

Identifying Areas of Economic Distress: Examples and Considerations

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For decades, Congress has used place-based policies to address regional socioeconomic disparities. Many recent federal economic development policies—including rural development policies—have focused on economically distressed areas. Economic development policies are generally designed to develop the resources or capabilities of state, local, and regional stakeholders, or to address obstacles that hinder development. These policies are often implemented through community-level interventions rather than individual-level interventions (i.e., people-based policies). Congress has used economic data and benchmarks to determine which areas are economically distressed and therefore eligible for place-based economic development programs. These economic measures and benchmarks vary by agency and program.

This report analyzes the types of economic distress measures used within three policy interventions to illustrate the impacts of the definition of *economic distress* on the direction of federal economic development spending. The report defines key economic measures and geographic concepts, shows how they are used, and compares how the measures impact selection of different geographic areas.

Federal programs that aid economically distressed areas commonly use four socioeconomic measures: median household income, poverty rate, unemployment rate, and employment-to-population ratio. Data for a potential project area are generally compared to a benchmark, such as a fixed number or national-level data. Some *economically distressed* definitions specify the geographic areas or the unit of analysis to be measured, while others allow the specific geographic area to be determined by the applicant(s).

Census Bureau data are commonly used in determining whether an area is economically distressed; thus, it may be convenient for policymakers to refer to the geographic areas defined by the Census Bureau and used in their tabulations. Using Census Bureau survey data for economic distress criteria has some limitations. For example, populations experiencing homelessness are not captured using household surveys. In addition, estimates from all surveys have margins of error reflecting that they were computed using a sample instead of the entire population, and as a result have some imprecision.

Three federal programs and initiatives define economically distressed areas using different criteria: the Department of Agriculture's (USDA's) Emergency Community Water Assistance Grant Program, the Department of Commerce's Recompete Pilot Program, and the Persistent Poverty Counties designation used across multiple programs. The Emergency Community Water Assistance Grant Program defines economically distressed areas using median household income and geography (i.e., areas must be rural or have 10,000 or fewer people). The Recompete Pilot Program compares an area's employment-to-population ratio with that for the nation and does not restrict areas based on population density (i.e., rural or otherwise). Persistent Poverty Counties use the poverty rate over time. These federal programs and initiatives identify areas of economic distress in different ways, and as a result, different sets of geographic areas are classified as distressed.

Congress may exercise considerable flexibility in targeting funding for economic development programs. When formulating economic development policy for economically distressed areas, policymakers may find it helpful to consider the following:

- Different types of economic distress criteria may assist distinct geographic areas. In addition to considering economic distress at the county level, other geographic levels could be used to target funding at a smaller geographic unit or to define areas of economic distress in different ways.
- In addition to program-level criteria, Congress may use additional policy strategies to direct assistance to economically distressed areas, such as setting aside funding at levels that agencies must meet through program awards, or allowing for agency discretion to designate certain areas or types of communities as eligible.

As Congress conducts oversight on existing programs and considers new programs, it may seek to understand how economic distress criteria impact the distribution of program funds.

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Introduction

For decades, Congress has used place-based policies to address regional socioeconomic disparities.¹ Many recent federal economic development policies—including rural development policies—have focused on economically distressed areas. Economic development policies are generally designed to develop the resources or capabilities of state, local, and regional stakeholders, or to address obstacles that hinder development. These policies are often implemented through community-level interventions rather than individual-level interventions (i.e., people-based policies). Place-based economic development programs may support a range of activities such as infrastructure development, entrepreneurship, business development, technical assistance, planning, and related activities.

Congress has used economic data and benchmarks to determine which areas are economically distressed and therefore eligible for place-based economic development programs. These economic measures and benchmarks vary by agency and program. Many criteria use survey data available at the census tract or county level, but others allow for discretion to be applied by federal agencies who implement the program. Measures may vary, in part, due to different policy objectives (e.g., economic development, housing, health, equity) or the structure of the policy tool (e.g., tax incentives, grants, credit programs).

This report analyzes the types of economic distress measures used within three policy interventions to illustrate the impacts of the definition of *economic distress* on the direction of federal economic development spending. It does not represent a comprehensive review of all potential measures of economic distress.² In two of the interventions discussed in this report, Congress did not use the exact phrase *economic distress* to characterize the areas targeted; however, in all the interventions discussed below, Congress did target funding to areas using measures that indicated local economic conditions in those areas were worse than a specified benchmark. This report uses the phrase *economic distress* to characterize such areas.

The report further defines key economic measures and geographic concepts, shows how they are used, and compares how they differ in which geographic areas they identify as economically distressed. It uses counties as the unit of analysis; however, as discussed, various programs allow for the potential eligibility of other types of areas or geographies.

This report does not address underlying capacity challenges that may be involved in applying for, receiving, and managing federal awards. While federal policies may geographically target resources toward certain communities, analysts observe that capacity limitations may hamper the ability of these communities to access, manage, and implement available grant programs.³

¹ For a historical perspective on economic distress measures, see Alison Turner et al., “Identifying Measures of Distress for Economic Development,” National Economic Research and Resilience Center, Argonne National Laboratory, November 2023, p. 3, https://anl.app.box.com/s/17galz6069fmawquafnglr1xvaba9uh0?utm_content.

² “Commonly Used Distress Measures” are outlined in Alison Turner et al., “Identifying Measures of Distress for Economic Development,” National Economic Research and Resilience Center, Argonne National Laboratory, November 2023, p. 12, https://anl.app.box.com/s/17galz6069fmawquafnglr1xvaba9uh0?utm_content. Additionally, an analysis of the economic distress definitions used by three of the federal regional commissions—the Appalachian Regional Commission (ARC), the Delta Regional Authority (DRA), and the Northern Border Regional Commission (NBRC)—is provided by Anthony Pipa, Heather Stephens, and Natalie Geismar in “Defining distress: Lessons from the Federally Chartered Regional Commissions,” The Brookings Institution, May 2022, https://www.brookings.edu/wp-content/uploads/2022/06/2022_Brookings_Defining-Distress.pdf.

³ Statement of Jeff Arkin, Director of Strategic Issues, U.S. Government Accountability Office (GAO), “Grants Management, Observations on Challenges with Access, Use, and Oversight,” Testimony Before the Committee on Homeland Security and Governmental Affairs, U.S. Senate, May 2023, <https://www.gao.gov/assets/gao-23-106797.pdf>.

Analysts also note that economic distress measures could be used to target technical assistance to further address capacity challenges, in addition to their use in determining program eligibility.⁴

Economic Distress: Defining Commonly Used Measures and Criteria

The term *economically distressed area* lacks a standardized definition and may vary by agency, program, or executive branch initiative. Federal programs that provide assistance to economically distressed areas generally use socioeconomic measures, such as median household income, as criteria for eligibility.⁵ Data for a potential project area are generally compared to a benchmark, such as a fixed number or national-level data.

Some definitions of *economic distress* may specify the geographic areas or the unit of analysis to be measured (e.g., counties or census tracts), while others allow the specific geographic area to be determined by the applicant(s).

Economic Measures

Congress has used a variety of measures to identify certain areas that may be economically distressed. The measures provide a framework for comparing key socioeconomic data across geographic areas. Four selected measures are discussed below: median household income, poverty rate, unemployment rate, and employment-to-population ratio.⁶

Median Household Income

To identify areas of economic distress using median household income, three concepts are applied: the definition of *income* as it is measured in surveys, an analysis of the *median income*,

⁴ Anthony Pipa, Heather Stephens, and Natalie Geismar, “Defining distress: Lessons from the Federally Chartered Regional Commissions,” The Brookings Institution, May 2022, p. 3, https://www.brookings.edu/wp-content/uploads/2022/06/2022_Brookings_Defining-Distress.pdf. For further discussion about the role of technical assistance in federal grants, see CRS Report R47607, *Federal Grant Technical Assistance: Definition, Use, and Considerations for Congress*, by Natalie Keegan.

⁵ Programs may also allow the relevant agency to have discretion in how areas may qualify for the program. This report focuses on the measures specified in legislation using data.

⁶ These are not the only approaches available. For example, Section 301(a) of the Public Works and Economic Development Act (PWEDA) of 1965 (42 U.S.C. §3161(a)) describes the economic distress criteria and thresholds that qualify areas as eligible for assistance through selected Economic Development Administration (EDA) programs and for other purposes. In PWEDA, economic distress is determined by one or more of the following calculations or thresholds: low per capita income, unemployment rate above national average, or special need. For other programs, an index approach for designating areas as distressed generally uses a combination of measures to compute a rating or compare an area’s socioeconomic conditions with national averages. Depending on the structure and benchmark indicators used in the index, these approaches may result in additional areas being considered as distressed. While the index approach to county economic distress designation is currently used by several federal regional commissions, examples of this approach are not analyzed in this report.

Researchers have identified several approaches to combined indicators—see, for example, Alison Turner et al., “Identifying Measures of Distress for Economic Development,” National Economic Research and Resilience Center, Argonne National Laboratory, November 2023, p. 12, [https://anl.app.box.com/s/17galz6069fmawquafnglr1xvaba9uh0?utm_content=The Economic Innovation Group’s Distressed Communities Index Tool](https://anl.app.box.com/s/17galz6069fmawquafnglr1xvaba9uh0?utm_content=The%20Economic%20Innovation%20Group’s%20Distressed%20Communities%20Index%20Tool)—available at <https://eig.org/distressed-communities>—is another example of a combined indicator. For an analysis of the economic distress definitions used by three of the federal regional commissions, see Anthony Pipa, Heather Stephens, and Natalie Geismar, “Defining distress: Lessons from the Federally Chartered Regional Commissions,” The Brookings Institution, May 2022, https://www.brookings.edu/wp-content/uploads/2022/06/2022_Brookings_Defining-Distress.pdf.

and an analysis of the *geographic area* to be used when making comparisons (particularly when *area median income* is referred to as a specific eligibility criterion). Each of these concepts is described below.

