



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON D.C. 20460

OFFICE OF THE ADMINISTRATOR
SCIENCE ADVISORY BOARD

July 1, 2019

MEMORANDIUM

SUBJECT: Formation of the Computable General Equilibrium (CGE) Model Review Panel of the Science Advisory Board

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THRU: Wanda Bright /s/
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TO: Thomas Brennan
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The National Center for Environmental Economics (NCEE) in the EPA's Office of Policy has asked the Science Advisory Board (SAB) to form a panel to review a CGE model developed by NCEE staff for use by agency analysts for the economic analysis of environmental regulations. The SAB Staff Office sought nominations of environmental economists and other experts with extensive experience building and using CGE models. Experts selected for the panel will be asked to review the model code and documentation, run the model and independently verify how it works to respond to NCEE's charge questions.

This memorandum addresses the set of determinations that were used in forming the SAB CGE Model Review Panel including:

1. The type of review body that will be used to conduct the review, and the nature of the review;
2. The types of expertise needed to address the general charge;
3. Financial conflict of interest considerations, including identification of parties who are potentially interested in or may be affected by the topic to be reviewed;
4. How regulations concerning "appearance of a loss of impartiality" pursuant to 5 C.F.R. § 2635.502 apply to members of the Panel;
5. Other considerations that might affect the objectivity of members of the Panel; and

6. How individuals were selected for the Panel.

DETERMINATIONS:

1. The type of review body that will be used to conduct the review, and the nature of this review.

The SAB CGE Model Review Panel consists of subject matter experts selected to provide advice through the chartered SAB on the CGE model developed by NCEE staff. The chair of the Panel will be a member of the chartered SAB and the Panel's report(s) will be reviewed by the chartered SAB before they are transmitted to the EPA Administrator.

2. The types of expertise needed to address the general charge.

On April 24, 2019, the EPA SAB Staff Office announced in a Federal Register Notice (84 FR 17161-17162) that it was soliciting "nominations of environmental economists and other experts with extensive experience building and using CGE models."

3. Financial conflict of interest consideration, including identification of parties who are potentially interested in or may be affected by the topic reviewed.

(a) Identification of parties (or class of parties) whose financial interests may be affected by the matter to be reviewed: CGE modeling is a tool that seeks to measure economy-wide effects of changes in policy, technology or other factors. In addition, this review of NCEE's CGE model will not focus on any particular environmental policy issue. *Thus, this Panel's deliberations will not be focused on the interests of specific parties or a discrete and identifiable class of parties.*

(b) Conflict of interest considerations: For Financial Conflict of Interest (COI) issues, the basic 18 U.S. Code § 208 provision states that: "An employee is prohibited from participating personally or substantially in an official capacity in any particular matter in which he, to his knowledge, or any person whose interests are imputed to him under this statute has a financial interest, if the particular matter will have a direct and predictable effect on that interest [emphasis added]." For a conflict of interest to be present, all elements in the above provision must be present.

(i) Does the general charge to the CGE Model Review Panel involve a particular matter? A "particular matter" refers to matters that "...will involve deliberation, decision, or action that is focused upon the interest of specific people, or a discrete and identifiable class of people." It does not refer to "...consideration or adoption of broad policy options directed to the interests of a large and diverse group of people." [5 C.F.R. § 2640.103(a)(1)]. *CGE modeling seeks to measure effects on the entire economy rather than on a particular industry, sector or a discreet set of parties. The CGE Model Review Panel will not be asked to focus on a particular environmental policy issue which may have unique effects in a particular industry or sector. As such, the charge to the SAB CGE Model Review Panel constitutes simply a matter, rather than a particular matter.*

- (ii) Will there be personal and substantial participation on the part of the panel members? Participating personally means direct participation in this review. Participating substantially refers to involvement that is of significance to the matter under consideration. [5 C.F.R. § 2640.103(a)(2)] *The charge to the CGE Model Review Panel constitutes a matter, rather than a particular matter. When a charge is not a particular matter, then 18 U.S.C. 208 does not apply and a COI cannot arise.*

- (iii) Will there be a direct and predictable effect on panel members' financial interests? A direct effect on a participant's financial interest exists if "... a close causal link exists between any decision or action to be taken in the matter on the financial interest..... A particular matter that has an effect on a financial interest only as a consequence of its effects on the general economy is not considered to have a direct effect." [5 C.F.R. § 2640.103(a)(ii)]. *The charge to the CGE Model Review Panel constitutes a matter, rather than a particular matter. When a charge is not a particular matter, then 18 U.S.C. 208 does not apply and a COI cannot arise.*

4. How regulations concerning "appearance of a loss of impartiality" pursuant to 5 C.F.R. § 2635.502 apply to members of the Panel.

