process leading up to OMB publishing new statistical classification guidance for environmental-economic statistics. OMB anticipates issuing final guidance in 2028.

I. Background on National Economic Accounts

National economic accounts were created to organize the broad concept of an economy in a useful way, beyond just an understanding of the size of its many components, to also understand their systematic interdependencies. The U.S. National Income and Product Accounts (NIPA) are used to compute Gross Domestic Product (GDP), calculate a national balance sheet, and help conduct long-term forecasting. Existing national economic accounts data for the United States, however, do not include environmental data, leaving an incomplete view of U.S. assets and economic dependencies on natural assets.¹

International statistical standards are created for national economic statistics in order to promote consistency and comparability that can help all nations in a complex, interconnected world economy, but are also broad enough and allow for nation-level adaptations. The United States actively participates and assists in developing these international standards. The United States' NIPA accounts are compliant with the United

¹ Off. of Sci. & Tech. Pol'y, Off. of Mgmt. & Budget, & Dep't of Com., National Strategy to Develop Statistics for Environmental-Economic Decisions (Jan. 2023), *available at* www.whitehouse.gov/wp-content/uploads/2023/01/Natural-Capital-Accounting-Strategy-final.pdf.

Nations Statistical Commission's System of National Accounts (SNA, 2008²), which is being revised in 2025.

U.S. and international economic accounting standards and account structures are routinely and cyclically improved to make them more comprehensive and accurate. As part of this iterative improvement process, the United States and the international statistical community have committed to developing environmental-economic statistics that extend the SNA through the newer international statistical standards and supporting documents that comprise the System of Environmental-Economic Accounting (SEEA) framework. The U.S. commitment includes the United States' January 2023 National Strategy to Develop Statistics for Environmental-Economic Decisions (National Strategy). The SEEA Central Framework (SEEA-CF, 2012³) is an international statistical standard that offers principles and guidance for constructing physical flow accounts and physical asset accounts that cover specific environmental assets (*e.g.*, land, water, timber, harvestable marine resources), along with economic accounts that cover a named set of human economic activities that manage environmental resources.

As the SEEA is generally additive with the SNA, it does not alter the SNA's fundamental principles. The SEEA aligns with existing SNA accounting principles and boundaries, while extending them to explicitly include the environment and environmental flows. Thus, accounting rules for environmental-economic accounting begin by orienting, to the extent possible, with preexisting rules for national economic statistics including the national balance sheet.

II. Role of the Office of the Chief Statistician of the United States and the U.S. Federal Statistical System in Developing Statistical Classification Standards

² United Nations Stat. Comm'n, *System of National Accounts 2008*, United Nations, unstats.un.org/unsd/nationalaccount/sna2008.asp (last visited Oct. 30, 2024).

³ United Nations et al., *System of Environmental-Economic Accounting 2012 (2014)*, available at seea.un.org/sites/seea.un.org/files/seea_cf_final_en.pdf.

The U.S. Federal statistical system is decentralized, with 16 OMB-recognized statistical agencies and units (RSAUs) that have data collection as their primary mission and over 100 other agencies that collect statistical data, along with carrying out other primary missions. The Chief Statistician of the United States at OMB serves as coordinator of the Federal statistical system under the authority of the Paperwork Reduction Act of 1995 (PRA), and must ensure the efficiency and effectiveness of the system as well as the integrity, objectivity, impartiality, utility, and confidentiality of information collected for statistical purposes.⁴ The PRA also charges the Chief Statistician of the United States with coordinating the Federal statistical system by developing and overseeing the implementation of Government-wide principles, policies, standards, and guidelines concerning the presentation and dissemination of statistical information.⁵ These coordination efforts promote the efficiency and effectiveness of the Federal statistical system. More information on the Federal statistical system, including its structure and policies that govern it, is available at www.statspolicy.gov.

The Office of the Chief Statistician of the United States is initiating the development of new statistical classification guidance for an environmental-economic statistics series, in alignment with the January 2023 National Strategy to Develop Statistics for Environmental-Economic Decisions (National Strategy). This National Strategy was jointly published by the Office of Science and Technology Policy, the Office of Management and Budget, and the Department of Commerce, and presents a plan for developing the first U.S. national system to standardize environmental-economic statistics, built from the collaborative efforts of 27 Federal departments, agencies, and

⁴ See 44 U.S.C. 3504(e)(1).

⁵ See 44 U.S.C. 3504(e)(3).

offices. The National Strategy itself underwent public comment,⁶ and is built on decades of theoretical and empirical research.

