# Chapter 13 Project: Taxes on Toxics

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(This project is adapted from a project developed by our textbook’s authors.)

**Overview**

In this project you will investigate the amount of RCRA waste produced by several counties in a state. RCRA waste is solid waste assigned a federal hazardous waste code and is regulated by RCRA—the Resource Conservation and Recovery Act. (Note: RCRA is pronounced “wreck-ruh”.) You will devise a strategy to fine counties that produce lots of hazardous waste, and reward counties that produce lesser amounts of hazardous waste. The concepts of normal distributions and z-scores will play an integral role in your strategy.

**Obtain the Data**

Prof. Little will provide your group with a printed data sheet listing RCRA and population data for 1 of 5 states. Your state: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Enter the Mean RCRA Waste data by county into an Excel spreadsheet.

**1. Analyze the RCRA data**

a) Listed on the data sheet are the counties in your state that produce the greatest amount of RCRA waste. Production values are given for the years 1991, 1993, 1995 and 1997. For the first 2 counties on the data sheet, compute the mean RCRA waste amount from 1991 to 1997. Show work below.

b) Do your values agree with those listed in the column “Mean RCRA Waste”? \_\_\_\_\_\_\_ What are the units of measure for the mean?

c) Scan the data to find a county with a *huge* change in RCRA waste generation from one 2-year period to the next: which county, how much waste one year, how much in the next year? What is the percent change from one 2-year period to the next?

d) Such extreme changes in hazardous waste production do not seem reasonable; maybe the numbers are in error. But maybe not! Give one *reasonable explanation* why RCRA waste generation might change so much in one 2-year period.

e) For the mean RCRA waste values, compute the following statistics. Round to the nearest ton.*.*

sample size \_\_\_\_\_\_\_\_\_

minimum = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ maximum = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

mean \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ standard deviation \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

The *total* of all values is given by the SUM function in Excel. What is the total of the mean RCRA waste produced by the counties on your data sheet?

f) Make a frequency histogram of the mean RCRA waste values and cut and paste into this document for the answer to this part. Your histogram should have 6 bins, but you will need to select the bin boundaries based on the range of values you see.  *Hint: We discussed ways to do this using Excel before.*

g) Inspect the histogram. Are the mean RCRA waste values normally distributed (even approximately)? Explain.

h) For the mean RCRA waste data, compute the 7 numbers: , , , , , , and . Round to the nearest ton.

i) Do any of the 7 numbers come out negative? If so, do these numbers have any physical meaning? Can you have negative mean RCRA waste in reality?

j) Sometimes there are data that seem to be “way out of bounds.” Statisticians call these numbers **outliers**; outliers are numbers that lie at least 3 standard deviations away from the mean. Are there any outliers in your mean RCRA waste values? If so, what are the names of the counties?

You probably noticed how outliers tend to dominate calculations and skew histograms. Sometimes we know that outliers are caused by error, and so we can delete them from the data set. But sometimes they are accurate, and we must leave them in. In the RCRA data, you don’t know whether your outliers are accurate or erroneous, so *leave them in*! For the bonus question of this project (on the last page) you can investigate the source of the largest outlier.

**2. Per Capita Waste**

a) The EPA hires you as a consultant, to impose fines on counties that are “environmentally bad.” Your supervisor suggests that counties that *generate the most RCRA waste* should be fined the most. Discuss why this system might not be fair.

Another approach is to fine the counties that produce a lot of waste relative to their population size. In other words, fine the counties that have the highest mean RCRA waste **per capita** (per person).

b) For the first 2 counties listed on your data sheet, compute (by hand) the mean RCRA waste per capita. Convert the result so that the units are in **pounds per person**. Show work below.

Repeat the above calculation for all counties on your data sheet. Put the per capita RCRA values into a new column in your spreadsheet.

c) Do the first 2 entries in Excel match what you computed earlier? \_\_\_\_\_\_\_\_\_\_

d) For the per capita mean RCRA values, compute the following statistics. Round to 1 decimal place.

minimum = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ maximum = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

mean \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ standard deviation \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

e) Make a frequency histogram of the per capita mean RCRA waste values. Again use 6 bins. Cut and paste from Excel into this document. Label and scale axes appropriately.

**3. Carrots and Sticks**

You have normalized the county data by computing the per capita RCRA waste. Now you come up with the idea to penalize the heavy-polluting counties with **waste fines** and reward the light-polluting counties with **waste credits**. Here’s how your plan will work.

