

Economic Contributions of the Department of the Interior's Natural Resource Damage Assessment and Restoration (NRDAR) Program Fiscal Year 2025



Department of the Interior
Office of Restoration and Damage Assessment



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Introduction

The Office of Restoration and Damage Assessment’s (ORDA) Natural Resource Damage Assessment and Restoration (NRDAR) Program enables the Department of the Interior (the Department; DOI) to restore natural resources and resource services injured due to oil spills or hazardous substance releases into the environment. Money received from settlements or other legal actions taken against responsible parties is deposited in the DOI NRDAR Fund until specific restoration activities are ready for implementation. When DOI Bureaus/Offices, other federal entities, states, or Tribes (Trustees) withdraw and spend these funds on restoration activities, they not only generate benefits to ecosystems and public health; they also generate economic activity by contributing to the nation’s income, its gross domestic product (GDP), and by supporting jobs.

Economic Contributions

This analysis provides estimates of the economic contributions associated with funds withdrawn by Trustees from the DOI NRDAR Fund in fiscal year 2025 (FY25). Economic contributions estimate how spending may affect overall economic activity as expenditures become income for businesses and/or households, and these businesses and households spend this income in turn. This process leads to a chain of economic activity that extends well beyond the initial expenditures by the Trustees. While these estimates demonstrate one part of the impact that restoration activities may have on the national economy, they do not comprehensively measure the economic, environmental, and societal benefits or costs associated with these activities.

Total economic contributions equal the sum of direct, indirect, and induced effects, defined as follows:

- *Direct Effect:* Known economic change that occurs because of the expenditure of funds withdrawn from the DOI NRDAR Fund in FY25. This includes the activity that results from the businesses which receive restoration funds (i.e., Trustees’ expenditures).
- *Indirect Effect:* Business-to-business transactions in the supply chain in response to Trustees’ original expenditures. This includes inputs that suppliers must purchase from other industries and provide to the direct business in order for the direct business to produce its goods and services.
- *Induced Effect:* Household spending on goods and services because of changes to people’s income related to their work in businesses that satisfy both the direct and indirect effects of the restoration activity.

Indirect and induced effects of spending are considered secondary effects, capturing how the direct effect of restoration expenditures “ripples” through the U.S. economy as this money is re-spent.

The resulting increase in the total economic contribution from the original expenditure is known as the multiplier effect.

The economic contributions arising from FY2025 NRDAR Program withdrawals are measured as follows:

- *Jobs Supported*: measures the total number of annualized full and part-time jobs accumulated from NRDAR restoration expenditures. Jobs supported is a measure of the quantity of employment supported by project expenditures and is not a measure of the number of workers.
- *Labor Income*: includes employee and proprietor wages, salaries, and benefits supported by restoration 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 thus, measures of the value of the production of goods and services less the cost of intermediate expenditures.

For purposes of these estimates, restoration expenditures are defined as the amount withdrawn by Trustees from the DOI NRDAR Fund in FY25 for specific restoration projects, as reported by the ORDA, and are assumed to have been spent in the same fiscal year as when they were withdrawn from the DOI NRDAR Fund. This analysis estimates the contributions to the national economy stemming from funds committed to restoration activities by Trustees in FY25.

Results

In FY25, restoration implementation expenditures from the DOI NRDAR Fund by Trustees totaled \$86.2 million. These expenditures are estimated to have supported over 1,100 jobs, provided approximately \$77 million in labor income, and contributed \$111 million to national GDP. These economic contributions can be broken down by restoration project categories (Table 1). Details on how the restoration project categories were defined are contained in the following section describing Methods.

More than 69% of the total expenditures in FY25 were associated with restoration resulting from the 2016 \$8.8 billion Deepwater Horizon settlement which involved four federal and five state agencies (AL, FL, LA, MS, TX). As part of the assessment phase for this case, the Trustees looked at a variety of habitats, including deep sea sediments, water column, nearshore, and shoreline habitat, and wildlife such as fish, marine mammals, sea turtles, shellfish, corals, and birds. Both private and public lands were adversely affected, including critically important national and state wildlife refuges and parks, and national estuarine reserves.¹ Correspondingly, restoration expenditures for this category also account for the majority of labor income, value added to GDP, and jobs supported in FY25. Terrestrial Restoration and Planning, Oversight, and Monitoring activities accounted for the next largest categories of expenditures at approximately 10% and 7% of total expenditures, respectively.

