



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

OFFICE OF THE ADMINISTRATOR  
SCIENCE ADVISORY BOARD

June 29, 2004

EPA-SAB-CON-04-004

The Honorable Michael O. Leavitt  
Administrator  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue, NW  
Washington, D.C. 20460

Subject: The Valuation of Mortality Risk Reduction: A Science Advisory Board  
Notification of a Consultation

Dear Administrator Leavitt:

The Environmental Economics Advisory Committee (EEAC) of the EPA Science Advisory Board (SAB) met on May 13, 2004 to conduct a consultation with the National Center for Environmental Economics (NCEE) on the valuation of mortality risk reduction.

EPA has been addressing the benefits of regulations against their costs. Because the benefits of regulations often involve reduced risks of human mortality, economists have devised a number of ways to estimate society's willingness to pay for these reduced risks of mortality. This willingness to pay is known as the "value of statistical life" (VSL), and it does not measure the actual value of a particular life or the lives being saved by regulations. To capture VSL, economists use both surveys and market studies to estimate society's willingness to pay for reduced risk. Accordingly, NCEE sought the SAB's advice on the most sound approaches to the valuation of mortality risk reduction. Information from the consultation will be considered as NCEE revises the Agency's *Guidelines for Preparing Economic Analyses* (2000).

The SAB has developed the Consultation as a mechanism to advise the Agency on technical issues that should be considered in the development of regulations, guidelines, or technical guidance before the Agency has taken a position. During a Consultation, there is no attempt or intent to express an SAB consensus or to generate a formal position. A Consultation is conducted under the normal requirements of the Federal Advisory Committee Act, which include advance notice of the public meeting in the *Federal Register*. As is our customary practice, there

will be no formal report from the SAB as a result of this Consultation; however, the minutes of the meeting, now posted at the SAB Web Site, constitute the record of this Consultation.

Sincerely,

*/Signed/*

Dr. William Glaze, Chair  
EPA Science Advisory Board

*/Signed/*

Dr. Maureen Cropper, Chair  
Environmental Economics Advisory Committee  
EPA Science Advisory Board

Attachment: Roster of Consultative Panel on the Valuation of Mortality Risk Reduction

**U.S. Environmental Protection Agency  
Science Advisory Board  
Consultative Panel on the Valuation of Mortality Risk Reduction**

**CHAIR**

**Dr. Maureen L. Cropper**, Lead Economist, The World Bank, Washington, DC

**MEMBERS**

**Dr. Anna Alberini**, Associate Professor, Department of Agricultural and Resource Economics - AREC, University of Maryland, College Park, MD

**Dr. Dallas Burtraw**, Senior Fellow, Resources for the Future, Washington, DC

**Dr. James Hammitt**, Professor of Economics and Decision Sciences, Department of Health Policy and Management, School of Public Health, Harvard University, Boston, MA

Also Member: Council on Clean Air Compliance Analysis

**Dr. W. Michael Hanemann**, Professor, Department of Agricultural and Resource Economics, University of California, Berkeley, CA

**Dr. Gloria Helfand**, Associate Professor of Environmental Economics, School of Natural Resources and Environment, University of Michigan, Ann Arbor, MI

**Dr. Arik Levinson**, Associate Professor, Economics Department, Georgetown University, Washington, DC

**Dr. James Opaluch**, Professor, Department of Environmental & Natural Resource Economics, College of the Environment and Life Sciences, University of Rhode Island, Kingston, RI

**Dr. Stephen Polasky**, Fesler-Lampert Professor of Ecological/Environmental Economics, Department of Applied Economics, University of Minnesota, St. Paul, MN

**Dr. Kathleen Segerson**, Professor, Department of Economics, University of Connecticut, Storrs, CT

**Dr. Hilary Sigman**, Associate Professor, Department of Economics, Faculty of Arts and Sciences, Rutgers University, Brunswick, NJ

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