Income

In household surveys conducted by the Census Bureau, *income* refers to money that comes into the household on a regular basis, before payments for personal income taxes, Social Security, union dues, Medicare deductions, and the like.⁷ Because it is based on income before taxes, it also does not include refundable tax credits such as the Earned Income Tax Credit or the Additional Child Tax Credit. This *money income* concept also excludes noncash benefits such as those from the Supplemental Nutrition Assistance Program (SNAP), health benefits, and subsidized housing, and does not include resources such as food or other goods produced and consumed on one's own farm or in-kind benefits from employers, such as the use of company cars.

The *reference period*, or time span for which a survey asks households about the money they received, is important for defining income; typically, this is a year-long period. Assets (such as amounts held in savings accounts, the equity in one's home, or the unrealized values of investments) are not considered to be *income* because the money did not literally *come in* (to the household) during the reference period. The money used to purchase the investments or to deposit into savings would have been considered income at the time the household member received it. However, the dividends from investments and the interest earned on savings are income because they represent new money received during the reference period.

Programs that use income in their economic distress criteria might not necessarily define it in the same manner as Census Bureau surveys. Likewise, they may not necessarily define a *household* in the same way as surveys (which typically define a household to include all persons residing together in the same housing unit—and thus *household income* from survey data typically includes the income from all persons residing together, as opposed to some other grouping such as persons who both live together and share costs and resources as a single economic unit). When a program's definitions for *income* or *household* differ from those used by the Census Bureau to publish reports or tables, alternative estimates might be obtainable by programming a custom tabulation using a survey data file, so that the estimates more closely reflect the definitions used in Congress's program of interest. However, the accuracy of such estimates would depend on the level of demographic and economic detail, geographic detail, and statistical accuracy afforded by the survey.

Median Income

In a group of numbers, such as the income amounts of all households in an area, the *median* is the number that divides the group into two equal parts: one-half is less than the median, and one-half is greater. The median can be thought of as the middle of the income distribution. Medians are useful for characterizing income data because they are less sensitive than the *mean* (arithmetic average) to large outliers, which occur frequently in income data.

Geographic Area and Area Median Income

Area median income is a term used when comparing median income amounts across geographic areas. Depending on the program, the term may refer to specific types of geographic areas (such

⁷ Further discussion may be found on the Census Bureau's webpage, "About Income," at <https://www.census.gov/topics/income-poverty/income/about.html>.

as Metropolitan Statistical Areas [MSAs]).⁸ For instance, one metropolitan area may have a higher median income than another, but also a higher cost of living. To the extent that differences in median income may reflect differences in average wages and cost of living, comparing the median income of a census tract, county, or town with that of the metropolitan area can help to reduce geographic disparities in program eligibility by metropolitan area. For small areas not in metropolitan areas, a program might use median income for a different geographic type; for example, the statewide median income or the statewide nonmetropolitan median income may be used. Or, as noted previously, some programs may allow applicants to define their own geographic areas as part of their application.⁹

Poverty Rate

Poverty is defined as a measure of economic hardship using income data, family size data, and specified dollar amounts called *poverty thresholds* that are intended to represent the costs associated with a low level of basic needs. Poverty thresholds vary by family size and composition to represent that the cost of basic needs varies accordingly.¹⁰ Families and single individuals that have income less than their respective poverty threshold are classified as poor. Poverty thresholds are not adjusted for geographic variation in the cost of basic needs, but they are updated annually to adjust for inflation.¹¹

A *poverty rate* for an area is the percentage of the area's population that is classified as living in poverty. Poverty rates are based on adjusted population totals known as the *poverty universe*, or persons for whom poverty status is determined. Some persons are not classified as either poor or nonpoor; these include persons living in institutions (such as nursing homes or prisons), children under age 15 who are not related by birth, marriage, or adoption to the householder of their residence (such as foster children), and persons serving in the Armed Forces and living in military barracks. These persons are excluded from the poverty universe when computing poverty rates. As a result, for areas with military barracks or large institutional populations, the totals may seem lower than would otherwise be expected, and the poverty rate may be either higher or lower than expected.

Unemployment Rate

The *unemployment rate* is the number of unemployed persons as a percentage of the labor force. Unemployed persons are those not working but want to work and are looking for work. The *labor force* is the sum of employed and unemployed persons. This does not include the entire population: those not working and not looking for work, such as the retired population, stay-at-

⁸ Further discussion on the types of geographic areas is in the "Geographic Areas" section.

⁹ For example, the authorizing statute for the Recompete Pilot Program contains language that enables the Secretary of Commerce to establish additional criteria for eligible areas. See 15 U.S.C. §3722b(j)(1). Additionally, according to instructions provided by EDA for potential applicants via an online mapping tool (at <https://disgeoportal.egs.anl.gov/Recompete/>), geographic areas not specifically delineated within the tool might nevertheless be considered eligible. In order for an applicant serving such a user-defined area to apply, "A subset of the area served by the unit of local government has five or more contiguous Census tracts that each individually have a [prime-age employment gap] of at least 5% and median annual household income of no more than \$75,000. In this instance, the applicant's service area must be contained within the identified Census tracts."

¹⁰ In the definition of poverty used for official poverty statistics presented using survey data, a *family* refers to persons related by birth, marriage, or adoption. Family data are typically available from surveys, and differ from household data because persons not related by birth, marriage, or adoption may live in the same housing unit. Programs may not necessarily use either definition in their eligibility criteria.

¹¹ For further information on the definition of poverty, see CRS Report R44780, *An Introduction to Poverty Measurement*, by Joseph Dalaker.

home parents, those who want to work but have stopped looking for it, and those who are unable to work are classified as not in the labor force. Because the unemployment rate uses the labor force as its denominator, it is viewed as a measure of an economy's excess labor supply—in which more people are available and willing to work than there are jobs available.¹²

Employment-to-Population Ratio

The *employment-to-population ratio* (EPOP) is the percentage of the civilian noninstitutionalized adult population that is employed. In contrast with the unemployment rate, the denominator for the EPOP includes adults who are not in the labor force.¹³ That is, the EPOP includes persons “who have stopped looking for jobs and left the labor force, not just those who are currently unemployed,”¹⁴ and as a result can help to uncover areas where individuals have stopped looking for work because local opportunities are limited, or where they lack reliable transportation, certain job qualifications, or adequate child care.¹⁵ Areas with low EPOP may also reflect areas with populations that are not working because of other reasons, such as they are in school or retired.

Geographic Areas

The economic measures discussed above are computed for many types of geographic areas. To use a measure to determine whether an area is economically distressed, the geographic area first needs to be specified: which households or persons does the economic measure need to reflect? The choice of geographic area type could be driven by the population intended as a target for funding (e.g., small communities, rural communities, tribal communities, communities of any size with severely entrenched poverty); by the type of project or activity to be funded, which involves determining the *project area* for the activity (e.g., wide but sparsely populated rural areas that need infrastructure development, parts of urban areas that need more business and jobs); or both.

Congress could specify the types of geographic areas to be used, or it may allow applicants to determine the project area and thereby not require that a specific type of geographic area be used to determine economic distress criteria. For example, applicants self-define project areas for the Distressed Area Recompete Pilot Program (Recompete Program) administered by the Department of Commerce's Economic Development Administration (EDA); project areas may contain one or more census tracts, counties, or parts thereof. Additionally, Congress may provide federal agencies with discretion to determine the geographic areas that are applicable and the standards used to gauge economic distress.¹⁶ Nevertheless, Census Bureau data are commonly used in

¹² This characterization of the unemployment rate with regard to labor supply is discussed in the context of job openings—which may indicate labor demand—in CRS In Focus IF11054, *Measuring Job Openings in the U.S. Labor Market*, by Elizabeth Weber Handwerker. For further information on the definition of unemployment, see CRS In Focus IF10443, *Introduction to U.S. Economy: Unemployment*, by Lida R. Weinstock.

¹³ For further discussion, see CRS Report R44055, *An Overview of the Employment-Population Ratio*, by Sarah A. Donovan.

¹⁴ U.S. Department of Commerce, EDA, “Why does Prime-Age Employment Gap (PAEG) matter?” Recompete Pilot Program FAQs, <https://www.eda.gov/funding/programs/recompete-pilot-program/faq>.

¹⁵ Ibid.

¹⁶ For example, the authorizing statute for the Recompete Pilot Program contains language that enables the Secretary of Commerce to establish additional criteria for eligible areas; see 15 U.S.C. §3722b(j)(1). Additionally, according to instructions provided by EDA for potential applicants via an online mapping tool (at <https://disgeoportal.egs.anl.gov/Recompete/>), geographic areas not specifically delineated within the tool might nevertheless be considered eligible. In (continued...)

determining whether an area is economically distressed; thus, it may be convenient for policymakers to refer to the geographic areas defined by the Census Bureau and used in their tabulations. **Table 1** summarizes these main geographic area types, and notes that some terms (especially *rural*) are not defined the same way by everyone. These geographic areas are discussed in further detail in **Appendix B**.

Table 1. Types, Number, and Characteristics of Selected Geographic Areas

Geographic Area Type	Number as of 2020 Census	Characteristics
Geographic Areas Defined by the Census Bureau		
Census Tract	84,414	• Smaller than counties. • Contained wholly within counties (do not cross county boundaries). • Average population of about 4,000 (most range from 1,200 to 8,000; some are unpopulated). • Smallest geographic level available for data on many demographic and economic characteristics.
Place	31,617	• A concentration of population in a location with a known, recognizable name. • Primarily defined by population rather than geographic boundaries. • Usually a <i>city</i> or <i>village</i> in common parlance (some but not all <i>towns</i> are places).
• Incorporated Places	19,519	A place that has a municipal government.
• Census-Designated Places	12,098	A place that is commonly known but does not have a municipal government; included by the Census Bureau in place statistics (labeled “CDP”).
County Subdivision	35,629	Area smaller than a county, defined primarily by geography rather than by population.
• Township (Minor Civil Division)^a	16,239	• A type of county subdivision associated with a general-purpose local government, defined primarily by geography rather than population. • Township governments are present in 20 states. • Many areas called <i>towns</i> are townships, but not all (some are places).
County	3,143	• The primary subdivision of a state, ranging from 3 (Delaware) to 254 (Texas). • Typically administered by a general-purpose local government (county government). • County government services vary widely by state; Connecticut and Rhode Island have no county governments.

order for an applicant serving such a user-defined area to apply, “A subset of the area served by the unit of local government has five or more contiguous Census tracts that each individually have a [prime-age employment gap] of at least 5% and median annual household income of no more than \$75,000. In this instance, the applicant’s service area must be contained within the identified Census tracts.”

