



April 6, 2018

To: Honorable Neomi Rao, Administrator, Office of Information and Regulatory Affairs

Attn: Docket OMB-OMB-2018-0001

Subject: Key Literature to Add to the *Draft 2017 Report to Congress on the Benefits and Costs of Federal Regulations*

The Office of Management and Budget's annual reports to Congress not only provide a full accounting to the legislature of all the significant benefits and costs of federal regulations, but also offer federal agencies and academics a useful and balanced summary of the state of the literature on key practices in regulatory impact analysis. See, e.g., Lisa A. Robinson, *Toward Best Practices: Assessing the Effects of Regulation on Employment, in Does Regulation Kill Jobs?* 112 (Cary Coglianese et al. eds., 2013) (citing OMB's 2012 draft report as "encouraging agencies to assess such [job] impacts while recognizing that such analysis is difficult and complex").

As such, OMB's annual reports should reflect the most comprehensive syntheses of the legal and economic literature on key analytical practices. The Institute for Policy Integrity at New York University School of Law—a think tank dedicated to improving government decisionmaking through scholarship in administrative law, economics, and regulatory policy—proposes that OMB make two additions to its summaries of the literature on job impact analysis and on co-benefits analysis:

- First, in its discussion of "Impacts on Wages and Employment," at pages 40-46 of the draft, OMB should add the conclusions of the EPA Science Advisory Board's *Advice on the Use of Economy-Wide Models in Evaluations the Social Costs, Benefits, and Economic Impacts of Air Regulations* (Sept. 29, 2017).¹ That report is the most comprehensive, recent, and up-to-date summary of the state of practice for economy-wide modeling of regulatory impacts, and it reinforces the general conclusion of OMB's report that "in practice," economy-wide modeling techniques like CGE "will be challenging to adopt for analysis of many . . . regulations," and in particular that "[t]ime and resources will be required to improve the ability of CGE models to capture [the full range of employment] impacts."²
- Second, in its discussion of counting co-benefits and the benefits of particulate matter reductions, at pages 13-18 of the draft, OMB should add the conclusions of Kimberly M. Castle and Richard L. Revesz's *Environmental Standards, Thresholds, and the Next Battleground of Climate Change Regulations* (forthcoming 103 Minn. L. Rev. (2018)).³ That article collects and analyzes for the first time the robust support for valuing particulate matter benefits. Its examination of the scientific literature, longstanding agency practices under administrations of

¹ Available at [https://yosemite.epa.gov/sab/sabproduct.nsf/LookupWebReportsLastMonthBOARD/4B3BAF6C9EA6F503852581AA0057D565/\\$File/EPA-SAB-17-012.pdf](https://yosemite.epa.gov/sab/sabproduct.nsf/LookupWebReportsLastMonthBOARD/4B3BAF6C9EA6F503852581AA0057D565/$File/EPA-SAB-17-012.pdf).

² At pages ii-iii.

³ Available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3154669.

both major political parties, and judicial precedent confirms that particulate matter benefits deserve a meaningful role in regulatory cost-benefit analysis.

Sincerely,

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