Business & Technology Advisory

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Electric Cooperatives and Persistent Poverty Counties

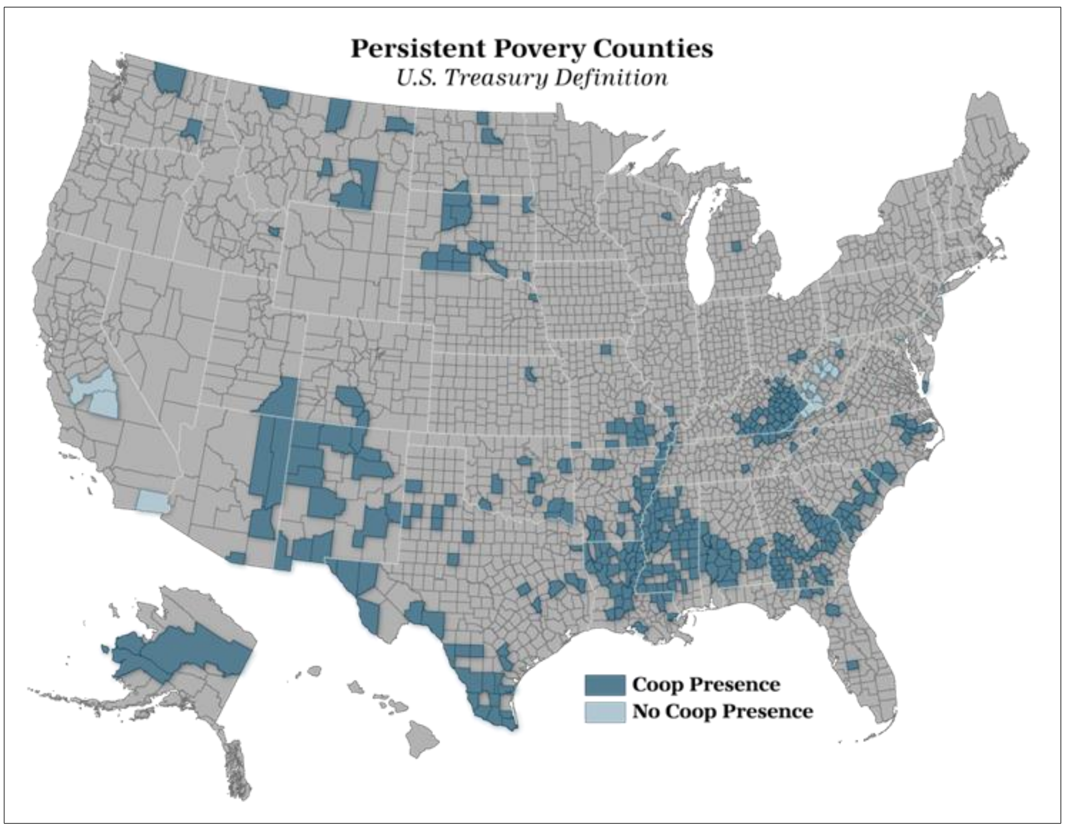
What has changed?

October 2017, the U.S. Treasury Community Development Financial Institutions Fund (CDFI) released an updated list of the nation's Persistent Poverty Counties (PPCs). These are counties that have experienced very high poverty rates over a long-term. CDFI identified 395 PPCs, an increase from an earlier list compiled by the USDA Economic Research Service (ERS) using older data that only identified 353. The CDFI used the following methodology and sources, and their analysis has been verified by NRECA:

> Persistent Poverty Counties (PPCs) are defined by Public Law Number 115-31 (enacted May 5, 2017) for the CDFI Fund as counties where 20% or more of their population lives in poverty as measured by the U.S. Census Bureau (1990 and 2000 decennial censuses, and 2011-2015 American Community Survey).

What is the impact on cooperatives?

America's Electric Cooperatives provide electric service in 364 (92%) of the PPCs identified by CDFI. More than 250 distribution cooperatives and NRECA-member public power districts serve an estimated 4.2 million people in these counties, with poverty rates ranging from 20% to over 60%. The map below shows the nation's PPCs, which are concentrated in Appalachia and the Southeast, along the US-Mexican border, and around Native American reservations.



What do cooperatives need to know or do about it?

While PPCs are not the only counties experiencing high poverty rates, the long-term entrenched nature of poverty in these areas presents significant challenges to electric co-ops serving there. Extreme poverty is often geographically concentrated in only a portion of a county. To help consumer-members in these areas, co-op economic development, community, and bill assistance programs might need to be specifically targeted to these areas.

Keeping electricity affordable is especially important for low-income consumer-members who are most vulnerable to energy poverty. High poverty rates are often reflected in less efficient housing stock, such as older manufactured housing, which can lead to wasted energy and disproportionately high bills for those who can least afford it. These households often lack the resources to make energy saving improvements to their homes, so co-op programs to help repair, weatherize, and install cost-efficient appliances and equipment are also important.

Additional Resources:

- The CDFI website contains the full list and analysis of PPCs, as well as other information

- A recent USDA ERS article on rural PPCs and the effects of the Great Recession

- A July 2016 Tech Surveillance on opportunities to reduce energy use and improve comfort by installing mini-split heat pumps on manufactured homes

- A May 2016 RE Magazine article on Withlacoochee River Electric Co-op’s efforts to address entrenched poverty in their community

- Fast Facts on the LIHEAP program

Contact for Questions:

Michael Leitman
Senior Analyst, Economics & Business
michael.leitman@nreca.coop