Geographic Area Type	Number as of 2020 Census	Characteristics
Core-Based Statistical Area (CBSA)	927	- A geographic area associated with at least one core of 10,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties. - Composed of one or more adjacent counties (CBSAs are defined using entire counties). - CBSAs are delineated by the Office of Management and Budget (OMB), using data from the Census Bureau.
• Metropolitan Statistical Area (MSA)	384	A CBSA in which the urban core has a population of 50,000 or more.
• Micropolitan Statistical Area (μSA) ^b	543	A CBSA in which the urban core has a population of at least 10,000 but fewer than 50,000.
Geographic Areas with Programmatic Definitions Distinct from Census Bureau Definitions		
Rural Area, ECWAG definition ^c	733	A county with a population of 10,000 or fewer.

Source: U.S. Census Bureau, 2020 Census National Geographic Tallies, <https://www.census.gov/geographies/reference-files/time-series/geo/tallies.html#national>; and 2020 Census Geographic Entity Tallies by State and Type, https://www2.census.gov/geo/docs/maps-data/data/geo_tallies2020/2020talliesbystate.xlsx.

Notes: For details on selected geographic areas, see **Appendix B**.

- Not all types of Minor Civil Division (MCDs) are listed; others include inactive and nonfunctioning townships and MCDs developed for statistical purposes only. These MCD types are not referenced in the definitions of economic distress analyzed in this report.
- The Greek letter mu (μ) stands for micropolitan; this usage is consistent with other units that include the prefix “micro” (Greek for “small”).
- ECWAG: Emergency Community Water Assistance Grant program. Rural areas for this program are defined as counties with population at or below 10,000. This is different from the Census Bureau’s definition, which defines “rural” as all areas not classified as “urban”; urban areas are defined using land usage, distance, and economic integration, as well as population.

In addition, policymakers sometimes consider definitions of urban and rural areas. Urban and rural designation is usually not associated with any specific geographic type, but rather characterizes an area based on population density, land usage, and (for rural areas) distance from population centers. Policymakers may also use their own definitions of urban or rural, which may not align with the Census Bureau’s definitions.

While geography can play a role in determining where to direct program funding, federal economic development programs are generally community-driven, meaning that projects are planned and implemented by state or local stakeholders, such as a city, county, or other eligible entity. Units of local government, in particular, can vary greatly by state in terms of the geographic areas they serve and the types of services they provide¹⁷—both of which have bearing on where and how federal economic development programs are implemented.

¹⁷ For detail on the types of local governments by state and the scope of services they provide, see U.S. Census Bureau, *2017 Census of Governments, Individual State Descriptions: 2017*, at <https://www.census.gov/library/publications/2019/econ/2017isd.html>.

Limitations of Using Survey Data for Economic Distress Criteria

The measures of economic distress discussed in this report use geographic and economic data from U.S. Census Bureau household surveys. As with all surveys, estimates may differ from the true value simply because a sample was used instead of the entire population (this is called *sampling error*). The risk of that difference occurring increases when using the sample to estimate small populations—either populations with rare demographic characteristics, or small geographic areas with few residents. Because the surveys are targeted to households, populations living without housing are not sampled. Additionally, some county-level data may mask certain sub-county areas of economic distress.

Populations Without Housing Are Not Captured Using Household Surveys

Household surveys do not cover persons without traditional housing and who are not in shelters, and thus the definitions of economic distress examined in this report do not include estimates of the population without housing. To the extent that Congress may want to use a place-based policy to address homelessness, it may want to know which economic measures available from surveys correlate best with the presence of unhoused populations. It remains an open question how best to estimate the number of persons who are without housing in an area, though there has been research into which household survey measures correlate with homelessness. For example, some researchers have investigated large increases in rental costs in an area (which may make rental units unaffordable in that area for persons with low income), the unemployment rate, the percentage of persons in deep poverty, and others.¹⁸ Studies attempting to estimate the number of persons without housing typically face certain limitations in generalizing results, and studies undertaken within a single city emphasize different factors affecting homelessness than do studies across cities.¹⁹ When using survey data to estimate homelessness, it may be useful to consider where the unhoused currently live and the areas where the unhoused used to live (right before they lost their housing).²⁰

Sample Sizes and Margins of Error for Sub-state Areas

As noted previously, estimates from all surveys have margins of error reflecting that they were computed using a sample instead of the entire population, and as a result may not be accurate. Margins of error decrease as sample size increases, and vice-versa. In a household survey for smaller geographic areas being estimated, fewer households are likely to have been included in the sample. As a result, measures of economic distress that rely on estimates of sub-state areas may warrant the use of surveys with large sample sizes, such as the American Community Survey. Some place-based policies have provisions that allow some administrative discretion in determining eligibility. This can reduce concerns that local entities may be rendered ineligible for resources because of imprecise estimates for small areas.

Selected Examples of Federal Policies Using Economic Distress Criteria

Below are descriptions of three economic development policy interventions and the criteria they use to identify economically distressed areas. Two are grant programs—the Emergency Community Water Assistance Grants (ECWAG) program and the Recompete Pilot Program—and

¹⁸ Summaries of previous statistically significant research findings correlating homelessness with other variables may be found in Byrne et al., “New Perspectives on Community-Level Determinants of Homelessness,” *Journal of Urban Affairs*, vol. 35, no. 5, 2013, pp. 607-625; and Maria Hanratty, “Do Local Economic Conditions Affect Homelessness? Impact of Area Housing Market Factors, Unemployment, and Poverty on Community Homeless Rates,” *Housing Policy Debate*, vol. 27, no. 4, 2017, pp. 640-655, <https://doi.org/10.1080/10511482.2017.1282885>.

¹⁹ A summary of the data sources, methods, and critiques of previous studies investigating homelessness with economic and social factors may be found in Deden Rukmana, “The Causes of Homelessness and the Characteristics Associated with High Risk of Homelessness: A Review of Intercity and Intracity Homelessness Data,” *Housing Policy Debate*, vol. 30, no. 2, January 14, 2020, pp. 291-308, <https://doi.org/10.1080/10511482.2019.1684334>.

²⁰ This distinction between areas where people lost their housing and where they later moved to was examined in the St. Louis area by Ben Alexander-Eitzman, David E. Pollio, and Carol S. North, “The Neighborhood Context of Homelessness,” *American Journal of Public Health*, vol. 103, April 2013, pp. 679-685, <https://doi.org/10.2105/AJPH.2012.301007>.

the other, the 10-20-30 provision, allocates a percentage of annual appropriations to persistent poverty counties (PPCs), a type of economically distressed area. The definitions used by these programs are further compared, contrasted, and analyzed in the “Comparing Areas of Economic Distress Under Selected Policies” section, and **Table 2** provides a summary of the three policy interventions.

Emergency Community Water Assistance Grants Program (ECWAG)

The U.S. Department of Agriculture’s (USDA’s) Rural Utilities Service provides grants through the ECWAG program to help eligible communities prepare for or recover from an emergency that threatens the availability of safe, reliable drinking water. Emergencies can be natural disasters (e.g., droughts, floods, tornadoes) or man-made disasters (e.g., chemical spills). A federal disaster declaration is not required to participate in the program. Applicants must show a major decline in the water quality or water quantity within two years of submitting their application. Applicants compete on a national basis for available funding. Water transmission line grants of up to \$150,000 are available to construct waterline extensions, repair breaks or leaks in existing water lines, and address maintenance issues. Water source grants of up to \$1 million are available to construct new wells, reservoirs, transmission lines, and treatment plants.

Statutory authority for the ECWAG program is in the Consolidated Farm and Rural Development Act, as amended, Section 306A (7 U.S.C. §1926a). Regulations for this program are codified at Title 7, Part 1778, of the Code of Federal Regulations.

The Agriculture Improvement Act of 2018 (2018 farm bill; P.L. 115-334, §6407(a)) reauthorized appropriations of \$50 million per fiscal year for FY2019 through FY2023 for the ECWAG program. Congress appropriated \$15 million for the program for each fiscal year from FY2019 through FY2023.

Eligible Areas

Eligible areas include rural areas with populations of 10,000 or fewer people, tribal lands in rural areas, and *colonias* (unincorporated communities with poor or no infrastructure, near the U.S.-Mexico border). The area served must also have a median household income that is less than the state’s median household income for nonmetropolitan areas. Applicants may use geographic units of measurement other than counties, such as towns, incorporated areas, or census tracts.

Distressed Area Recompete Pilot (Recompete Pilot) Program²¹

EDA administers the Recompete Pilot Program, which was established to address persistent economic distress and support long-term, comprehensive economic development.²² Recompete Pilot funding may be used to address local and regional circumstances to create jobs or connect workers to jobs. EDA administers the program with two types of funding awards through two award phases. EDA launched the first round of Recompete funding in FY2023. For Phase 1, EDA

²¹ For additional information, see U.S. Department of Commerce, EDA, “Distressed Area Recompete Pilot Program (Recompete Pilot Program),” <https://www.eda.gov/funding/programs/recompete-pilot-program>; and CRS Insight IN12201, *Economic Development Administration Announces New Recompete Program*.

