

June 20, 2023

Richard L. Revesz  
Administrator  
Office of Information and Regulatory Affairs

Zachary Liscow  
Associate Director for Economic Policy  
Office of Management and Budget

Re: Proposed Revisions to Circular A-4, Regulatory Analysis, and Circular A-94, Federal Spending (Docket Nos. OMB-2022-0014 & OMB-2023-0011)

Dear Administrator Revesz and Associate Director Liscow,

We the undersigned economists commend the Office of Information and Regulatory Affairs for proposing revisions to Circular A-4 and the Office of Management and Budget for proposing revisions to Circular A-94. If finalized, these would be long-overdue updates to the economic assumptions that undergird benefit-cost analysis across the federal executive branch, improving the information policymakers rely on to make key regulatory and spending decisions.

Both revised drafts would provide more extensive guidance to agencies than their preceding versions, including helpful examples, and are built to last beyond just this administration. Most importantly, they both are well-grounded in economic research, as evidenced by the numerous citations to peer-reviewed, academic papers.

While our view on some of the specifics may vary, we all agree that the existing Circulars A-4 and A-94 are out of date and that the proposed updates would bring the federal government's benefit-cost methodology closer to the current, best available economic research and theory.

In particular, we commend OIRA and OMB for proposing the following key improvements:

- Updating the discount rate that federal agencies use to calculate benefits and costs that accrue in the future. Given the long-standing decline in real interest rates and market projections, this modification is well justified. In addition, the proposal appropriately recognizes various reasons to discount far future impacts at lower rates, including uncertainty in future economic conditions and the “special ethical considerations” that arise when estimating impacts on future generations.

- Providing more guidance to agencies on incorporating distributional analysis into decisions, including the flexibility to include equity considerations in benefit-cost analysis by using weights that account for the diminishing marginal utility of goods.
- Recognizing recent evidence that widespread market power and behavioral biases distort markets and must be accounted for to better determine when government should intervene to solve market failures and maximize true efficiency.
- Integrating transboundary effects in agencies' analysis of global problems, which will allow for a more fulsome accounting of the national interest.
- Recommending the use of certainty-equivalent valuations to compare different possible outcomes, which recognize the well-established benefits of avoiding downside risks.

These and other improvements will lead to sounder economic analysis and, ultimately, better policymaking to serve the public interest.

Sincerely,

1. Aaron Sojourner, Upjohn Institute for Employment Research, Senior Researcher, Former Economist at Council of Economic Advisers
2. Adam Hersh, Economic Policy Institute, Senior Economist, Former Economist at Council of Economic Advisers
3. Adam Seth Litwin, Cornell University, Associate Professor of Industrial and Labor Relations
4. Akhil Rao, Middlebury College, Assistant Professor
5. Amir Jina, University of Chicago, Assistant Professor
6. Andrew Hultgren, Ag. and Consumer Economics, University of Illinois Urbana-Champaign, Assistant Professor
7. Andria Smythe, Howard University, Assistant Professor of Economics
8. Atheendar Venkataramani, University of Pennsylvania, Assistant Professor of Health Policy and Medicine
9. Ben Groom, University of Exeter, UK, Dragon Capital Chair of Biodiversity Economics
10. Ben Zipperer, Economic Policy Institute, Senior Economist
11. Bradley Hardy, Georgetown University, Associate Professor
12. Brendan O'Flaherty, Columbia University, Professor
13. Burçin Ünel, Institute for Policy Integrity at New York University School of Law, Executive Director
14. Buyi Wang, School of Social Work at Columbia University, Research Analyst
15. Calvin Thrall, Princeton University, Postdoctoral Research Associate

16. Catherine Hausman, Gerald R. Ford School of Public Policy, University of Michigan, Associate Professor
17. Chris Tilly, UCLA, Professor of Urban Planning
18. Christopher Witko, The Pennsylvania State University, Professor of Public Policy and Political Science
19. Christopher Wimer, Columbia University, Director, Center on Poverty and Social Policy
20. Dan Acland, University of California, Berkeley, Associate Adjunct Professor
21. Dania Francis, UMass Boston, Assistant Professor of Economics
22. Daniel Hirschman, Cornell University, Assistant Professor
23. Daniele Tavani, Colorado State University, Professor, Department of Economics
24. Danny Yagan, University of California, Berkeley, Professor, Former Chief Economist at the Office of Management and Budget
25. Daron Acemoglu, MIT, Institute Professor, John Bates Clark Medalist
26. David Alexander, Illinois Action for Children, Director of Research
27. David Cooper, Economic Policy Institute, Director, Economic Analysis & Research Network (EARN)
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29. Diana Strassmann, Rice University, Carolyn and Fred McManis Distinguished Professor in the Practice
30. Donna Ginther, University of Kansas, Roy A. Roberts & Regents Distinguished Professor of Economics
31. Elizabeth O. Ananat, Barnard College, Columbia University, Mallya Professor of Women and Economics
32. Ellen Ernst Kossek, Purdue University, Daniels School of Business, Basil S. Turner Distinguished Professor of Management
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34. Geoffrey Heal, UMass Boston, Donald C Waite III Professor of Social Enterprise
35. Gernot Wagner, Columbia Business School, Senior Lecturer and Climate Economist
36. Gopi Goda, Stanford University, Senior Fellow, Former Economist at Council of Economic Advisers
37. Heidi Shierholz, Economic Policy Institute, President, Former Chief Economist at U.S. Department of Labor
38. Hilary Wething, Pennsylvania State University, Assistant Professor
39. Ignacio Gonzalez, American University, Assistant Professor of Economics
40. Irwin Garfinkel, Columbia University, Professor Emeritus
41. James Rising, University of Delaware, Assistant Professor
42. Jane Waldfogel, Columbia University, Professor
43. Janelle Jones, Service Employees International Union, Chief Economist, Former Chief Economist at U.S. Department of Labor

44. Jeffrey A. Winters, Northwestern University, Professor and Director of the Equality Development and Globalization Studies Program
45. Jocelyn Frye, National Partnership for Women & Families, President
46. John Bonin, Wesleyan University, Chester D. Hubbard Professor of Economics and Social Science
47. John Broome, University of Oxford, Emeritus White's Professor of Moral Philosophy
48. John Wells, U.S. Department of Transportation (Ret.), Chief Economist
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50. Jonathan Colmer, University of Virginia, Assistant Professor
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59. Kyle Moore, Economic Policy Institute, Economist
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63. Marc Fleurbaey, Paris School of Economics, Professor
64. Mariano Torras, Adelphi University, Professor
65. Mark Curtis, Wake Forest University, Associate Professor
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74. Monique Morrissey, Economic Policy Institute, Senior Economist
75. Moritz Drupp, University of Hamburg, Professor

76. Nancy Birdsall, Center for Global Development, President Emeritus & Sr. Fellow
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81. Peter Howard, Institute for Policy Integrity at New York University School of Law, Economics Director
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99. Thomas Stoerk, London School of Economics and Political Science, Visiting Fellow
100. Tim Smeeding, University of Wisconsin Madison, Professor
101. Trevon Logan, The Ohio State University, Hazel C. Youngberg Trustees Distinguished Professor of Economics
102. Valerie Wilson, Economic Policy Institute, Director, Program on Race, Ethnicity, and the Economy

\*\*\*The opinions expressed here reflect the personal views of the signees and should not be understood to reflect the views of any institutions with which they are affiliated.\*\*\*