United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

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The Honorable Rob Portman
United States Senate
Washington, DC 20510

Dear Senator Portman:

At your request we are providing you with a copy of a brief document, prepared by the National Park Service, titled *Great American Outdoors Act Funding for National Parks: Economic Impacts to the National Economy.*

Please let me know if you have any questions or need further assistance regarding this matter.

Sincerely,

Cole Rojewski
Director, Office of Congressional
And Legislative Affairs

Enclosure

Great American Outdoors Act Funding for National Parks: Economic Impacts to the National Economy

Introduction

The purpose of this analysis is to present preliminary estimates of the economic effects associated with projected funding for National Park Service (NPS) priority deferred maintenance projects supported by the Great American Outdoors Act (GAOA). For fiscal years 2021 through 2025, 50% of all energy development revenues due and payable to the US will be deposited in the National Parks and Public Land Legacy Fund (Legacy Fund) to be used for priority deferred maintenance projects on NPS and other federal lands. Up to $1.9 billion will be deposited in the fund each fiscal year with 70%, $1.3 billion, allocated to the NPS. This analysis assumes total funding of $6.5 billion in funds will be expended on NPS priority projects over a 5-year period.

Methods

Economic impact analyses estimate the net effects of changes in economic activity in a regional economy; in this case, economic activity in the US National economy stemming from projected expenditures of GAOA funds on NPS infrastructure projects. Impacts include three categories of economic activity:

- **Direct** economic activity resulting from planning, design, construction, project management and administration,
- **Indirect** effects of supply chain purchasing of inputs from US suppliers, and
- **Induced** effects of employees of directly and indirectly affected businesses spending their incomes on goods and services produced within the US economy.

The indirect and induced effects of spending are called secondary effects and describe how the injection of GAOA funds into the US economy (direct effects) “ripple” or “multiply” to create additional economic activity (secondary effects). Secondary effects include multiple rounds of spending backwards through supply chains and only include goods and services purchased from US suppliers. This analysis assumes that all direct expenditures of GAOA funds are made to US-based businesses.

Four economic effects metrics are reported:

- **Job-years** measure the total number of annualized full and part-time jobs accumulated over the 5-year duration of GAOA-related expenditures. Job-years is a measure of the quantity of employment supported by project expenditures and is not a measure of the number of workers. For example, if a construction project employs a worker for 18 months, this worker would be counted as 1.5 job-years (18 months/12 months in a year);
- **Labor income** includes employee and proprietor wages, salaries, and benefits supported by GAOA-related expenditures;
- **Value added** measures the contribution of project expenditures to Gross Domestic Product (GDP). Value added is equal to the sum of the values added to a product at each step of the production chain and is thus a measure of the value of the production of goods and services less the cost of intermediate expenditures;
- **Economic output** is a measure of the total estimated value of production of goods and services supported in the US economy by GAOA-related expenditures. Economic output is the sum of all intermediate sales (business to business) and final demand (sales to consumers and exports).

Economic multipliers used in this analysis are derived from the IMPLAN software and data system[1] (IMPLAN Group LLC; IMPLAN version 3.0 software with 2017 national-level data). The underlying IMPLAN data are derived from multiple Federal and state data sources, including the Bureau of Economic Analysis, Bureau of Labor Statistics, and the US Census Bureau. The IMPLAN economic model is static; this analysis therefore assumes that inter-industry relationships and the production functions and supply chains of affected industries will be similar to those of the IMPLAN data year (in this case 2017). All dollars in this report are in 2020 dollars.

Projected estimates of the breakdown of NPS Legacy Funds are based on the current NPS inventory of scoped projects. To estimate economic impacts, projected expenditures were bridged to IMPLAN construction sectors, architectural and engineering services, environmental and other technical consulting services, and management consulting services.

Results

Over the course of 5 years, NPS Legacy Fund expenditures are estimated to *directly* support 40 thousand job-years, $2.9 billion in labor income, $6.5 billion in economic output, and contribute $3.6 billion to the US GDP. Including ripple effects, NPS Legacy Fund expenditures are estimated to support a *total* of 100 thousand job-years, $6.5 billion in labor income, $17.5 billion in economic output, and contribute $9.6 billion to the US GDP (Table 1).

Table 1. Estimated economic impacts of NPS Legacy Fund expenditures

Metric	Effect	Impacts per billion dollars of Legacy Fund expenditures	Total impact from $6.5 billion spent over 5-year funding duration
Job-years	Direct	6,200	40,300
	Secondary	9,200	59,800
	Total	**15,400**	**100,100**
Labor Income	Direct	$453,200,000	$2,945,800,000
	Secondary	$545,700,000	$3,547,050,000
	Total	**$998,900,000**	**$6,492,850,000**
Output	Direct	$1,000,000,000	$6,500,000,000
	Secondary	$1,697,000,000	$11,030,500,000
	Total	**$2,697,000,000**	**$17,530,500,000**
Value Added	Direct	$548,700,000	$3,566,550,000
(contribution to GDP)	Secondary	$925,700,000	$6,017,050,000
	Total	**$1,474,400,000**	**$9,583,600,000**

Contributors

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[1] Any use of trade, firm, or product names is for descriptive purposes only and does not imply endorsement by the U.S. Government.