

SEPTEMBER 21, 2023

FACT SHEET: Biden-Harris Administration Announces New Actions to Reduce Greenhouse Gas Emissions and Combat the Climate Crisis

New steps will catalyze action across the federal government to account for climate change impacts in budgeting, procurement, and other agency decisions, and save hardworking families money

From unprecedented wildfires, to extreme flooding, to record breaking hurricanes, Americans across the country are feeling the devastating impacts of the climate crisis. In just the first eight months of 2023, the U.S. experienced 23 separate billion-dollar weather and climate disasters — the highest number on record. That's why since taking office, President Biden has delivered on the most ambitious climate, conservation, and environmental justice agenda in history, including signing into law the largest climate investment ever. Today, the Biden-Harris Administration is announcing another key step to catalyze further action across the federal government and protect people from the growing impacts of the climate crisis by accounting for climate change impacts in certain key agency decisions.

The President's Day One Executive Order on *Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis* re-established an Interagency Working Group (IWG) and tasked it with identifying areas of budgeting, purchasing, and other key decisions where agencies should consider the Social Cost of Greenhouse Gases (SC-GHG) — a well-established metric for the known damages that greenhouse gas emissions cause across society. For over a decade, federal agencies have routinely applied SC-GHG values when estimating the benefits and costs of regulations. Today, the Administration is announcing that the President has approved recommendations from the IWG on the expanded use of the SC-GHG for budgeting, procurement, and other agency decisions, including reaffirming

its use for environmental reviews where appropriate.

By calculating the costs of climate change impacts on sectors like agriculture, public health, labor productivity, and more, the SC-GHG allows better comparisons to other costs and benefits of agency decisions that may also be presented in dollar figures. And because the SC-GHG estimates the societal cost of the effects of various greenhouse gas pollutants emitted at distinct points in time, its use facilitates the comparison of alternative policies with different emissions profiles. The actions announced today will help protect people from the growing impacts of the climate crisis and save hardworking families money. They will build on existing work and best practices to guide agencies as they continue to make clear-eyed decisions to combat the climate crisis and protect the health and wellbeing of communities across the country in the following areas, as appropriate and consistent with applicable law:

The President is directing agencies to consider the SC-GHG in the development and implementation of their budgets.

The Office of Management and Budget (OMB) recently estimated that climate-related disasters could increase annual federal spending by over \$100 billion and decrease annual federal revenue by up to \$2 trillion by the end of the century. Today's announcement will further advance the Biden-Harris Administration's ongoing efforts to incorporate climate considerations into the President's budget formulation and implementation and save hardworking Americans money. Key examples of how agencies can, as appropriate, incorporate the SC-GHG into budgeting include:

- **Measuring Programmatic Emissions:** To value the benefits of investments that reduce emissions, first agencies must measure programmatic emissions. OMB will work with federal agencies to begin measuring baseline greenhouse gas emissions and use the SC-GHG to calculate the benefits and impacts of federal programs, starting with programs that already monitor emissions. As programmatic emission measurement practices are adopted, agencies can begin to incorporate the SC-GHG among the other considerations that inform and justify their budget proposals.

- **Assessing Discretionary Grants:** The Department of Transportation already recommends that applicants for discretionary infrastructure grants use the SC-GHG in the benefit-cost analyses of their project proposals. Agencies should, as appropriate, expand the application of SC-GHG estimates to assess the potential climate benefits and costs of discretionary grants.
- **Considering Harm-Based Penalty Calculation Methodologies:** Some administrative penalties for violations of statutory or regulatory requirements are set at monetary levels that reflect the harm to society caused by the unlawful conduct. Agencies should explore their processes for setting administrative penalties and, if found appropriate and consistent with their authorities, consider incorporating the SC-GHG into particular penalties.
- **Evaluating International Assistance:** Agencies that assess international assistance and financing are encouraged to work with partner countries and international financial institutions to expand use of the SC-GHG metrics as appropriate, and help ensure that such investments support the Administration's climate goals.

The President is directing agencies to consider the SC-GHG in federal procurement processes.

As the world's single largest purchaser—spending over \$630 billion per year on goods and services—the federal government has the ability to move markets, invest in new ideas, and act as a model contracting partner. By integrating the SC-GHG into procurement, as appropriate and consistent with applicable law, the federal government can reduce emissions while saving taxpayer dollars, both in the short term through reduced energy consumption, and in the long term by helping to reduce the most catastrophic effects of the climate crisis. Key examples of how to incorporate the SC-GHG into procurement include:

- **Focusing on High-Impact Procurements:** Agencies should consider procurements of large, durable, energy-consuming products and systems that could serve as pilots for incorporating the SC-GHG. Such pilots will help agencies build the capacity and repeatable methods needed to replicate successes as they more broadly integrate the SC-GHG into

federal procurement decisions over time. Some agencies have already started considering the SC-GHG in select procurements, such as through related environmental impact reviews. Notably, the U.S. Postal Service took steps to assess the climate benefits of various procurement options, which demonstrated the benefits of its transition to next-generation, low-emission delivery vehicles.

- **Minimizing Climate Risk in Acquisitions:** The Federal Acquisition Regulatory (FAR) Council agencies are considering a number of potential changes around the disclosure of greenhouse gas emissions and moving toward more sustainable federal purchasing. The FAR Council agencies have also sought early public input on incorporating the SC-GHG into both domestic and overseas procurement decisions. Consistent with the President's Executive Order on Climate-Related Financial Risk, EO 14030, OMB's Office of Federal Procurement Policy will continue working with the FAR Council to develop regulatory updates, as appropriate.

The President is directing agencies to consider the SC-GHG in environmental reviews conducted pursuant to the National Environmental Policy Act (NEPA) as appropriate.

This is consistent with the Council on Environmental Quality's (CEQ) January 2023 guidance on how agencies should consider greenhouse gas emissions in their NEPA analysis. Under NEPA, before agencies take major federal actions, such as permits, approvals, financial assistance, and resource planning, they must identify, disclose, and consider in their decision making the reasonably foreseeable effects of those proposals. Agencies already often quantify greenhouse gas emissions in their environmental reviews and when they do so, it is a relatively simple – yet tremendously informative – step to also apply the SC-GHG estimates to those emissions to provide context about their climate change impacts.

- **Finalizing NEPA Guidance:** CEQ issued interim guidance in January 2023 on how agencies should consider greenhouse gas emissions in their NEPA reviews where applicable, including through appropriate use of the SC-GHG, to help decisionmakers and the public evaluate climate change impacts and inform trade-offs between action alternatives. The

period for public comment on the interim guidance closed in April 2023, and CEQ is working to finalize the guidance.

- Using the SC-GHG to Compare Climate Change Impacts: Agencies have increasingly begun to use the SC-GHG in their environmental reviews to compare the climate change impacts of proposed actions and their alternatives. For example, in its recent draft environmental impact statement to assess four alternatives for managing resources at the Grand Staircase-Escalante National Monument, the Department of the Interior showed how specific approaches to vegetation management, livestock grazing, and forestry management could result in tens of millions of dollars' worth of climate-related benefits.

By facilitating comparison of the climate consequences of alternative options in budgeting, procurement, and other agency decisions, appropriate use of the SC-GHG metrics can help agencies bolster the federal government's efforts to combat the climate crisis, further protect communities, and save hardworking families money.

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