



February 23, 2024

To: Maureen R. Gwinn, EPA Chief Scientist

Re: Scientific Integrity Policy Draft for Public Comment, 89 Fed. Reg. 4606 (Jan. 24, 2024)

The Institute for Policy Integrity at New York University School of Law (Policy Integrity)¹ respectfully submits the following comments to the Environmental Protection Agency (EPA) regarding its draft Scientific Integrity Policy. Policy Integrity is a non-partisan think tank dedicated to improving the quality of government decisionmaking through advocacy and scholarship in the fields of administrative law, economics, and public policy.

EPA’s draft Scientific Integrity Policy appropriately clarifies, in Section VIII.1.r, that both economic analyses (including benefit-cost analyses) and the economists, analysts, and scientists who work on such documents are protected by the same integrity policies as other scientific assessments. The section appropriately notes that “economic analyses, including benefit-cost analyses, are scientific products intended to inform the decision-making process” that “should not be changed” “based on internal or external policy or political concerns.”²

However, EPA should not exclusively cite to its current *Guidelines for Performing Economic Analyses* as the repository of appropriate considerations that “should be followed” when assessing benefits, costs, and economic impacts.³ While much of EPA’s *Guidelines* reflected state-of-the-art understandings and best practices when originally drafted in 2010, only two chapters (on environmental justice and economic impact analysis) have been updated since then (in 2014 and 2016, respectively).⁴ Several key recommendations in EPA’s *Guidelines* are now out of date and out of step with current best practices for economic analysis.

For example, EPA’s 2010 *Guidelines* recommend that analysts use 3% and 7% discount rates for most policies, and for policies with “a long time horizon . . . should use the [3%] consumption rate of interest as well as additional approaches,” such as “certainty-equivalent constant discount rates of 2.5 percent, 3 percent, and 5 percent.”⁵ By comparison, OMB’s recently updated *Circular A-4* estimates the social rate of time preference appropriate to use as a near-term

¹ This document does not purport to present the views, if any, of New York University School of Law.

² ENV’T PROT. AGENCY, USEPA SCIENTIFIC INTEGRITY POLICY Sec. VIII.1.r (draft, 2024).

³ *See id.*

⁴ *See* ENV’T PROT. AGENCY, GUIDELINES FOR PREPARING ECONOMIC ANALYSIS (2016), <https://www.epa.gov/environmental-economics/guidelines-preparing-economic-analyses-2016> (last visited Feb. 13, 2024) (listing the last update as “December 2010” for all chapters except 9 and 10).

⁵ *Id.* at 6-19.

discount rate at 2%,⁶ and endorses lower discount rates for long time horizons.⁷ For long-term climate effects, EPA has developed a declining discount rate approach with near-term certainty-equivalent values centered around a 2% rate.⁸

To ensure that EPA’s scientific integrity policy reflects the best available guidance on assessing benefits, costs, and economic impacts, the agency should revise its draft policy to clarify that the 2010 *Guidelines* are not the exclusive repository of best practices. Providing additional examples of appropriate guidance, including OMB’s recently updated *Circular A-4* and EPA’s 2023 report on assessing climate effects, could be one option. Another option—which would allow this policy to incorporate new peer-reviewed guidance as it becomes available (e.g., when OMB finalizes its draft *Guidance for Assessing Changes in Environmental and Ecosystem Services in Benefit-Cost Analysis*⁹)—would be to edit the text along the following lines:

Proposed Addition to Section VIII.r.1: EPA’s *Guidelines for Performing Economic Analyses* provides scientific considerations for assessing benefits, costs, and economic impacts, and should be followed, **together with other recent guidance or agency documents that have been peer reviewed or otherwise meet standards for objectivity and accuracy consistent with the Information Quality Act.**

Sincerely,
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⁶ OFF. OF MGMT. & BUDGET, CIRCULAR A-4: REGULATORY ANALYSIS 76 (2023).

⁷ *Id.* at 80.

⁸ ENV’T PROT. AGENCY, REPORT ON THE SOCIAL COST OF GREENHOUSE GASES: ESTIMATES INCORPORATING RECENT SCIENTIFIC ADVANCES 67 (2023), https://www.epa.gov/system/files/documents/2023-12/epa_scghg_2023_report_final.pdf (last visited Feb. 22, 2024).

⁹ See OFF. OF MGMT. & BUDGET, GUIDANCE FOR ASSESSING CHANGES IN ENVIRONMENTAL AND ECOSYSTEM SERVICES IN BENEFIT-COST ANALYSIS: DRAFT FOR PUBLIC REVIEW (2023), <https://www.whitehouse.gov/wp-content/uploads/2023/08/DraftESGuidance.pdf> (last visited Feb. 22, 2024).