



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON D.C. 20460

OFFICE OF THE ADMINISTRATOR  
SCIENCE ADVISORY BOARD

January 31, 2012

EPA-SAB-12-004

The Honorable Lisa P. Jackson  
Administrator  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue, N.W.  
Washington, D.C. 20460

Subject: Consultation on the Development of EPA's Report on the *Value of Water to the U.S. Economy*

Dear Administrator Jackson:

Water is a critical input in the economic welfare of the U.S., yet there currently is no organized, science-based analysis quantifying the economic contribution of water. A qualitative review of the literature provides some insights on the importance of water to key sectors of the economy, such as the energy, agriculture, construction, tourism, fishing, manufacturing, and public water supply sectors, but the information tends to be incomplete.

As a consequence, EPA is unable to systematically analyze the value of water to the U.S. economy, resulting in potentially inefficient resource protection and management decisions. EPA's Office of Water is developing a report on water's contribution to the U.S. market economy to evaluate currently available information and to encourage research and investment to fill this information gap. Combined with EPA research on the value of water in the U.S. from nonmarket consumption (e.g., nonuse values, recreation, etc.), this project will provide support for private and public decision-making at multiple scales (e.g., national, state, regional, watershed, local).

OW requested that the Science Advisory Board provide consultative advice to assist EPA in developing the proposed scope, planning and issues the report will address. The SAB Environmental Economic Advisory Committee augmented with other SAB members conducted this consultation.

An SAB consultation is a mechanism to provide individual expert comments for the agency's consideration early in the implementation of a project or action. A consultation does not require consensus among the committee members nor preparation of a detailed report. The SAB is pleased for this opportunity to provide input to OW's report on the *Value of Water in the U.S. Economy* at the formative stage.

On December 5, 2012 the committee met via teleconference. Members discussed the charge questions on the reports purpose, context, and organization. Members also discussed the economic perspectives and analyses the agency could employ to evaluate the market value of water. The discussion included the agency's plan to develop expert papers on key issues and conduct workshops to support the development of the report. The summary minutes from the teleconference and members' written individual responses to the charge questions are publically available and posted on the SAB website

The SAB encourages EPA to continue efforts to explain on the importance of water to key sectors of the economy and analyze the value of water to the U.S. economy. The SAB also encourages EPA to integrate the parallel efforts on market and non-market analyses to provide a more robust understanding of the value of water to the U.S. economy. We appreciate the opportunity to provide advice on this important effort and look forward to your response.

Sincerely,

/s/

Dr. Stephen Polasky

Chair

SAB EEAC Augmented for the Consideration  
of the Value of Water to the U.S. Economy