Counties that have RCRA waste production above the statewide mean will be fined, and those with RCRA production below the statewide mean will be given waste credits. To reward and penalize the counties on a **continuous** scale, you decide to base the fines and credits on z-scores. Recall that a z-score will indicate how many standard deviations a county lies above or below the statewide mean. Z-scores are computed with the simple formula:



In the formula, *x* is each county's per capita mean RCRA waste,  is the statewide mean of per capita waste values, and  is the standard deviation of the statewide per capita waste values.

a) Compute the z-score of the per capita waste values for the first 2 counties on your data sheet. Show work below.

b) Now use Excel to compute all the *z –* scores. If you have put the per capita waste values in column H, say starting in cell H2, and computed the mean and SD of the per capita waste values in cells H41 and H42 (for instance – your spreadsheet may end up different depending on the row and column where you started the given by-county data) , then you can compute all the *z-*scores you heed by first entering the formula

= (H2 - $H$41)/$H$42 in cell I2, then copying and pasting into the rest of the cells in column I parallel to the cells in column H containing the per capita waste values. (Why do we need the dollar signs in this formula?) Round all of the numbers to 2 decimal places here.

c) Inspect the list of z-scores in your spreadsheet. Do the first 2 entries match what you computed earlier? \_\_\_\_\_\_ .

d) Your boss thinks your “carrots and sticks” strategy based on per capita z-scores has promise, but she is worried that there might be an imbalance between the number of counties receiving credits and the number getting fined. Is she right? Explain.

**4. Transformation to Normal**

Your boss firmly believes that the number of fines and the number of credits should be approximately equal. You know that this is impossible because the per capita waste values for the counties on your data sheet have a large positive skew.

You consult your text and find that positively skewed data can often be made more symmetrical by taking the logarithm of the data values. You decide to revise your data using that strategy.

a) Compute the logarithms (base 10) of the per capita mean RCRA waste values for the first 2 counties on your data sheet. Show work below.

Again you want to have Excel do the rest of the work. Complete the computation of all the logs of the per capita mean RCRA values in the next unused column of your spreadsheet.

b) Inspect the list of ``logged’’ values. Do the first 2 entries match what you computed earlier? \_\_\_\_\_ .

c) For the logged per capita mean RCRA values, compute the following statistics. Round to 2 decimal places.

minimum = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ maximum = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

mean \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ standard deviation \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

d) What are the units of measure for these statistics?

e) Make a frequency histogram of the logged per capita values using 6 bins. Generate using Excel, and cut and paste into this document. *Note: some of the logged values may be negative in this case!*

f) How does the histogram of the transformed (logged) data compare to the two histograms that you have sketched previously? Explain.

g) For the transformed (i.e. logged) values in L5, calculate the 7 numbers: , , , , , , and . Round to 2 decimal places.

h) Use these 7 numbers and the Empirical Rule to help you determine if the transformed data are approximately normal. Show work.

**5. Carrots and Sticks Revised**

You have transformed the per capita county waste data into a distribution that is closer to normal, and certainly more symmetrical. You would now like to return to the idea of computing z-scores for each county to determine how much each will be penalized or rewarded.

a) Compute the z-scores for the logged per capita values for the first 2 counties. Show work below.

b) Compute the z-scores for all the logged per capita values in your Excel spreadsheet and store the results in the next unused column. Use the calculator for assistance as you did before. When finished, check that the first 2 entries match up with your earlier computations. Do they? \_\_\_\_\_\_\_\_\_\_

c) Inspect your list of logged per capita z-scores. How many counties will be given fines, and how many will be given credits?

d) You’re feel pretty good about this revised carrots and sticks system, as you will be rewarding about the same number of counties that you are penalizing. You show it to your boss who thinks it’s great too. She now gives you enough money to impose fines and give credits. She suggests a $100,000 fine or credit per z-score (fines for positive z-scores, credits for negative z-scores). Will your agency lose money, earn money, or break even? Explain in detail.

**6.The Next Step**

Earlier in this project you listed the counties in your state that produce an inordinate amount of RCRA waste. Which county is the most extreme outlier? \_\_\_\_\_\_\_\_\_\_\_\_ In which 2-year period did that county produce the most RCRA waste?\_\_\_\_\_\_\_\_

Using online information, determine the three or four largest cities or municipalities (by population) included in your most extreme outlier county.

Detailed information about RCRA waste production is provided at the Right-to-Know Network: <http://www.rtknet.org> . (This is a public-interest web site that displays information gathered by the EPA). Go to this website, click on **DataBases** and then select **Hazardous Waste (BRS)**. In the BRS database, you will search by City, State. In the BRS search window, enter the cities from your county you found above and the year that you listed above, then press **GO**. In the Search Criteria Used box, you can adjust to select the reporting year you want, and increase or decrease the level of detail shown.

The database will create a long table of companies in the city you specified that produce RCRA and other hazardous waste. Scroll through the table and find a company that **generated** one of the greatest amounts of waste. Find the type of waste that was produced in the greatest amount. (Each table will list “waste description” and “tons generated current year.”)

Summarize your findings: What is the name of the company that was producing the greatest amount of waste in your outlier county? How much waste did the company produce? What type of waste did the company produce in the greatest amount? What was the amount produced?