



Homeland
Security

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TO: COMPONENT CHIEF ECONOMISTS

FROM: David Houser
DHS Chief Regulatory Economist

Cass R. Sunstein
Senior Counselor to the Secretary for Regulations

SUBJECT: Best Practices for the Treatment of a Statistical Life in
U.S. Department of Homeland Security Regulatory Analyses

This memorandum provides guidance to component Chief Economists on the use of estimates for the value of a statistical life (VSL) in Department of Homeland Security (DHS) regulatory analyses. DHS currently uses Department of Transportation (DOT) guidance supporting a VSL of \$11.8 million (2021\$) in its regulatory analyses.¹ The Department of Transportation (DOT) has updated this VSL to \$12.5 million (2022\$) adjusting for changes in both prices and real income. DHS recommends adopting this updated DOT VSL of \$12.5 million for regulatory analyses with a base year of 2022.

As a reminder, Office of Management & Budget (OMB) Circular A-4 provides a useful background discussion on the practice of using VSLs.² When using VSLs in regulatory analyses, component regulatory economists may wish to include a brief discussion that explains that the “value of a statistical life” is not actually attempting to place a value on a human life, but is instead attempting to value the reduction of mortality risks in the context of low probability events. For example, a \$12.5 million VSL does not mean that a specific human life is worth \$12.5 million, but is instead meant to capture what people are willing to pay to reduce low-level mortality risks, or what people demand in order to face such risks (say, \$125 for a risk of 1 in 100,000). This approach to valuation of mortality risks is endorsed by OMB Circular A-4.

Component economists are also reminded that quantified benefits and costs, including those that come from a VSL, are not meant to be used as the sole basis that divides a “justified” regulation from an “unjustified” one. In some cases, for example, statutes require or forbid regulatory action, regardless of the quantified benefits and costs. There also may be important unquantified

¹ 2021 DOT Guidance: <https://www.transportation.gov/office-policy/transportation-policy/revised-departmental-guidance-on-valuation-of-a-statistical-life-in-economic-analysis>.

² OMB Circular A-4, “Regulatory Analysis,” pages 29-31, September 17, 2003
<https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A4/a-4.pdf>.

values that should be considered, including (in the language of Executive Order 13563) “equity, human dignity, fairness, and distributive impacts.”

Questions regarding the use of VSL in DHS regulatory analyses should be directed to David Houser (David.Houser@hq.dhs.gov).