

# WATER AFFORDABILITY IN OHIO

Ohio communities face significant costs to replace and upgrade aging water and sewer infrastructure while maintaining health and environmental quality—a challenge that mirrors national trends. As these costs drive increasing utility prices, Ohio leaders are interested in ensuring that the economically vulnerable can afford to pay for these essential services. To that end, a new study commissioned by the Alliance for the Great Lakes and the Ohio Environmental Council authored by national expert Manuel Teodoro, PhD, assesses the affordability of basic drinking water and sewer utility service for low-income households in the state of Ohio.

Our research finds that affordability of basic water and sewer services impacts Ohioans across the state in both urban and rural areas. A comprehensive, state-wide strategy is needed to address this issue.

## IDENTIFIED ISSUES

### PAYING FOR BASIC WATER AND SEWER SERVICES IS A CHALLENGE FOR MANY OHIOANS.

New research assessing the affordability of basic water and sewer prices across the state of Ohio found:

- In nearly 80% of Ohio communities, a month of basic water and sewer service requires more than eight hours of labor at minimum wage. In about 45% of Ohio communities a household at the 20th income percentile must pay more than 10% of disposable income for basic water and sewer service.
- Water affordability in Ohio is not specific to urban, suburban, or rural communities.
- There is no evidence that water and sewer affordability is entirely a racial or ethnic issue in Ohio. And, the report finds that affordability is strongly correlated with income inequality.

#### IN OHIO

**PAYING BASIC WATER & SEWER SERVICE EACH MONTH COSTS THE EQUIVALENT OF 8-10 HOURS OF MINIMUM WAGE LABOR.**

### WATER AFFORDABILITY IS AN ISSUE FOR PEOPLE ACROSS THE STATE OF OHIO. BUT THE ROOT CAUSES ARE DIFFERENT IN RURAL AND URBAN COMMUNITIES.

- In urban communities, drinking and sewer costs are disproportionately borne by communities of color which have been redlined and disinvested for decades, leading to high income inequality. In turn, basic water and sewer costs are a higher proportion of disposable income.
- In rural communities, small water utilities cannot reach economies of scale in managing infrastructure, which results in higher cost, and lower income residents end up paying a higher proportion of their income for basic water and sewer services.

## **POTENTIAL SOLUTIONS**

### **A COMPREHENSIVE, STATE-WIDE STRATEGY TO ADDRESS DRINKING WATER AND SEWER AFFORDABILITY IS NEEDED IN OHIO.**

Opportunities include:

- Ohio currently has 1,187 water utilities and 923 sewer treatment facilities. Utility consolidation can build economies of scale and organizational capacity, reducing costs. There are best practices that model how this can be done effectively and equitably.
- Changing rate structures, by focusing on encouraging low fixed charges and/or progressive volumetric pricing, can improve affordability without increasing administrative costs for utilities.
- Statewide and local customer assistance programs to help low-income customers, either through local utilities or statewide, are needed. It is important that these are crafted in an effort to encourage consolidation. Currently, most state efforts to address affordability problems are focused on supporting utilities, not necessarily supporting low-income customers directly.

## **FUNDING NEEDED**

### **FUNDING IS NEEDED AT ALL LEVELS TO ADDRESS THIS ISSUE.**

The federal government's contribution to this work has declined from 63% of water infrastructure spending in 1977 to 9% today.

These costs are often being passed on to those who can least afford it, disproportionately impacting communities that have historically borne the brunt of environmental injustice, with water utility bills doubling or tripling over the last decade in many cities.

## **THE REPORT**

The Alliance for the Great Lakes and the Ohio Environmental Council commissioned Associate Professor Manuel Teodoro, PhD of Texas A&M University to assess the affordability of drinking water and sewer utility service in the state of Ohio. Professor Teodoro is a nationally recognized expert in analyzing utility rate equity and affordability. To view the whole report, please visit:

[bit.ly/OHwaterstudy](http://bit.ly/OHwaterstudy)



### **WHAT ECONOMIC TRADE-OFFS DOES A LOW-INCOME FAMILY HAVE TO MAKE TO AFFORD CLEAN, SAFE DRINKING WATER?**

Ohio is a “water-rich” state, with more than 166,962 miles of streams and 483,000 acres of wetlands. Many live on the shores of the world’s largest freshwater system. It is unacceptable that people around Ohio and the Great Lakes cannot afford clean, safe drinking water in their homes.

Ohio families are being forced to make economic trade-offs to pay water and sewer bills. We need a state-wide conversation about this issue and an effort to develop comprehensive, state-wide strategy to address this issue.