Ultimately, completion of the National Strategy's 15-year plan would create statistical classifications for a new national economic statistics series, that further connects the environment to the economy. This would provide a reliable, regularly updated statistical series of data. It would introduce environmental-economic accounting of the nation's environmental assets like land, water, and clean air, and economic flows associated with these assets, to supplement the National Income and Product Accounts (NIPA) from which the United States calculates GDP and understands economic interdependencies across sectors and resources. This FRN publicly announces the start of this classification development process and also seeks public comment on the initial draft of statistical classification guidance on the Phase I accounts within the National Strategy.

The Chief Statistician of the United States initiated the development of new statistical classification guidance via the convening of an Environmental-Economic Accounting Classification Interagency Technical Working Group (EEA-C ITWG) in November 2023. This working group, made up of Federal experts on economic classification and environmental-economic accounting from more than a dozen Federal agencies, is charged to help advise OMB by providing recommendations for account classifications and guidance on how to develop official environmental-economic accounting classifications to define accounts for environmental-economic statistics to pair with traditional economic statistics accounts.

The EEA-C ITWG developed an Interim Report,⁷ which contains the first draft of their recommendations for future statistical classification guidance for environmental-

⁶ See Off. of Mgmt. & Budget, *Revised Strategic Plan on Statistics for Environmental-Economic Decisions*, 88 FR 5374 (Jan. 27, 2023), available at www.federalregister.gov/documents/2023/01/27/2023-01608/revised-strategic-plan-on-statistics-for-environmental-economic-decisions.

⁷ The Interim Report is available on [regulations.gov](https://www.regulations.gov) docket.

economic accounting classifications. This Interim Report represents the first interagency effort to build the principles and processes to construct an environmental-economic accounting classification system for use in official economic statistics in the United States. This classification work will deepen and expand from this foundation.

The Interim Report includes one chapter for each of six Environmental Sectors per Phase I in the National Strategy, and in full knowledge that the Interim Report is preliminary. The accounts are Air Emissions, Water, Land, Environmental Activities & Jobs, the first phase of Marine natural capital accounts, and Forests.⁸

Request for comment at this stage is the first of several public interaction and solicitations in support of this effort, in the spirit of robust and wide engagement during the classification development processes, and a key step in the EEA-C ITWG's development of account classifications and guidance. As that process continues, the EEA-C ITWG will consider public feedback from this request for comments and from any public listening sessions that this group or its account sub-groups may hold. There will be a further request for public comment in 2025, before an EEA-C ITWG Final Report is submitted to the Chief Statistician of the United States. Further, similar classification work and public comment opportunities are expected on Phase II and Phase III accounts (*i.e.*, the remaining 10 environmental sector accounts) from the National Strategy.

This FRN seeks public input on the potential approaches to building categories and on the initial six accounts. It is general, checking alignment with theory and practical constraints, and also requests comment on certain potential metrics associated with specific accounts and categories that are presented in the Interim Report's account chapters. In the next round of public comment in 2025, the EEA-C ITWG expects to ask

⁸ Note that Forests accounts were added from the Phase II set to the Phase I set described in the National Strategy, because the ITWG agreed they were mature enough to be included in this first classification effort, provided that ecosystem services are not considered in this "Phase I" classification building effort.

for public comment about a more detailed and complete classification set, including possible metrics for the classification tables. Note that constructing the classification system is key, but only one part of the larger effort to develop environmental-economic accounts.

The National Strategy defines a suite of targets, timelines, and tasks to build statistics to support environmental-economic decisions. Among these are Headline Summaries (*e.g.*, changes in natural capital wealth); Satellite Accounts and Supporting Products (*e.g.*, “Hazards” account, dashboards, and an environmental activities report); Environmental Sector accounts (in Phases I, II and III); and Supporting Activities (*e.g.*, engagement across accounts and cross-cutting topics like classification systems, data sharing, and valuation standards). From this wider suite, the building of common U.S. environmental-economic accounting classifications will help to ensure agencies are using standardized categories and definitions. As with any standardized statistical classification, common taxonomies of mutually exclusive and comparable categories will serve as a unifying platform for consistent statistical data development. Each Environmental Sector account (*e.g.*, Water, Land) will be comprised of multiple tables or sub-accounts. Environmental-economic accounting classifications will name essential rows and columns in specific tables or accounts.

