

Summary Minutes of the
U.S. Environmental Protection Agency (EPA)
Science Advisory Board (SAB)
Environmental Economics Advisory Committee (EEAC)
Public Teleconference
March 4, 2009
2:00 – 5:00 pm Eastern time

Committee Members: Dr. Cathy Kling, Chair
Dr. Anna Alberini
Dr. Peter Wilcoxon
Dr. Jim Hammitt
Dr. Jim Shortle
Dr. John List
Dr. George Parsons
Dr. Madhu Khanna
Dr. Jim Opaluch

Date and Time: March 4, 2009, 2:00 – 5:00pm

Purpose: The SAB EEAC discussed its draft Advisory on EPA's revised *Guidelines for Preparing Economic Analyses* (September 2008). EEAC's draft Advisory (dated 1-28-09) is posted at <http://yosemite.epa.gov/sab/SABPRODUCT.NSF/MeetingCal/7108CD4B1F535CC58525753E00513F58?OpenDocument>.

SAB Staff: Dr. Holly Stallworth, Designated Federal Officer

Other EPA Staff: Nathalie Simon, Chris Dockins, Will Wheeler

Other: Elizabeth Sartain, Arkansas Department of Environmental Quality
Jason Schwartz, New York University, Institute for Public Integrity
Michael Livermore, New York University, Institute for Public Integrity
Aaron Lovell, Inside EPA

Meeting Summary

The discussion followed the issues and general timing as presented in the meeting agenda posted at

[http://yosemite.epa.gov/sab/sabproduct.nsf/7108CD4B1F535CC58525753E00513F58/\\$File/EEAC+March+4+2009+Agenda.pdf](http://yosemite.epa.gov/sab/sabproduct.nsf/7108CD4B1F535CC58525753E00513F58/$File/EEAC+March+4+2009+Agenda.pdf).

WEDNESDAY, MARCH 4, 2009

Opening of Public Meeting

Dr. Holly Stallworth, Designated Federal Officer (DFO), opened the meeting with a statement that the Environmental Economics Advisory Committee (EEAC) is a standing committee of the chartered Science Advisory Board. As such, EEAC is a federal advisory committee whose meetings and deliberations meet the requirements of the Federal Advisory Committee Act.

Dr. Kling reviewed the agenda and purpose of the meeting. Dr. Chris Dockins of EPA's National Center for Environmental Economics (NCEE) thanked the Committee for its work reviewing the revised *Guidelines*. Following Dr. Dockins, Mr. Michael Livermore of New York University's Institute for Public Integrity presented public comments, expressing agreement with many of EEAC's observations. Livermore emphasized his concern with any EPA assumptions of static costs, the need to distinguish better between performance standards and design standards and the need to expand EPA's ecosystem valuation. Mr. Livermore's public comments echoed themes raised in his written comments, co-authored with Richard L. Revesz. These written public comments may be found posted at:

<http://yosemite.epa.gov/sab/SABPRODUCT.NSF/MeetingCal/655CF60BFE48E93A8525742C006D2493?OpenDocument>.

Dr. Kling guided panelists through a page-by-page review of the draft Advisory. Throughout the discussion, panelists generally voiced agreement with the major points and tone of the draft Advisory. In the background section, panelists discussed the issue of double counting, as well as the need to better describe the value of information. One panelist suggested that voluntary approaches should be defined as approaches unrelated to economic incentives. Panelists decided that most of the uncertainty issues could be deferred until EPA's draft chapter on uncertainty. With respect to the draft Advisory's discussion of policy options, one panelist emphasized the need to avoid an assumption that all policy options are equally effective. On the issue of baselines, panelists pondered whether discussion of the Porter Hypothesis belonged in the baseline section or elsewhere, concluding it belonged in the baseline section. Panelists agreed that the principle for choosing among various baselines should be of paramount importance. In the discussion of discounting, one panelist favored more discretion in choosing among discount rate approaches. The need to complete citations was discussed in the benefits section, as well as the need to define "reliability" and "validity." On the subject of costs, panelists agreed that more language was needed on the shortcomings of input-output models. On the subject of valuing mortality risk reduction, panelists agreed that EEAC should be explicit that it is deferring more commentary on this subject until EPA completes its next mortality risk reduction draft. With respect to the last charge question on omissions, panelists agreed that the text on asymmetric information should be

expanded and folded into the section on policy options. Throughout the discussion, Dr. Kling and Dr. Stallworth requested revisions from individual panelists to reflect the points discussed.

Before adjourning, Dr. Stallworth and Dr. Kling charged members with submitting revisions to the draft Advisory by March 25, 2009.

Respectfully Submitted:

Holly Stallworth, Ph.D. /s/
Designated Federal Officer

Certified as True:

Cathy Kling, Ph.D./s/
Chair

NOTE AND DISCLAIMER: The minutes of this public meeting reflect diverse ideas and suggestions offered by Committee member during the course of deliberations within the meeting. Such ideas, suggestions and deliberations do not necessarily reflect consensus advice from the panel members. The reader is cautioned to not rely on the minutes to represent final, approved, consensus advice and recommendations offered to the Agency. Such advice and recommendations may be found in the final advisories, commentaries, letters or reports prepared and transmitted to the EPA Administrator following the public meetings.