²² See P.L. 117-167, Division B, Title VI—Miscellaneous Science and Technology Provisions, Subtitle C, §10621. The Recompete Pilot Program, while developed to address economic distress, does not use the phrase *economically distressed area* to name the areas that meet the eligibility criteria.

instructed applicants to choose either a strategy development grant,²³ approval of a Recompete Plan, or both.²⁴ In Phase 2, EDA plans to fund implementation awards to support a range of economic development activities based on regional priorities (e.g., workforce development, business and entrepreneur development, infrastructure, planning, technical assistance activities).²⁵

Eligible applicants include

- political subdivisions of a state;
- tribal governments;
- U.S. territories;
- the District of Columbia;
- nonprofit organizations working in cooperation with a political subdivision of a state;
- economic development districts; and
- a coalition of any of the entities listed above.

P.L. 117-167, commonly referred to as the CHIPS and Science Act, established the Recompete Pilot Program in August 2022,²⁶ and authorized the appropriation of \$1 billion to fund it over five years (FY2022 through FY2026). The Consolidated Appropriations Act, 2023 (P.L. 117-328) appropriated \$200 million for the program.²⁷

Eligible Areas

The Recompete Pilot Program targets areas where prime-age (25-54) employment falls below the national rate.²⁸ This is referred to as the prime-age employment gap (PAEG) and is calculated as the difference (expressed in percentage points) between (1) the national five-year average prime-age employment rate and (2) the five-year average prime-age employment rate of the eligible area.²⁹ In this context, the term *employment rate* is synonymous with *employment-to-population ratio* because it includes persons outside of the labor force (including those who have stopped

²³ Strategy development grants are designed to help applicants strengthen regional coordination and support planning and pre-development activities. See EDA, “Distressed Area Recompete Pilot Program (Recompete Pilot Program),” <https://www.eda.gov/funding/programs/recompete-pilot-program>.

²⁴ A Recompete Plan is a comprehensive economic development plan that includes the proposed multiyear activities to be implemented, projected costs, partner roles, and other information. See EDA, “FY2023 Distressed Area Recompete Pilot Program Phase 1 Notice of Funding Opportunity (NOFO) (Recompete Pilot Phase 1 NOFO),” https://www.eda.gov/sites/default/files/2023-06/Recompete_Pilot_Program_NOFO_phase_1_vF.pdf.

²⁵ U.S. Department of Commerce, EDA, “FY 2023 Distressed Area Recompete Pilot Program Phase 2 Notice of Funding Opportunity (NOFO),” https://www.eda.gov/sites/default/files/2023-12/Recompete_Pilot_Program_NOFO_Phase_2.pdf.

²⁶ See 15 U.S.C. §3722b.

²⁷ P.L. 117-328 provided \$41 million in regular appropriations (Division B) and \$159 million in supplemental appropriations (Division N) for the program.

²⁸ 15 U.S.C. §3722b(j). See also U.S. Department of Commerce, EDA, “FY 2023 Distressed Area Recompete Pilot Program Phase 1 Notice of Funding Opportunity (NOFO),” https://www.eda.gov/sites/default/files/2023-06/Recompete_Pilot_Program_NOFO_phase_1_vF.pdf.

²⁹ The PAEG differs from other criteria used for two of EDA’s other programs, the Public Works and Economic Adjustment Assistance (PWEAA) programs. PWEAA programs are designed to assist areas that are economically distressed as measured by unemployment levels, per capita income, or a “special need.” For additional information, see CRS In Focus IF12074, *Areas of Economic Distress for EDA Activities and Programs*, by Julie M. Lawhorn.

looking for work) instead of measuring only the unemployed.³⁰ Members of the Armed Forces are excluded.³¹

Among other requirements, Recompete projects must be located in one of two eligible area types and meet certain PAEG requirements. The two eligible geographic areas are the following:

1. **Local Labor Markets (LLMs)**—an MSA, a Micropolitan Statistical Area (μSA), a commuting zone, or tribal lands. LLMs with a PAEG of at least 2.5 percentage points are eligible. Tribal lands and Pacific Ocean territories are considered eligible LLMs.
2. **Local Communities (LCs)**—an area served by a general-purpose unit of local government that is located within, but does not fully cover, an ineligible LLM. In addition, one of the following conditions must apply:
 - the entire area served by the unit of local government on average has a PAEG of at least 5 percentage points and a median annual household income of no more than \$75,000; or
 - a subset of the area served by the unit of local government has five or more contiguous census tracts that each have a PAEG of at least 5 percentage points and median annual household income of no more than \$75,000. In this instance, the applicant's service area must be contained within the identified census tracts.³²

The data required to calculate PAEG were unavailable for certain tribal lands and some Pacific Ocean territories. As such, the EDA's guidance indicates that Pacific Ocean territories and all tribal lands are eligible to participate in the program.³³

³⁰ The Recompete Pilot Program's notice of funding opportunity (NOFO) indicates that the "program uses prime-age employment gap (PAEG) as an indicator of economic distress because it accounts for prime-age workers who have stopped looking for jobs and left the labor force, not just those who are currently unemployed." See U.S. Department of Commerce, EDA, "FY 2023 Distressed Area Recompete Pilot Program Phase 1 Notice of Funding Opportunity (NOFO)," p. 4, https://www.eda.gov/sites/default/files/2023-06/Recompete_Pilot_Program_NOFO_phase_1_vF.pdf. Persons who have stopped seeking employment are classified by the Bureau of Labor Statistics (BLS) as "not in the labor force." Thus, because BLS uses the *labor force* as the denominator when it computes the *unemployment rate* and the employment rate used by the Recompete Program does not (because it includes those who have stopped looking for work), these two terms are not complements to each other. The Recompete Pilot Program's term *employment rate* is instead synonymous with *employment-to-population ratio*.

³¹ Jordan Branham, Carmella Burdi, Jane Frantz, and Iain Hyde, *Recompete Eligibility Mapping Tool Documentation*, National Economic Research and Resilience Center, Decision and Infrastructure Sciences Division, Argonne National Laboratory, June 2023, p. 6 (of the pdf), at <https://disgeoportal.egs.anl.gov/portal/sharing/rest/content/items/2082c33694e44f5ab3010815ca70cdf2/data>.

³² U.S. Department of Commerce, EDA, "FY 2023 Distressed Area Recompete Pilot Program Phase 1 Notice of Funding Opportunity (NOFO)," p. 7, https://www.eda.gov/sites/default/files/2023-06/Recompete_Pilot_Program_NOFO_phase_1_vF.pdf.

³³ *Ibid.*, pp. 6-7.

Recompete Pilot Program—Project Area Mapping Tools

According to agency guidance, applicants will determine the project area(s).³⁴ To help identify LLMs and LCs, EDA, in partnership with Argonne National Laboratory, developed a Recompete Eligibility Mapping Tool showing both types of eligible areas. A separate mapping tool for partially eligible local communities shows eligible census tracts in LCs where the entire geography is not eligible. According to EDA, regions that are not included on the maps are not automatically considered ineligible. These applicants may submit data to demonstrate eligibility, which EDA will verify.³⁵

Persistent Poverty Counties (PPCs) and the 10-20-30 Provision

The term *persistent poverty county* has been defined in appropriations laws for a variety of programs since the passage of the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).³⁶ PPCs are defined as those counties that have had poverty rates of 20% or greater for at least 30 years, as measured using data collected at three points in time.

One funding set-aside provision is commonly referred to as the *10-20-30 provision* because a program subject to it is required to set aside no less than 10% of funds for counties that have had poverty rates of 20% or greater for at least 30 years. The 10-20-30 provision has been applied by the USDA's Rural Business-Cooperative Service in its Rural Business Program Account, Rural Economic Development Loans Program Account, Rural Cooperative Development Grants, and Rural Microentrepreneur Assistance Program; and applied in the EDA's Public Works and Build to Scale programs, among others.³⁷ The Infrastructure Investment and Jobs Act (P.L. 117-58) provided a set amount (\$20 million) for certain PPCs through two programs rather than the 10% used in the 10-20-30 provision.³⁸ P.L. 117-58 also provided the Secretary of Transportation with discretion to prioritize PPCs to receive technical assistance under the Thriving Communities Initiative.³⁹

³⁴ U.S. Department of Commerce, EDA, "FY 2023 Distressed Area Recompete Pilot Program Phase 1 Notice of Funding Opportunity (NOFO)," p. 9, https://www.eda.gov/sites/default/files/2023-06/Recompete_Pilot_Program_NOFO_phase_1_vF.pdf.

³⁵ U.S. Department of Commerce, EDA, "FY 2023 Distressed Area Recompete Pilot Program Phase 1 Notice of Funding Opportunity (NOFO)," p. 7, https://www.eda.gov/sites/default/files/2023-06/Recompete_Pilot_Program_NOFO_phase_1_vF.pdf. For the project area mapping tools, see Argonne National Laboratory, Recompete Eligibility Mapping Tool, <https://disgeoportal.egs.anl.gov/Recompete>; and Recompete Eligibility Mapping Tool – Census Tracts Viewer, <https://disgeoportal.egs.anl.gov/portal/apps/webappviewer/index.html?id=251a44f20fcf47c4b88941d2e8e298c9>.

³⁶ For a detailed discussion, see CRS Report R45100, *The 10-20-30 Provision: Defining Persistent Poverty Counties*, by Joseph Dalaker.

³⁷ See P.L. 117-328, Section 736, for USDA programs subject to the 10-20-30 provision. The same law has programs subject to the provision in Section 533 in reference to EDA grants authorized by the Public Works and Economic Development Act of 1965 and grants authorized by Section 27 of the Stevenson-Wydler Technology Innovation Act of 1980; in Division E, Title I, in reference to the Community Development Financial Institutions (CDFI) Fund Program Account; and in Division G, Title II, in reference to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) of 1980 and its role in authorizing funding for brownfields site assessment and remediation. See <https://www.congress.gov/bill/117th-congress/house-bill/2617/text>.

³⁸ P.L. 117-58 provided \$20 million each to the Department of Transportation's National Infrastructure Investment and Transit Infrastructure grant programs.

