




U.S. Department
of Transportation
**Federal Highway
Administration**

Memorandum

Subject: INFORMATION: Treatment of the Economic Value of a
Statistical Life in Departmental Analyses

Date: March 19, 2008


From: Jeffrey A. Lindley
Associate Administrator for Safety

In Reply Refer To: HSA

To: Division Administrators

On February 5, 2008, the Department provided guidance that recommended \$5.8 million as the statistical economic value for preventing a human fatality. This was a substantial increase from the value of \$3.0 million that the Department recommended in 2002. On February 22, 2008, we provided this information to the Safetyfield e-mail list. Since then we have received a number of inquiries. The purpose of this memorandum is to provide more background about this information and its intended use.

In January 1993, the US DOT provided guidance, "Treatment of Value of Life and Injuries in Preparing Economic Evaluations," which established recommended economic values to be used in Departmental regulatory and investment analyses. This guidance was based on an FHWA research effort that led to the publication of "The Costs of Highway Crashes" in 1991 (FHWA-RD-91-055). The Office of Safety subsequently issued the 1994 Technical Advisory T7570.2, "Motor Vehicle Accident Costs," which included a value of \$2.6 million to avert a fatality in 1994 dollars as well as injury costs by the Abbreviated Injury Scale (AIS), and by the K-A-B-C (K = fatal, A = incapacitating injury, B and C represent less serious injuries) scale. These values have been updated periodically by the Office of Safety based on guidance from the Department, and most divisions and States have actively incorporated this information into their HSIP project prioritization process.

The latest information provided by the Department was prepared specifically for use by the US DOT in preparing regulatory and investment analyses. Since we have relied on the Department for this type of information to prepare our guidance to the field in the past, we felt that it was important that this new information be shared. We understand that many

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States already use their own values to calculate the economic value of a statistical life. While we strongly support the use of these new figures, there is no requirement that States use this estimate in prioritizing their HSIP projects.

We are currently in the process of reviewing this information and are looking into updating the 1994 Technical Advisory. In the interim, we know of at least one State that has developed an unofficial K-A-B-C scale that is consistent with the new \$5.8 million statistical economic value. Please contact Mr. Ken Epstein at (202) 366-2157 for further information.