

Summary Minutes of the  
U.S. Environmental Protection Agency (EPA)  
Science Advisory Board (SAB)  
Environmental Economics Advisory Committee (EEAC)  
Public Teleconference  
September 7, 2012  
11:00 a.m. – 3:00 pm Eastern time

Committee Members: Dr. Madhu Khanna, Chair  
Dr. Peter Wilcoxon  
Dr. Nicholas Flores  
Dr. Wayne Gray  
Dr. George Parsons  
Dr. Karen Palmer

Date and Time: September 7, 2012, 11:00 a.m. – 3:00pm

Purpose: The SAB EEAC discussed the its draft Advisory on the White Paper from the National Center for Environmental Economics (NCEE) entitled *Retrospective Study of the Costs of EPA Regulations: An Interim Report of Five Case Studies (March 2012)*

SAB Staff: Dr. Holly Stallworth, Designated Federal Officer

Other EPA Staff: Al McGartland, Nathalie Simon, Carl Pasurka, Elizabeth Kopits

Other: Anne Smith, NERA Consulting; Grant McIntyre, Bracewell and Juliana Law Firm; Tom DeBusk, DB Environmental Consulting

Meeting Webpage:  
<http://yosemite.epa.gov/sab/sabproduct.nsf/a84bfee16cc358ad85256ccd006b0b4b/a5bf2ebdd450eeb585257a4000567f3a!OpenDocument&Date=2012-09-07>

Meeting Summary

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

**FRIDAY, SEPTEMBER 7, 2012**

Opening of Public Meeting

Dr. Holly Stallworth, Designated Federal Officer (DFO), opened the meeting by reminding the audience that EEAC is a federal advisory committee whose meetings and deliberations meet the requirements of the Federal Advisory Committee Act as well as federal ethics laws.

Dr. Khanna first summarized the major pieces of advice contained in the 8-24-12 draft report (posted at the URL above). Dr. Khanna said the EEAC was recommending a much more systematic process of comparing ex ante and ex post cost estimates; that EPA try to understand the drivers of costs; that EPA use a larger set of randomly selected regulations; that EPA devote more effort to collecting ex post data. One Committee member asked for stronger statements to be made about the need to reconstitute the PACE survey. Another Committee member pondered the possibility of advocating a “prices and quantities” approach of developing unit costs of compliance for a typical firm. Dr. Khanna described the complementarity between an aggregate data approach and a “bottoms up” prices and quantities approach. Committee members discussed what advice to give EPA given their budget constraints and whether the 8-24-12 draft should be more specific on how to build a database. Members discussed the possible inconsistency in their advice to randomly select rules in Section 3.3.1 (Using Ex Post Cost Comparisons to Inform the Agency) and to identify a few of the most important rules in Section 3.3.3 (Rules for Evaluation). A suggestion was made for a way to reconcile these seemingly contradictory statements. Dr. Khanna asked panelists for more specifics on how EPA should approach the qualitative studies. One Committee member wondered about industries that are not covered by PACE.

Members discussed the recommendation in the Executive Summary to count pre-regulatory, voluntary spending in ex ante and ex post cost analyses. They agreed that the recommendation could be deleted from the Executive Summary and edits could be made in Section 3.2.2 (Analytic Challenges) and Section 3.1.2 (Potential Reasons Ex Ante and Ex Post Cost Estimates Differ) to strengthen statements about the need for a consistent baseline.

In closing the meeting, Dr. Khanna asked Committee members if they concurred on the draft report subject to the edits discussed on the teleconference. Dr. Stallworth said the November 2012 teleconference could be cancelled in view of the Committee’s consensus on the near-final draft. Members would have one more opportunity to comment after the next round of revisions.

Respectfully Submitted:

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

Certified as Accurate:

Madhu Khanna, Ph.D./s/  
Chair

NOTE AND DISCLAIMER: The minutes of this public meeting reflect diverse ideas and suggestions offered by Committee members 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.