³⁹ P.L. 117-328, Division L, Title I (see <https://www.congress.gov/bill/117th-congress/house-bill/2617/text>). Additional examples are discussed in CRS Report R45100, *The 10-20-30 Provision: Defining Persistent Poverty Counties*, by Joseph Dalaker.

In this report, PPCs will be identified using poverty rates from the 1990 Census (which, while collected in 1990, recorded the incomes and by extension the poverty statuses of persons in calendar year 1989), Census 2000 (which, similarly, provided poverty data for 1999), and the 2021 Small Area Income and Poverty Estimates (SAIPE) (for calendar year 2021).⁴⁰

⁴⁰ PPCs were defined using these datasets in Section 21202 of the Infrastructure Investment and Jobs Act (P.L. 117-58), which amended 49 U.S.C. §6702, regarding local and regional project assistance on multimodal infrastructure investments. This is not the only possible list of PPCs. EDA provides a list at <https://www.eda.gov/performance/tools>, which identifies PPCs using data from the 1990 and 2000 decennial censuses and the most recent SAIPE data, and includes counties where the poverty rate is 19.5% or greater (for the SAIPE data, the county is also included if 19.5% is within the poverty rate's margin of error). USDA's Economic Research Service provides lists of counties using decennial census and American Community Survey data at <https://www.ers.usda.gov/data-products/poverty-area-measures/descriptions-and-maps/>.

Table 2. Selected Approaches to Identifying Areas of Economic Distress

Program Name or Appropriation Strategy/Provision	Agency	Purpose	Definition of Distress	Citations and References
Emergency Community Water Assistance Grants (ECWAG)	USDA, Rural Utilities Service	To assist rural areas that have experienced or anticipate a significant decline in water quantity or quality to ensure they have enough clean water per standards set by the Safe Drinking Water Act. Grants may be made to public bodies (such as local governments) or private nonprofit organizations serving rural areas.	The area to be served must have a <i>median household income</i> not exceeding that of the <i>statewide nonmetropolitan median household income</i> . The area to be served must be a <i>rural area</i> , which is defined by 7 U.S.C. §1991(a)(13)(B) as a county with a population of 10,000 or fewer.	7 U.S.C. §1926a 7 C.F.R. §1778

Program Name or Appropriation Strategy/Provision	Agency	Purpose	Definition of Distress	Citations and References
Distressed Area Recompete Pilot Program (Recompete Pilot)	U.S. Department of Commerce, Economic Development Administration	To address persistent economic distress and support long-term, comprehensive economic development. Grants may be used for project planning or implementation activities.	A labor market* that has a prime-age** employment gap*** greater than or equal to 2.5 percentage points, and other criteria that the Secretary of Commerce may establish OR A <i>local community</i>; that is, an area served by a <i>general-purpose local government</i>**** that is within but does not fully cover a labor market, has a prime-age employment gap greater than or equal to 5 percentage points, is not located in a labor market described in the first paragraph above, has a <i>median household income</i> of not more than \$75,000, and meets other criteria that the Secretary of Commerce may establish. * Labor market = an MSA, commuting zone,^a or tribal area ** Prime-age = 25 to 54 *** Employment gap = The <i>civilian employment-to-population ratio</i> of the United States (for persons ages 25 to 54) minus the civilian employment-to-population ratio for the local area. **** General-purpose local government = <i>county</i> governments, <i>township</i> governments, and <i>municipal</i> governments. The areas served by these governments generally correspond to county areas, <i>subcounty areas</i> (minor civil divisions), and <i>places</i>, respectively.^b However, applicants may define other areas, such as <i>census tracts</i> or other small areas, that are portions of areas served by the general-purpose local governments. The language also includes other entities besides general-purpose governments as potential applicants, such as special-purpose entities engaged in economic development activities.	15 U.S.C. §3722b

Program Name or Appropriation Strategy/Provision	Agency	Purpose	Definition of Distress	Citations and References
10-20-30 provision for persistent poverty counties (PPCs)	N/A	To ensure that certain programs set aside 10% of funds for use in PPCs. PPCs may be used in other contexts (e.g., directing specific dollar amounts instead of a 10% set-aside).	Counties that have had <i>poverty rates</i> of 20% or greater for at least 30 years, using three data points. The data sources to be used for the county poverty rates are specified differently in the appropriations language for different programs. The definition used in this report reflects the one used in Section 21202(a)(1)(A) of the Infrastructure Investment and Jobs Act (P.L. 117-58), which amended 49 U.S.C. §6702 regarding local and regional project assistance on multimodal infrastructure investments; that is, this report uses poverty rates from the 1990 Census, Census 2000, and the 2021 Small Area Income and Poverty Estimates. This report uses poverty rates rounded to the whole number 20 (i.e., poverty rates of 19.5% or greater are included).	The 10-20-30 provision has been included in appropriations laws in order to set aside funding of certain programs. See, for example, P.L. 117-58, §21202(a)(1)(A). This corresponds with the poverty data specifications for counties described in 49 U.S.C. §6702(a)(1)(A).

Source: Compiled by CRS using the citations and references listed above; P.L. 117-167, Division B, Title VI—Miscellaneous Science and Technology Provisions, Subtitle C, §10621; and U.S. Department of Commerce, EDA, “Distressed Area Recompete Pilot Program (Recompete Pilot Program),” <https://www.eda.gov/funding/programs/recompete-pilot-program>, and “FY2023 Distressed Area Recompete Pilot Program Phase I Notice of Funding Opportunity (NOFO),” https://www.eda.gov/sites/default/files/2023-06/Recompete_Pilot_Program_NOFO_phase_I_vF.pdf.

- a. Commuting zones, originally published by the U.S. Department of Agriculture (USDA) Economic Research Service (ERS), were developed using journey-to-work data from the decennial census to reflect actual commuting patterns and not treat county lines as if they were true-to-life commuting area boundaries (see <https://www.ers.usda.gov/data-products/commuting-zones-and-labor-market-areas/documentation.aspx>). USDA ERS has stopped producing commuting zone data; in their place, it has recommended the work of Dr. Chris Fowler at Pennsylvania State University, who made an effort to continue and update the methods for producing commuting zones; see <https://www.ers.usda.gov/data-products/commuting-zones-and-labor-market-areas/> and <https://sites.psu.edu/psucz/data/>.
- b. U.S. Census Bureau, 2017 Census of Governments, *Government Organization: Individual State Descriptions: 2017*, <https://www.census.gov/library/publications/2019/econ/2017isd.html>.

Comparing Areas of Economic Distress Under Selected Policies

The three approaches to identifying economic distress discussed in the policy interventions above have distinct objectives. The ECWAG program addresses water infrastructure in rural areas, the Recompete Pilot Program addresses economic development and jobs, and the PPCs provision mandates that economically distressed counties receive a minimum amount of funding through certain existing programs. The interventions identify areas of economic distress in different ways, and as a result, different sets of geographic areas are classified as distressed. The data and figures discussed below are focused at the county level. However, as noted previously, researchers and agencies observe that areas of economic distress may be found in certain counties not designated as distressed.⁴¹ Tables with numerical detail are available in **Appendix A**.

Degree of Geographic Overlap Among the Definitions

Of the nation's 3,143 county areas, 1,073 (34%) met one or more of the three definitions of economic distress used by the programs or approaches described above (see also **Table A-2**). Of those, 158 counties (15.4%) met two or more of the distress definitions.⁴² This indicates that these three sets of criteria mostly do not overlap, but rather identify different counties with different aspects of economic distress.

The three following maps (**Figure 1**, **Figure 2**, and **Figure 3**) geographically illustrate economic distress specified in the ECWAG program, the Recompete Pilot Program, and PPCs, respectively. The number of counties by region that meet the distress criteria under each program, and the regional shares (percentages) of counties under each definition, may be found in **Table A-1**. Counties defined as distressed under multiple programs are not broken out separately.

Figure 1 displays counties identified as economically distressed for the ECWAG program, many of which are in the Great Plains, western mountain areas, northern Michigan, and northern Wisconsin. However, distressed counties also appear in Appalachia, the Mississippi Delta, and the Southeast. ECWAG limits eligibility to rural areas with populations of 10,000 or fewer people. As such, many of the areas classified by ECWAG criteria as economically distressed appear in rural areas and in low-population counties. As noted earlier, applicants set the project area. They may use geographic units of measurement other than counties such as towns, census tracts, or villages.

Figure 2 displays counties with high rates of PAEG, subject to the other criteria applied in the Recompete Pilot Program (as described in **Table 2**). As in the other figures, the data in **Figure 2** are shown at the county level only. As noted earlier, applicants self-define project areas, and they may use geographic units of measurement other than counties. The counties identified as distressed in **Figure 2** are more widely dispersed throughout all regions of the country, including along the east and west coasts and in the more populous portions of the Midwest, when compared to counties in **Figure 1**. This is likely due to the lack of criteria related to rural status or capping

⁴¹ See, for example, ARC, "Distressed Areas Within Counties," <https://www.arc.gov/classifying-economic-distress-in-appalachian-counties/>; and Anthony F. Pipa, Heather M. Stephens, Natalie Geismar, "Defining Distress: Lessons from the Federally Chartered Regional Commissions," The Brookings Institution, May 2022, p. 18, https://www.brookings.edu/wp-content/uploads/2022/06/2022_Brookings_Defining-Distress.pdf.