The Code of Federal Regulations at 5 C.F.R. 2635(a)(2) describes general requirements for considering an appearance of a loss of impartiality for employees of the Executive Branch (including Special Government Employees) participating in a *particular matter involving specific parties*. *The SAB Staff Office has determined that the matter to be considered by the CGE Model Review Panel is not a particular matter involving specific parties; i.e., this matter does not involve "any judicial or other proceeding, application, request for a ruling or other determination, contract, claim, controversy, investigation, charge, accusation, arrest or other particular matter involving a specific party or parties in which the United States is a party or has a direct and substantial interest" [5 C.F.R. 2637.102(a)(7)].*

5. Other considerations that might affect the objectivity of members of the Panel.

Members of SAB panels must be scientific and technical experts who are objective and open-minded, able to engage in deliberative discussions with scientists who may have disparate perspectives. To evaluate candidates, the SAB Staff Office considers information provided by the public in response to the invitation for public comment on the candidates, information provided by candidates (including on the EPA Form 3110-48), and information independently gathered by SAB staff.

As part of a determination that panel members are objective and open-minded on the topic of the review, and consistent with the agency's Peer Review Policy, the SAB Staff Office considers previous involvement in the matter before the Panel. This evaluation includes responses provided by candidates to the following supplemental questions contained in EPA Form 3110-48:

- (a) Do you know of any reason that you might be unable to provide impartial advice on the matter to come before the panel/committee/subcommittee or any reason that your impartiality in the matter might be questioned?

- (b) Have you had any current or previous involvement with the review document(s) under consideration including authorship, collaboration with the authors, or previous peer

review functions? If so, please identify and describe that involvement.

- (c) Have you served on previous advisory panels, committees or subcommittees that have addressed the topic under consideration? If so, please identify those activities.
- (d) Have you made any public statements (written or oral) on the issue that would indicate to an observer that you have taken a position on the issue under consideration? If so, please identify those statements.

The SAB Staff Office has determined that there is no reason to believe that the members selected for the CGE Model Review Panel would not be objective and open-minded and able to engage in deliberative discussions with scientists who may have disparate points of view on the matter before the Panel.

6. How individuals were selected for the Panel.

On May 22, 2019, the SAB Staff Office posted a list of 18 candidates for the CGE Model Review Panel identified for their expertise and willingness to be considered for the panel. This list was accompanied by a notice inviting public comments on the list of candidates, to be submitted by June 12, 2019. The SAB Staff Office did not receive any comments on these candidates.

The SAB Staff Office Director in collaboration with the Deputy Assistant Administrator for the Office of Research and Development made the final decision about who serves on the Panel based on all relevant information, including a review of each candidate's confidential financial disclosure form (EPA Form 3110-48), the responses to the questions above, public comments, and information independently gathered by SAB Staff.

For the SAB Staff Office, a balanced committee or panel is characterized by candidates who possess the necessary domains of scientific knowledge, relevant perspectives (which, among other factors, can be influenced by work history and affiliation), and the collective breadth of experience to adequately address the general charge. Specific criteria to be used in evaluating an individual panel member include: (a) scientific and/or technical expertise, knowledge, and experience; (b) availability and willingness to serve; (c) absence of financial conflicts of interest; (d) absence of an appearance of a loss of impartiality pursuant to 5 C.F.R. § 2635.502; (e) skills working on advisory committees and panels (including objectivity and open-mindedness); and (f) for the committee as a whole, diversity of scientific expertise and viewpoints.

On the basis of the above-specified criteria, the members of the SAB CGE Model Review Panel are as follows:

CGE Model Review Panel:

Dr. Peter Wilcoxon, Syracuse University (CHAIR)
Dr. Alan Fox, U.S. International Trade Commission
Dr. Mun Ho, Resources for the Future
Dr. David Montgomery, Independent Consultant
Dr. Sergey Paltsev, Massachusetts Institute of Technology
Dr. Thomas Rutherford, University of Wisconsin-Madison
Dr. Ron Sands, U.S. Department of Agriculture Economic Research Service
Dr. Dominique van der Mensbrugge, Purdue University

Concurred,

/s/

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