

**CONTRACTING FOR WATER IN COLUMBUS, OHIO:
The Disparate Impacts of Requiring Homeownership
as a Condition of Water Service**

BY:

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INTRODUCTION

My name is Roger Colton. I am a principal in the firm Fisher Sheehan & Colton, Public Finance and General Economics. My office is in Belmont, Massachusetts. My educational background consists of a Bachelor's degree from Iowa State University (1975), a law degree from the University of Florida (1981), and a Masters degree (economics) from Antioch University (1993).

My professional work relates primarily to public utility regulation. At present, I am under contract to do projects for various state agencies, federal agencies, and community-based organizations. My current clients include the New Hampshire Public Utilities Commission, the New Jersey Division of Ratepayer Advocate, the Maryland Office of Peoples Counsel, the Pennsylvania Office of Consumer Advocate, the Illinois Citizen's Utility Board, and the U.S. Department of Health and Human Services. I also work directly for industry. In the past year, I have been under contract with Entergy Services Corporation (a multi-state utility holding company) (Little Rock, AR), Cleco Power Corporation (Alexandria, LA), and Missouri Gas Energy Company (Kansas City, MO).

My activities include work involving credit and collection issues, as well as customer service issues, for water utilities. In the past year, I have been involved with litigation involving the Philadelphia Water Department, the Pennsylvania American Water Company, the Easton (PA) water department, and Consumers Illinois Water Company. Each of these cases have involved credit and collection and/or customer service issues.

I publish extensively on public utility matters. A list of my publications, as well as a list of the cases in which I have appeared as an expert witness, is appended to this statement as Attachment 1.

The purpose of my review in this proceeding is to assess whether a policy requiring homeownership as a prerequisite to contracting for water service has disparate impacts on the basis of race and/or gender. More specifically, I have been asked to determine:

- Whether the policy of requiring homeownership as a prerequisite to contracting for water service has the effect of disproportionately excluding Black households from being water customers of Columbus water; and
- Whether the policy of requiring homeownership as a prerequisite to contracting for water service has the effect of disproportionately excluding women-headed households and families from being water customers of Columbus water.

Throughout my review, I will refer to the Columbus water utility either as Columbus, Columbus water, or the utility. I mean those terms to refer to the same entity unless the context of my comments clearly dictates otherwise.

ASSESSING THE EXISTENCE OF DISPARATE RACIAL IMPACTS

The purpose of this section of my analysis is to consider whether a policy by a local water utility that limits the right to contract for water service to property owners has the effect of disproportionately excluding Black households from entering such contracts. The key to an effects test analysis is that the impact of the utility's policy is separated from the intent of the utility in adopting the policy. A policy that is facially neutral as to race can, nevertheless, have the effect of generating discriminatory impacts.

The question that is posed in my analysis is straightforward. Does the lack of homeownership disproportionately exclude Black households from the ability to contract for their water service from Columbus water? I find that it does. I conclude that the Columbus water policy has the effect of discriminating against Black households.

The information I have used is the most recent American Housing Survey (AHS) for the City of Columbus (OH). I have appended the printed report from that survey as Attachment 2. The most recent AHS for Columbus was performed in 1995. The AHS is data that I routinely rely upon in my professional activities. It is an accepted source of authoritative housing data. The AHS is prepared by the U.S. Department of Housing and Urban Development (HUD). The city of Columbus is one of multiple cities for which an AHS is prepared.

I have also examined Census 2000 data for the City of Columbus to determine whether the use of the Census data would result in a different conclusion. I have appended the relevant Census data to this statement as Attachment 3.

Two different inquiries show that the exclusion of non-homeowners from the Columbus water population disproportionately excludes the Black population.

First, according to the AHS, while Blacks represent 11.7% of the total Columbus population, they represent only 7.8% of the Columbus homeowner population. This data shows that proportionately fewer Blacks own homes in Columbus than their percent share of the total population would indicate.

Second, according to the AHS, while 63.0% of the total Columbus population is a homeowner, only 42.1% of the Black population is a homeowner. This means that requiring homeownership as a prerequisite to becoming a water customer will exclude Blacks at a higher rate than it will exclude other populations.