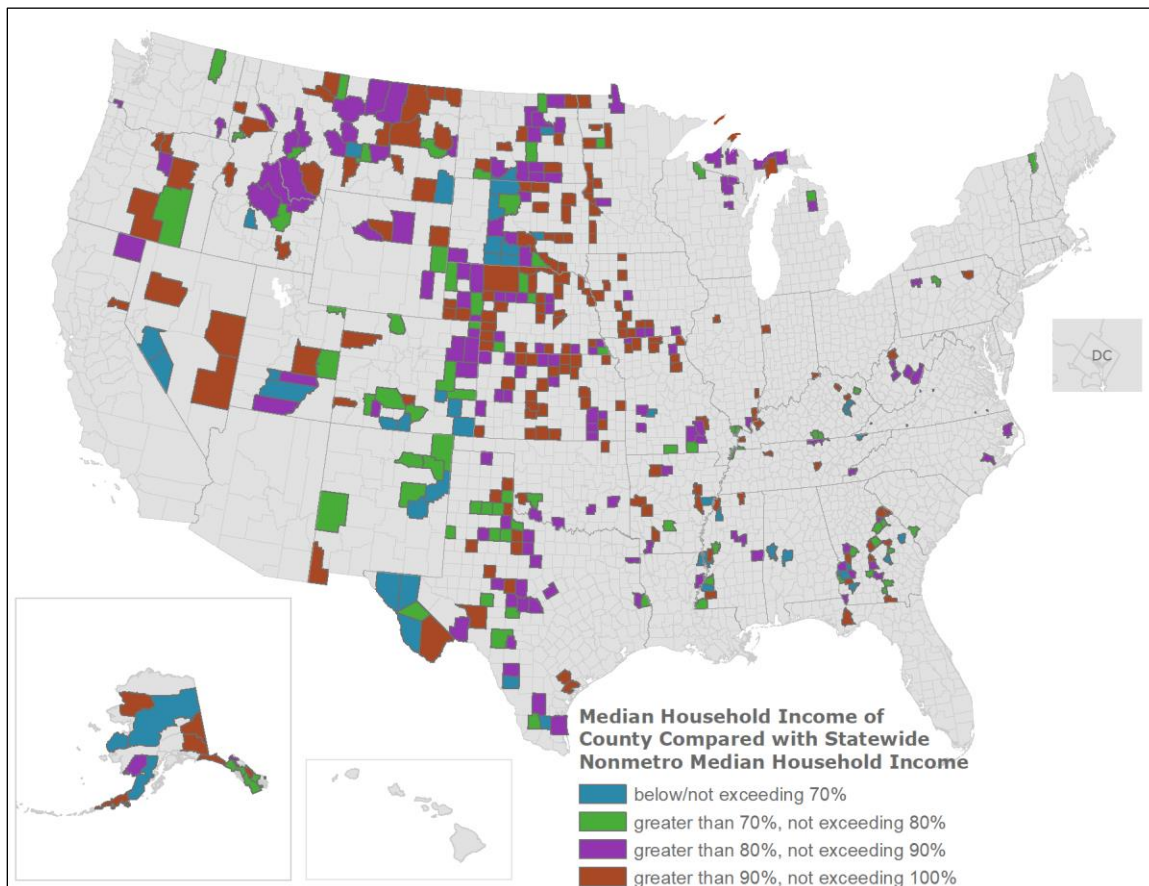
⁴² These counts are broken out by whether the county area meets the definition of economic distress under ECWAG only, Recompete only, PPC only, and unique combinations of each of those interventions, in **Table A-2** (for numerical counts), **Table A-3** (for the regional shares under each definition or combination of definitions), and **Table A-4** (for the percentage breakouts by program definition within each region).

population size (as is done in ECWAG). The criteria for the Recompete Pilot Program, as discussed earlier, includes specifications for *labor market areas* based on metropolitan areas, as well as for *local communities* that may include nonmetropolitan areas. Both the labor market areas and local communities use employment gaps (though local communities must have a median household income not greater than \$75,000 in addition to an employment gap of 5 percentage points, as opposed to solely an employment gap of 2.5 percentage points for labor market areas). These two mutually exclusive specifications of geographic entities help explain the dispersion of counties in **Figure 2**, in that both densely populated and sparsely populated counties meet the specifications in the Recompete Pilot Program language.

In **Figure 3**, PPCs are found predominantly in Appalachia, the Southeast, the Mississippi Delta, some urban areas, and tribal lands, as well as along the southern border. In classifying a county as a PPC, the specification that the county have *persistently* high poverty (and not just temporarily high poverty) suggests historical, structural, and other reasons for the classification of such counties. Because these areas named above have histories that are distinct from each other and from the rest of the country politically, economically, and socially, policymakers seeking to address poverty in these areas may benefit from a thorough reading of their histories, with emphasis on the similarities and differences by which their residents have experienced poverty. Selected references discussing these areas are presented in **Appendix C**.

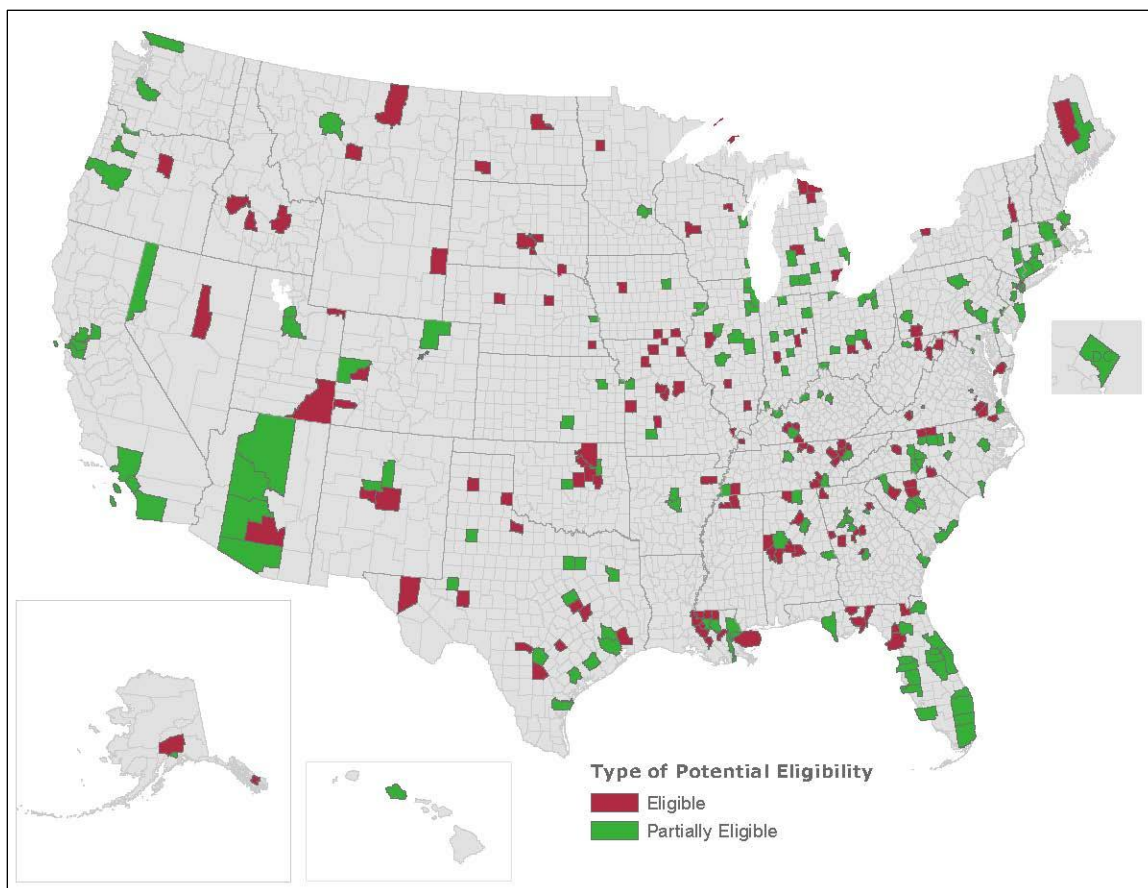
Figure 1. Map of Counties Using Population and Income Specifications in Program Language for the Emergency Community Water Assistance Grant Program (ECWAG)

Comparison of the county's median household income with that of the nonmetropolitan portion of the state, among counties with 10,000 or fewer persons



Source: Congressional Research Service, using data from U.S. Census Bureau, American Community Survey, 2021 Five-Year Estimates, Table S1903, "Median Income in the Past 12 Months (in 2021 Inflation-Adjusted Dollars)," for counties, county subdivisions, places, and state nonmetropolitan areas; U.S. Census Bureau, Population Estimates Program, population estimates base for April 1, 2020, "Subcounty Total Resident Population Estimates (Vintage 2022)," SUB-IP-EST2022-POP.csv, and "County Population Estimates (Vintage 2022)," CO-EST2022-ALLDATA.csv.

Figure 2. Map of Counties Using Specifications on Age, Employment-to-Population Ratio, Labor Market, and Median Income, Used in the Recompete Pilot Program

