

approaches have evolved over time and reflect statutory requirements, agency specific policy decisions, and advancements in scientific understanding. For purposes of collecting and analyzing current risk assessment and management practices in federal agencies, with an emphasis on the role of precaution in risk policy and regulation, the Administration has formed an Interagency Work Group on Risk Management co-chaired by James L. Connaughton, Chairman of the White House Council on Environmental Quality and John D. Graham, Administrator, Office of Information and Regulatory Affairs, Office of Management and Budget. The Work Group includes representatives from the Department of Agriculture, the Department of Commerce, the Department of Health and Human Services, the Department of Interior, the Environmental Protection Agency, and the Office of Science and Technology Policy.

To assist in the Work Groups efforts, OMB requests comments for the next 60 days on current U.S. approaches to analysis and management of emerging risks. Specifically, we seek public input on:

- Ways in which “precaution” is embedded in current risk assessment procedures through “conservative” assumptions in estimation of risk, or through explicit “protective” measures in management decisions as required by statutory requirements as well as agency judgments.
- Examples of approaches in human and ecological risk assessment and management methods addressed by U.S. regulatory agencies (e.g., consumer product safety, drug approval, pesticide registration, protection of endangered species) which appear unbalanced.
- How the U.S. balances precautionary approaches to health, safety and environmental risks with

other interests such as economic growth and technological innovation.

C. Request for Comment on Improving the Analysis of Regulations Related to Homeland Security

In last year's final Report to Congress, OMB noted that 58 significant new federal regulations had been enacted in the aftermath of September 11th to protect national security and provide post-attack assistance. As an integral part of the expedited issuance of these rules, OIRA conducted its full regulatory review and coordination function under Executive Order 12866. These efforts made sure that all the rules related to September 11th received priority attention from the appropriate reviewers, and that the Administration's best solutions to respond to potential terrorist attacks were implemented.

Looking to the future, OMB expects additional homeland-security proposals from federal agencies covering concerns ranging from airline safety and immigration to food safety. For example, USDA and HHS will propose new regulations required to implement the Bioterrorism Preparedness and Control Act of 2002. Similarly, the Department of Homeland Security will face major challenges in developing sensible regulations covering many facets of American society. In light of the significant interest in these regulations, OMB is seeking public comment for the next 60 days on how to more effectively evaluate the benefits and costs of these proposals. OMB seeks comment on how agencies might assess the probability of future terrorist attacks and the likely damages, and the resulting effectiveness of new federal regulations in preventing future attacks, reducing America's vulnerability, or mitigating the damage of attacks which do occur. OMB seeks comment on how agencies might better identify, quantify and weigh the direct and indirect costs of such rules, including impacts on time,

convenience, privacy and economic productivity. OMB also seeks comment on how evaluation of such regulation could include auxiliary benefits not directly related to the homeland security purpose of the regulation. OMB's request for comment is concerned with these issues as they apply to future rulemakings and is not intended to address a specific rulemaking.

Appendix A.—Calculations of Benefits and Costs: Explanation

Chapter I presents estimates of the annual costs and benefits of selected final major regulations reviewed by OMB between October 1, 1992 and September 30, 2002. The explanation of the calculations for the major rules reviewed by OMB between April 1, 1995 and March 31, 1999 can be found in Chapter IV of our 2000 report (OMB 2000). Table 19, Appendix E, of the 2002 Report presents OIRA's estimates of the benefits and costs of the 20 individual rules reviewed between April 1, 1999 and September 30, 2001. All benefit and cost estimates were adjusted to 2001 dollars.

In assembling estimates of benefits and costs, OIRA has:

- (1) Applied a uniform format for the presentation of benefit and cost estimates in order to make agency estimates more closely comparable with each other (for example, annualizing benefit and cost estimates); and
- (2) Monetized quantitative estimates where the agency has not done so (for example, converting Agency projections of quantified benefits, such as, estimated injuries avoided per year or tons of pollutant reductions per year to dollars using the valuation estimates discussed below).

The adoption of a uniform format for annualizing agency estimates allows, at least for purposes of illustration, the aggregation of benefit and cost estimates across rules. While OIRA has attempted to be faithful to the respective agency approaches, the reader should be cautioned that agencies have used different methodologies and valuations in quantifying and monetizing effects. Thus, this aggregation involves the assemblage of benefit and cost estimates that are not comparable.

TABLE 7.—ESTIMATE OF BENEFITS AND COSTS OF 47 MAJOR RULES OCTOBER 1, 1992 TO MARCH 31, 1995
[Millions of 2001 dollars]

Regulation	Agency	Benefits	Costs	Explanation
Nutrition Labeling of Meat and Poultry Products.	USDA—FSIS	205	25–32	Present value estimates amortized over 20 years.
Food Labeling (combined analysis of 23 individual rules).	HHS—FDA	438–2,637	159–249	Present value estimates amortized over 20 years.
Real Estate Settlement Procedures	HUD	258–332	135	
Manufactured Housing Wind Standards ...	HUD	79	511	
Confined Spaces	DOL—OSHA	540	250	We valued each fatality at \$5 million and each lost-workday injury at \$50,000. We did not value non-lost-workday injuries.