The robustness of the conclusion that a requirement of homeownership has the effect of disproportionately excluding Blacks can be tested in a variety of ways. To do this, I look at Black homeownership holding certain key household variables constant. The household variables I hold constant include:

- Age
- Marital status
- Presence of children
- Marital status *and* presence of children
- Educational attainment
- Household income

My conclusions are as follows:

First, the requirement of homeownership status disproportionately excludes Blacks holding age constant. The common age used to measure homeownership involves ages 25 – 64. While Blacks aged 25 – 64 are 12.4% of the total population this age, Black homeowners of this age are only 8.3% of all homeowners this age. While 64.6% of all persons age 25 – 64 are homeowners, only 43.1% of Blacks age 25 – 64 are homeowners.

Second, the requirement of homeowner status disproportionately excludes Blacks holding marital status constant. While 7.1% of the total population of married persons (in 2-person families) are homeowners, only 6.0% of Blacks are. While 80.1% of all persons in married (2-person) families are homeowners, only 68.4% of Black married (2-person) families are.

Third, the requirement of homeowner status disproportionately excludes Blacks holding gender constant. Staying within the homeowner age of 25 – 64, the Columbus data shows that while

female householders (25 – 64) are 19.5% of the total population (25 – 64), they are only 9.2% of the total homeowner population with these same demographic characteristics. While 54.1% of all female householders (25 – 64) are homeowners, only 25.6% of all Black female householders (25 – 64) are homeowners.

Fourth, the requirement of homeowner status disproportionately excludes Blacks holding the presence of children constant. Having children is frequently associated with homeowner status. While 15.0% of the total population with children in Columbus is Black, only 10.0% of the homeowner population with children is Black. While 65.9% of all households with children are homeowners, only 43.6% of Black households with children are homeowners.

Fifth, the requirement of homeowner status disproportionately excludes Blacks holding educational attainment constant. As the table immediately below shows, Blacks are disproportionately excluded with high school degrees, college degrees, and graduate/professional degrees. Other levels of educational attainment were not considered.

	High School Degree	College Degree	Graduate/Professional Degree
Blacks of total population	11.8%	6.8%	8.0%
Blacks of Homeowner population	8.3%	5.2%	6.6%

At each of these levels of educational attainment, homeownership decreases substantially when being Black is added as a factor.

	High School Degree	College Degree	Graduate/Professional Degree
Owner as % of total population	62.7%	65.5%	77.2%
Owner as % of Black population	43.9%	50.6%	63.6%

Finally, the requirement of homeownership status disproportionately excludes Blacks holding income constant. Four levels of income were considered: (1) less than \$20,000; (2) \$20,000 to \$34,999; (3) \$35,000 to \$100,000; and (4) \$100,000 or more. At the table below shows, Blacks are disproportionately excluded at each level of income.

	Less than \$20,000	\$20,000 – \$34,999	\$35,000 – \$100,000	\$100,000 or more
Blacks as % of total population	19.4%	12.0%	8.3%	6.1%
Blacks as % of homeowner population	8.0%	8.5%	7.9%	5.9%

At each level of income, homeowner levels decrease when being Black is added as a factor.

	Less than \$20,000	\$20,000 – \$34,999	\$35,000 – \$100,000	\$100,000 or more
Owner as % of total population	36.4%	54.7%	77.4%	94.6%
Owner as % of Black population	15.1%	38.8%	73.9%	92.0%

While I also examined the owner status of Blacks in Columbus using 2000 Census data for Columbus, the findings are consistent with those stated above and are not separately presented here.

Based on the above data, I conclude that conditioning the right to contract for water service on being a homeowner has the effect of discriminating on the basis of race. Such a policy disproportionately excludes Blacks from their ability to contract for water service with Columbus water.