¹ <https://www.doi.gov/deepwaterhorizon/nrda>

Table 1. FY25 Restoration Expenditures from the NRDAR Fund and Estimated Economic Contributions

Restoration Project Category	FY25 Withdrawals \$ (in millions)	Labor Income \$ (in millions)	Contributions to GDP (in millions)	Jobs Supported
Deepwater Horizon (Special Case - Multiple Restoration Project Types)	\$59.8	\$63.7	\$91.2	803.5
Terrestrial Restoration Planning, Oversight, and Monitoring	\$8.3	\$0.5	\$0.8	113.2
Invasives Species Management	\$6.4	\$7.1	\$10.2	80.5
Species Conservation	\$4.2	<\$0.1	<\$0.1	81.5
Revegetation	\$2.7	\$1.1	\$1.6	35.7
Property Acquisition Conservation	\$1.3	\$1.2	\$1.8	19.1
Marine Restoration	\$1.1	\$0.9	\$1.4	11.7
Environmental Education	\$1.0	<\$0.1	<\$0.1	14.7
Non-Residential Construction, New	\$0.5	\$0.2	\$0.3	8.4
Architecture Engineering	\$0.5	\$2.7	\$4.0	5.9
Island Construction	\$0.4	<\$0.1	<\$0.1	4.7
Non-Residential Construction, Repair	<\$0.1	<\$0.1	<\$0.1	0.3
Totals:	\$86.2	\$77.3	\$111.0	1,179.2

Methods

National level IMPLAN input-output models (<https://IMPLAN.com>) were used to estimate the economic contributions of restoration activities. The national scale was chosen to capture the full chain of U.S. supply-side effects. The estimated contributions would likely be smaller and more concentrated if project-level or sub-national models were used instead, since these models assume more leakage² of expenditures from a region than national level models.

The approach used in this analysis requires creating a link between restoration expenditures and the specific industry sectors where these expenditures are most likely to take place. Department economists have previously developed models for linking expenditures on restoration-related activities and appropriate industry sectors. Specifically, many of the models developed for analyzing the impacts of Department-provided grants to states, local governments, and other non-federal partners overlap with the activities represented by NRDAR restoration projects. Within each model, one or more industry sectors are used to represent the likely overall spending profile of a project or activity.

² Leakage refers to the loss of economic activity when businesses and consumers purchase goods/services from outside of a region. Some of this loss can be attributed to commuters who work in a modeled region but live outside of it.

Next, a dataset showing individual withdrawals for restoration projects from the DOI NRDA Fund in FY25 was assembled by the ORDA. Each line item in the dataset records a unique withdrawal on a given transaction date during the fiscal year. In addition to the amount and timing of the withdrawal, each line item contains a description of the associated restoration project. These descriptions allow reviewers to identify the specific restoration activities that have been or will be undertaken by a project team. Finally, key words and sentences within each project description were used to sort the project into an overall restoration project category corresponding to one of the IMPLAN models described above.

For example, one project description includes the following statement on its planned activities: "...construction, restoration, naturalization, enhancement, or stabilization of habitat, or any other ground-moving activity...and three projects that involve the preservation of habitat for long term conservation." The description further states regarding the planning phase: "...collecting data, developing the 30% design, and preparing any necessary permit applications." Using these key sentences, this project was sorted into the "Terrestrial Restoration" category as the model for this category consists of four equally-weighted industry sectors that are appropriate for a project with this description:

- Environmental and other technical consulting services; assigned 25% of expenditures
- Support activities for agriculture and forestry; assigned 25% of expenditures
- Maintenance and repair construction of nonresidential structures; assigned 25% of expenditures
- Construction of other new nonresidential structures; assigned 25% of expenditures



The Lost Creek Streambank Stabilization Project is intended to stabilize the streambank, reduce land loss, and provide safe access for recreational opportunities. Tar Creek NRDA, Oklahoma. Photo Credit: DOI

This process was repeated for every restoration project in the FY25 dataset, which represented a total of 178 unique transactions (withdrawals) and 95 unique restoration projects.

For some projects, appropriate existing IMPLAN models could not be identified, and new models were created. Specifically, the models used for the Deepwater Horizon, Marine Restoration, and Island Construction project categories were created for this analysis as they capture aspects of activities taking place in nearshore and offshore environments that have not previously been reflected in activities funded by Department grants, which tend to focus on terrestrial/onshore activities.

To create the Deepwater Horizon model, data on the Deepwater Horizon's planned restoration expenditures were used to assign weights to appropriate industry sectors.³ Similarly, weights for

³ <https://gulfspillrestoration.noaa.gov/media/document/overview04-07-16final-508rev>

the Island Construction category were assigned using expenditure data on a representative island-building project from Texas. Finally, the Marine Restoration category utilized the same industry sectors as the Terrestrial Restoration category, but with an additional sector to capture the use of marine craft to transport people and materials to the restoration site.

Peer Review

The analysis was primarily reviewed for technical merit by National Park Service economists. In addition, U.S. Fish and Wildlife Service economists and the Chief Economist of the Department of the Interior reviewed this report and the estimates for overall framing and presentation.

Disclaimer

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

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