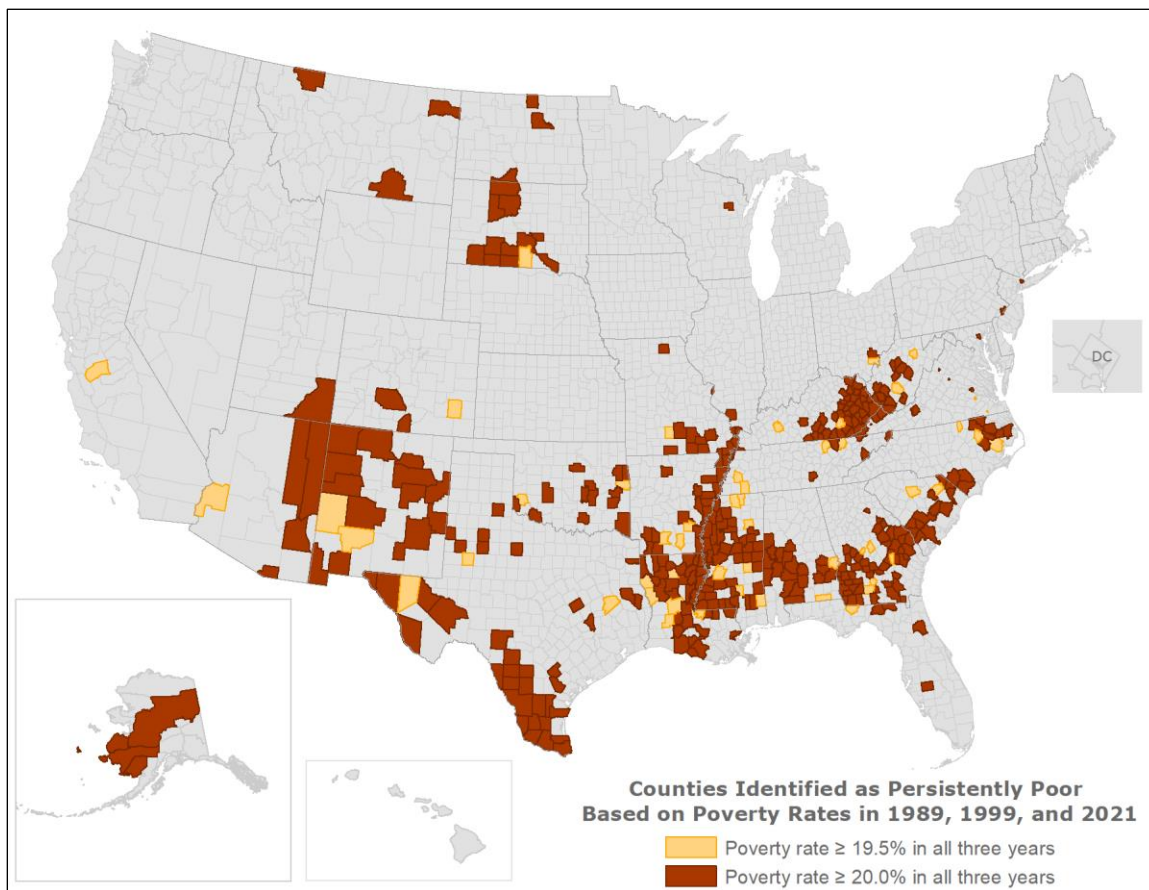


Source: Congressional Research Service, using data from Recompete Eligibility Mapping Tool, Argonne National Laboratory, <https://disgeoportal.egs.anl.gov/Recompete/>.

Notes: The map displays county-level data only; the Recompete Pilot Program allows applicants to use other geographic areas, such as census tracts and tribal lands, to define their project area. “Eligible” and “Partially Eligible” areas as shown above are categorizations used by the Recompete Mapping Tool: they do not take into account any further criteria that the Secretary of Commerce may establish as set forth in the Recompete Pilot Program legislation, nor should they be considered guarantees of receiving funding; conversely, areas in gray that apply might be considered eligible for a similar reason. “Partially Eligible” indicates areas in which the Mapping Tool may show census tracts that fit the eligibility criteria even though the entire county area does not meet them. The figure does not display U.S. territories or the boundaries of tribal lands, which EDA has determined to be eligible to participate in the program.

For details on the Recompete Pilot Program specifications, see **Table 2**.

Figure 3. Persistent Poverty Counties Using Poverty Rates in 1989, 1999, and 2021



Source: Congressional Research Service, using data from U.S. Census Bureau, 1990 Census, Census 2000, and 2021 Small Area Income and Poverty Estimates.

Distribution of Distressed Counties, by Census Region

Analyzing the distribution of economically distressed counties by census region can help in summarizing how different definitions of distress target different parts of the country. The census regions are defined by four groups of states listed in the text box below, as categorized by the Census Bureau, and reflect broad historical patterns of settlement and economic organization. The analysis below compares the number of economically distressed county areas for each region with the region's total number of counties to determine, for each measure of economic distress, whether the region has a disproportionately larger or smaller share of counties compared with the region's share of counties overall. This analysis focuses on each region's share of counties (i.e., the geographic areas themselves) as opposed to shares of the population.

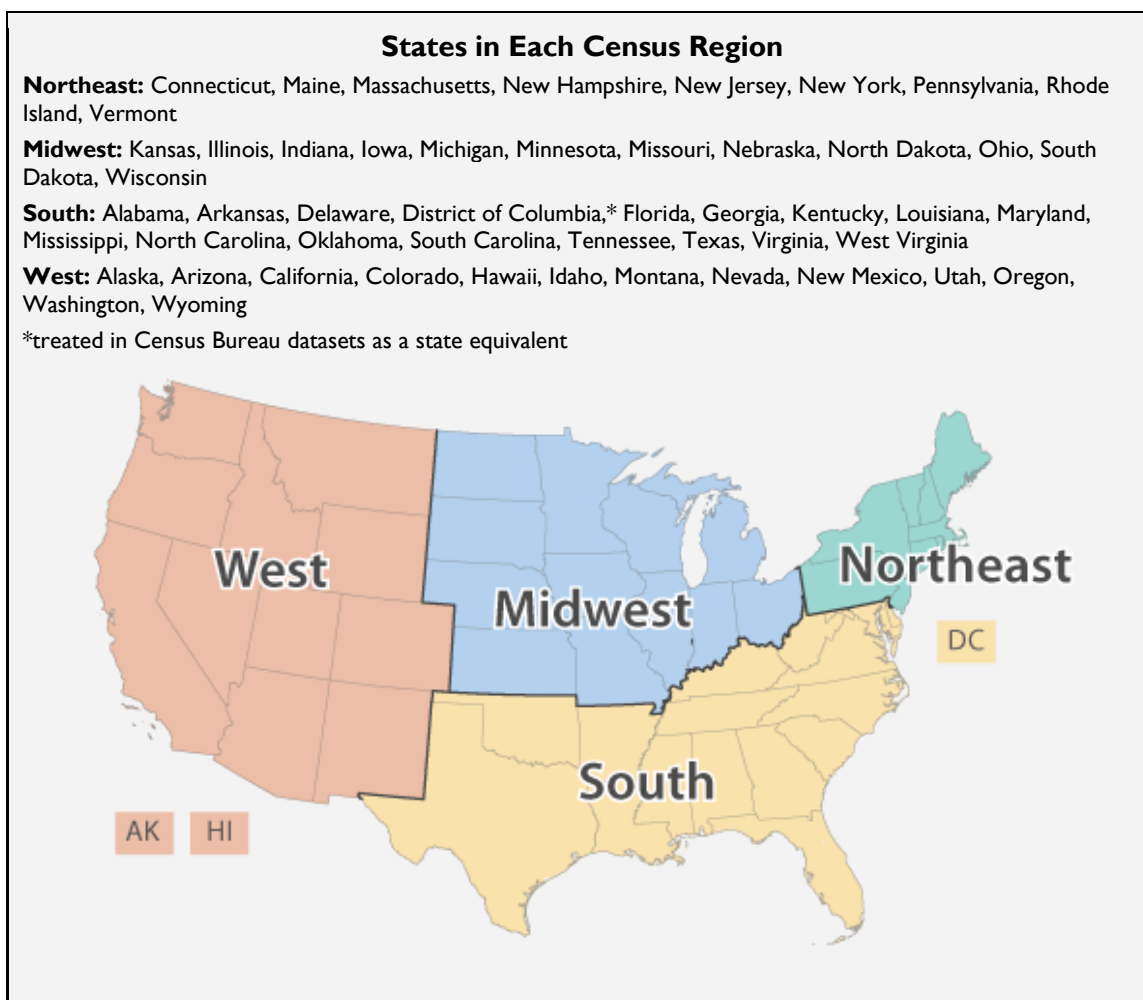
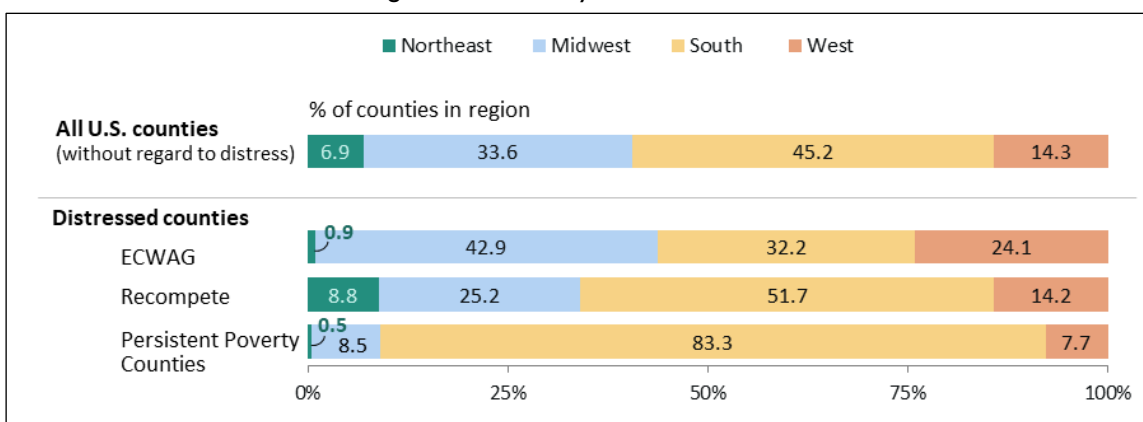


Figure 4. Regional Shares of Counties by Selected Economic Distress Criteria
Regions as defined by the Census Bureau



Source: Congressional Research Service, using the following data:

ECWAG: U.S. Census Bureau, American Community Survey, 2021 Five-Year Estimates, Table S1903, “Median Income in the Past 12 Months (in 2021 Inflation-Adjusted Dollars),” for counties, county subdivisions, places, and

state nonmetropolitan areas; U.S. Census Bureau, Population Estimates Program, population estimates base for April 1, 2020, "Subcounty Total Resident Population Estimates (Vintage 2022)," SUB-IP-EST2022-POP.csv, and "County Population Estimates (Vintage 2022)," CO-EST2022-ALLDATA.csv.

Recompete Pilot Program: Recompete Eligibility Mapping Tool, Argonne National Laboratory, <https://disgeoportal.egs.anl.gov/Recompete/>.

Persistent poverty counties: U.S. Census Bureau, 1990 Census, Census 2000, and 2021 Small Area Income and Poverty Estimates.

Notes: U.S. totals do not include Puerto Rico or U.S. Territories. Percentages may not sum to 100.0% because of rounding.

ECWAG: U.S. Department of Agriculture, Rural Utilities Service, Emergency Community Water Assistance Grant Program.