ASSESSING THE EXISTENCE OF DISPARATE GENDER IMPACTS

The purpose of this section of my analysis is to consider whether a policy by a local water utility that limits the right to contract for water service to property owners has the effect of disproportionately excluding women-headed households from entering such contracts. The key to an effects test analysis is that the impact of the utility's policy is separated from the intent of the utility in adopting the policy. A policy that is facially neutral as to race can, nevertheless, have the effect of generating discriminatory impacts.

The question that is posed in this part of my analysis mirrors the race inquiry presented above. Does the lack of homeownership disproportionately exclude women-headed households from the ability to contract for their water service from Columbus water? I find that it does. I conclude that the Columbus water policy has the effect of discriminating against women-headed households.

The information I have used is the most recent American Housing Survey (AHS) for the City of Columbus (OH) as previously described. I also have used 2000 Census data for the City of Columbus.

Female-headed households are disproportionately excluded from being able to directly contract for their home water service. I first examine homeownership data for families with children. I apply the same two tests I applied above to determine whether the homeownership prerequisite excludes women-headed families.

First, I find that families with women heads of households are underrepresented among Columbus (OH) homeowners. Female-headed households represent 19.3% of all occupied units in Columbus. At the same time, female-headed households that are homeowners are only 15.0% of all owner occupied units. Female-headed households are thus more than 30% more likely than is merited by their incidence in the population of all families to be excluded from contracting with Columbus water. Similarly, female-headed families represent 15.1% of all occupied units in Columbus. At the same time, female-headed families that are homeowners are only 10.8% of all owner-occupied units.

To account for one of the major factors that is associated with homeownership, I have examined families holding the presence of children constant. While female-headed families with children represent 9.4% of all families with children, female-headed families with children that are

homeowners are only 5.0% of all families with children that are homeowners. The disproportionate exclusionary impact of requiring homeownership is evident when comparing female-headed families with children to other sub-populations of families with children. Of all families with children, 61.1% are homeowners. In contrast, only 26.4% of female-headed families with children are homeowners. This proportion is substantially below other sub-populations. 70.4% of all married families with children are homeowners, while 41.3% of all male-headed families with children are homeowners.

Female-headed families can also be compared to other types of families to determine whether they are disproportionately excluded from contracting with Columbus water. While 61.5% of all families in Columbus are homeowners, only 37.1% of all female-headed families are homeowners. When compared to other types of families, the disproportionately exclusionary impact becomes even more evident. Non-female families are nearly twice as likely to be homeowners as female-headed families (69.8% vs. 37.1%). Male-headed families are 15% more likely to be homeowners as female-headed families (42.7% vs. 37.1%).

Like this Census data, the AHS (previously described), too, shows that female-headed households are disproportionately not homeowners. The AHS reports that while female-headed 2-person households represent 18.5% of the total population of 2-person households, they represent only 11.9% of the homeowner population within that demographic group. Moreover, the AHS data shows that female-headed households are half as likely to be homeowners than male-headed households (44.6% vs. 88.4%) are. They are only 70% as likely to be homeowners as male-headed households (44.6% vs. 64.3%). The same pattern does not exist for 1-person households.

Disaggregating the homeownership by income reveals that the disparate impact occurs across-the-board. For all incomes, while female-headed households represent 11.4% of all 2-person households, they represent only 6.1% of all homeowner 2-person households. For the all income group, while 69.8% of all two person households (below age 64) are homeowners, only 37.1% of female-headed households are homeowners. In addition, 40.6% of male-headed households are homeowners, and 73.4% of all non-female-headed households are.

The underrepresentation of female-headed households relative to their incidence in the population occurs at each income level, with the underrepresentation decreasing as income increases.

	Under \$20,000	\$20 - \$40,000	\$40 - \$100,000	\$100,00 or more
Proportion of total population	7.2%	6.4%	1.6%	0.3%
Proportion of homeowners	2.3%	4.4%	1.5%	0.2%
Proportion of tenants	18.7%	11.0%	1.9%	0.2%

Based on the above data, I conclude that conditioning the right to contract for water service on being a homeowner has the effect of discriminating on the basis of gender. Such a policy disproportionately excludes female-headed households from their ability to contract for water service with Columbus water.