



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OCT 10 2017

OFFICE OF
POLICY

Peter S. Thorne, Ph.D.
Chairman, Science Advisory Board
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

Dear Dr. Thorne:

I have been briefed on the recent Science Advisory Board (SAB) report on the use of economy-wide models to evaluate the costs, benefits, and economic impacts of air regulations, and I want to convey my appreciation for your thoughtful comments and recommendations. Economy-wide, and in particular computable general equilibrium (CGE) models, offer the agency a powerful analytic tool to evaluate major regulatory efforts and tailor them to avoid unintended and potentially burdensome consequences for the economy. Your advice is very helpful as we refocus efforts on regulations that protect human health and the environment while allowing for economic growth.

Economic analysis is important for identifying regulations that do more good than harm, along with those regulations that need to be removed or redesigned. The panel offered insightful recommendations on how the EPA can use CGE models "to offer a more comprehensive assessment of the benefits and costs" of regulatory actions. I appreciate the panel's encouragement for the EPA to act as a leader in incorporating economy-wide modeling into regulatory analysis. To ensure that CGE modeling is appropriately leveraged in future regulatory analyses, I am tasking the National Center for Environmental Economics (NCEE) with leading the EPA's efforts to develop economy-wide modeling capabilities for use in regulatory analysis. Doing so will ensure quality control and consistency in the agency's economy-wide modeling efforts and increase the transparency of its analyses for the general public and key stakeholders.

In addition, the panel recommended several specific actions to help the EPA overcome key barriers in the use of CGE models to inform regulatory analysis. These recommendations provide helpful guidance as we improve the use of economy-wide modeling to inform environmental decision-making.

Thank you again for your constructive advice on this important topic.

Sincerely,

A handwritten signature in black ink that reads "Samantha K. Dravis".

Samantha Dravis
Senior Counsel and Associate Administrator