III. EEA-C ITWG Interim Report – Chapter Content

Each of the six account chapters in the Interim Report begins with an introduction of the account topic area, followed by an overview of the relevant conceptual history and an exploration of other countries’ or intergovernmental organizations’ relevant work in the account topic area that may be considered for application in the United States (*e.g.*, “United Nations,” “Organisation for Economic Co-operation and Development,” or “European Union”). Any relevant U.S. work is also described, in order to promote efficiency when the application of past U.S. or international approaches is feasible and

desirable (section 2). Each account chapter then proposes a classification framework and guidance particular to that account (which is usually a set of accounts within that topic area (section 3); discusses current data gaps and limitations to be considered when attempting consistent national quantification within the proposed classification framework (section 4); and closes with a conceptual discussion of connections to other accounts, and guidance for using the proposed account in its current form (section 5).

IV. Request for Information

The National Strategy recommends that environmental-economic accounts be pragmatic and useful for a wide range of decision-making (Recommendation 1), comparable through time and across accounts (Recommendation 2), and align with international accounting standards as our national economic accounts do (Recommendation 3). The accounts have been developed thus far with beneficial input from 27 U.S. departments and agencies. In order to improve the utility of these accounts to users as the accounts are further developed over time, it is important to seek feedback across a broad range of perspectives. We therefore focus this request for public comment on the following questions. The questions posed below are those the EEA-C ITWG deemed most significant and relevant to its recommendations and do not indicate positions of OMB or the agencies participating in the EEA-C ITWG. The questions have been sorted into broad categories for ease of review. Responses should be concise, and if summarizing or depending on published works, please include citations and electronic links to reference materials, studies, research, and other empirical data that are not widely available.

1. Is the overall U.S. approach to environmental-economic accounting, as proposed through this initial set of classifications, consistent with the principles of environmental-economic accounting and economic statistics? Is there pertinent information or are there key priorities that the EEA-C ITWG should consider when

improving the recommendations for classifications? Does the overall approach adhere to national economic accounting concepts, and reasonably balance these with the goals of simplicity, feasibility, and reproducibility? If noting a break from the Interim Report's methods or current recommendations, please cite sources and be specific as to anticipated consequences of not making the change.

2. Are the specific approaches—framing of accounts, which account tables are recommended in each environmental-economic account type—taken in these six account chapters and any related supplemental materials clear, logical, and consistent with (a) the precepts of national economic accounting (SEEA-CF as supplemental to SNA); (b) the environmental-economic accounting needs of U.S. agencies and other domestic stakeholders; and (c) the need for international comparability of environmental-economic accounts? If there are concerns with any specific approaches, please note how the overall approach or specific accounting structures as recommended in the Interim Report may be improved, being as specific as possible.

3. Considering first what agencies can currently measure, what relevant categories or subcategories are missing from the initial set of accounts? Or, are there categories included in this draft that should not be included? Please name or describe them, and reasons for changing the proposal. Where metrics are discussed that may fill account table cells, comment on the appropriateness of these metrics, and whether specific changes may improve the usefulness of the accounts to specific stakeholders.

4. Are there additional, alternative, or forthcoming data sources that should be considered to (a) improve classifications in these chapters; or (b) facilitate how these accounts accurately measure the components and subcomponents of these accounts? Please explain why or why not, and how specific data sources would improve the utility of specific accounts.

5. As the EEA-C ITWG moves to consider metrics that cannot yet be measured, but that may serve stakeholder needs, are there recommendations for specific categories and metrics not presently measurable but that should be targeted for inclusion in the future, or general recommendations for how to expand on that list? If a metric or classification has not been considered to date in the United States nationally, is there an example of its feasibility (sub-nationally in the United States or elsewhere internationally)?

V. Timing for Developing this New OMB Statistical Classification Guidance

Following this public comment period, the EEA-C ITWG will review the comments and revise draft statistical classification guidance on the Phase I accounts. Then OMB will publish the EEA-C ITWG's proposed recommendations for public comment in a subsequent Federal Register Notice. The EEA-C ITWG will then review the comments and develop final recommendations to the Chief Statistician of the United States at OMB on the statistical classification guidance on the Phase I accounts in a Final Report. The EEA-C ITWG will follow a similar process to make recommendations for the Phase II and III accounts (*i.e.*, the remaining 10 environmental sector accounts) in the National Strategy. OMB will review the culminative recommendations and make decisions for Phases I-III. It is expected that OMB would be issuing final guidance in an Environmental-Economic Accounting Classifications Manual in 2028.

Karin A. Orvis,
Chief Statistician of the United States.