Recompete: U.S. Department of Commerce, Economic Development Administration, Recompete Pilot Program.

Persistent poverty counties: counties that have had poverty rates of 19.5% or greater in 1989, 1999, and 2021 (according to the 1990 Census, Census 2000, and 2021 Small Area Income and Poverty Estimates, respectively).

For lists of states by region, see the "States in Each Census Region" textbox.

ECWAG Program

In comparing each region's share of economically distressed counties with its share of all counties (**Figure 4**), under the definition used in the ECWAG program, disproportionately greater shares of counties were defined as distressed in the Midwest (42.9% compared with 33.6%) and West (24.1% compared with 14.3%), while disproportionately lower shares were found in the Northeast (0.9% compared with 6.9%) and South (32.2% compared with 45.2%).

These differences can be explained by the prevalence of low-population counties by region (see **Table 3**). As noted, the ECWAG definition includes a requirement that the area population not exceed 10,000. Among counties of 10,000 persons or fewer, the Midwest and West have disproportionately greater shares (meaning the percentage of small-population counties in column D is greater than the percentage of all counties in column B) and the Northeast and South have disproportionately smaller shares. These differences are also reflected in the median populations by region (column E): the median populations among counties in the Midwest (19,872) and West (22,734) are smaller than the overall U.S. median (25,697), while in the Northeast and South they are larger (105,744 and 25,905, respectively). These differences underscore that the ECWAG program targets rural counties, which the program defines by population.

Recompete Pilot Program

Using the Recompete Pilot Program's criteria as a proxy for economic distress, the results are nearly reversed from ECWAG's results (**Figure 4**). The Northeast and South have comparatively larger shares of distressed counties than all counties generally, while the Midwest has a smaller share (25.2% compared with 33.6%) and the West's share is close to being proportional (14.2% compared with 14.3%).

As noted, the Recompete Pilot Program uses two primary ways of classifying potentially eligible areas—LLMs and LCs. Both approaches include criteria for median income and employment-to-population ratio thresholds (via the program's PAEG). However, LLMs also use the metropolitan area status as the geographic basis for the eligible area. The Recompete Pilot includes more counties in the Northeast than does ECWAG, in part because of how the Recompete Pilot includes MSAs in its definition of LLMs. While Northeastern states tend to have relatively higher incomes compared to other parts of the country, they also have many MSAs (as evidenced by the

median county population of 105,744 in the Northeast—well above the 50,000 population mark for urban areas used in delineating MSAs).⁴³

Because MSAs are more abundant near the coasts and inland waterways than in the country's interior,⁴⁴ a greater share of the land in the Midwest and West lies outside of any MSA as compared with the Northeast and South.

Densely populated areas may be considered eligible under the Recompete Pilot Program but not ECWAG because ECWAG's eligibility criteria include a maximum population size (both to define *rural areas* and to focus on them).⁴⁵ Because of the relative abundance of MSAs in the Northeast and South, these regions have disproportionately greater shares of eligible counties under the Recompete Pilot Program, compared with both their shares under ECWAG and their shares of all U.S. counties. Additionally, the EDA's program guidance identifies an entire MSA (which may be made up of multiple counties) as eligible if its PAEG is at least 2.5 percentage points. Further, smaller areas that are within nonqualifying MSAs might also be considered eligible if the smaller area has a PAEG of 5 percentage points or greater and a median household income at or below \$75,000.

Persistent Poverty Counties (PPCs)

The greatest share of PPCs is in the South (**Figure 4**). As noted in the discussion of **Figure 3** in the “Degree of Geographic Overlap Among the Definitions” section, the persistence of poverty over time, as required by the PPC definition, highlighted specific areas such as Appalachia, the Southeast and Mississippi Delta, tribal areas, and the southern border (see **Figure 3**) that have historical legacies and economic histories distinct from one another and the rest of the country. Many of these areas are located in the South region, with notable exceptions in other regions, particularly among tribal lands and certain urban areas. Given the persistence of high poverty rates in these disparate areas, a policy tool—a set-aside to dedicate 10% of program funds to be directed to PPCs—was developed to be used across a wide variety of programs, from rural development to brownfield remediation.⁴⁶

In addition to a historical lack of resources in PPCs throughout the South, another factor amplifies their presence in this region: the same poverty thresholds are used throughout the country and are not adjusted for regional variations in the costs of basic goods and services. As stated previously, a poverty threshold is a dollar amount representing a low level of basic needs; families with income below that amount are considered poor. Because the official poverty thresholds are the same nationwide, poverty status under the official measure does not reflect the same purchasing power nationwide. That is, because the official measure classifies a low-income family as poor if its income is below the threshold, it means if they live in an area with low average wages and low prices for basic goods, their purchasing power may be the same as another family with income

⁴³ U.S. Office of Management and Budget (OMB), Office of Information and Regulatory Affairs, “2020 Standards for Delineating Core Based Statistical Areas,” *Federal Register*, July 16, 2021, 86 *Federal Register* 37770, <https://www.federalregister.gov/documents/2021/07/16/2021-15159/2020-standards-for-delineating-core-based-statistical-areas#h-27>. Each region's median county population is shown in **Table 3**.

⁴⁴ This may be observed in the latest available Metropolitan and Micropolitan Areas Wall Map at https://www2.census.gov/geo/maps/metroarea/us_wall/Mar2020/CBSA_WallMap_Mar2020.pdf. MSAs are shaded dark green, μSAs in light green, and unshaded areas—located primarily in the central plains, mountainous regions, and northern borders—are neither metropolitan nor micropolitan.

⁴⁵ As noted in **Table 2**, areas potentially eligible for the Recompete Pilot Program exist outside of densely populated areas and MSAs as well.

⁴⁶ For further discussion, see CRS Report R45100, *The 10-20-30 Provision: Defining Persistent Poverty Counties*, by Joseph Dalaker.

above the threshold, and not classified as poor, if the second family lives in an area with higher average wages and prices. Prices of goods and services, particularly for housing, tend to be lower in the South and Midwest than in the Northeast and West.⁴⁷

⁴⁷ One metric computed on a quarterly basis for the four regions, the median sales price of houses sold (not seasonally adjusted), illustrates the differences in costs by region (Federal Reserve Bank of St. Louis, using data from the U.S. Census Bureau and the U.S. Department of Housing and Urban Development, at <https://fred.stlouisfed.org/series/MSPNE>, <https://fred.stlouisfed.org/series/MSPMW>, <https://fred.stlouisfed.org/series/MSPS>, and <https://fred.stlouisfed.org/series/MSPW>). In Quarter 2 of 2023, median sales prices were \$789,600 in the Northeast, \$397,600 in the Midwest, \$371,200 in the South, and \$547,900 in the West.

Table 3. County Population Statistics by Region

As of April 1, 2020

	A	B	C	D	E	F	G	H	I
Region	Number of Counties	Share of Counties	Number of Counties with Populations at or Below 10,000 ^a	Share of Counties with Populations at or Below 10,000 ^a	Median County Population	County with Lowest Population	Lowest County Population	County with Highest Population	Highest County Population
Northeast ^b	217	6.9%	6	0.8%	105,744	Cameron County, PA	4,546	Kings County, NY ^c	2,736,075
Midwest	1,055	33.6%	329	44.9%	19,872	McPherson County, NE	400	Cook County, IL ^d	5,275,522
South	1,422	45.2%	252	34.4%	25,905	Loving County, TX	63	Harris County, TX ^e	4,731,129
West	449	14.3%	146	19.9%	22,734	Kalawao County, HI	80	Los Angeles County, CA ^f	10,014,042
U.S.	3,143	100.0%	733	100.0%	25,697	Loving County, TX	63	Los Angeles County, CA	10,014,042

Source: Congressional Research Service, using data from U.S. Census Bureau, Population Estimates Program, population estimates base for April 1, 2020, “County Population Estimates (Vintage 2022),” CO-EST2022-ALLDATA.csv, and “Change to County-Equivalents in the State of Connecticut,” 87 *Federal Register* 34235, Table 2.

Notes: For lists of states by region, see the “States in Each Census Region” textbox. Medians computed by CRS using the univariate procedure in SAS.

- Definition of *rural* used in ECWAG.
- Number of counties shown predates the revised delineation of counties in the state of Connecticut, which in 2022 went from eight to nine counties. For details, see U.S. Census Bureau, “Change to County-Equivalents in the State of Connecticut,” 87 *Federal Register* 34235, June 6, 2022, <https://www.federalregister.gov/documents/2022/06/06/2022-12063/change-to-county-equivalents-in-the-state-of-connecticut>.
- Generally known as the borough of Brooklyn, part of the city of New York; located within the New York-Newark-Jersey City Metropolitan Statistical Area.
- County seat is Chicago; located within the Chicago-Naperville-Elgin Metropolitan Statistical Area.
- County seat is Houston; located within the Houston-The Woodlands-Sugar Land Metropolitan Statistical Area.
- County seat is the City of Los Angeles; located within the Los Angeles-Long Beach-Anaheim Metropolitan Statistical Area.

Policy Considerations

Congress may choose to keep the criteria for economically distressed areas as they currently stand; or, if Congress chooses to change the criteria or develop new ones, it may consider the following:

- economic and demographic measures,
- eligibility options based on different units of geography, and
- data sources and their limitations and availability.

Economic and Demographic Criteria

The three examples of economically distressed area definitions featured in this report target different types of communities. Congress may want to consider what types of communities it would want to target and use these examples as models. For example, if Congress is interested in targeting low-income rural communities, it may want to consider establishing a definition of *economic distress* similar to that used in the ECWAG program, which includes median household income and a maximum population cutoff (such as areas of 10,000 or fewer people). If Congress is interested in targeting historically poor areas in the United States, it may want to consider using measures similar to those used in the PPCs designation. That designation considers poverty rates over time. If Congress is interested in targeting communities with low employment levels, it may want to consider using the Recompete Pilot Program's definition as a model and use labor force statistics, such as EPOP (as is used in Recompete) or the unemployment rate, to be compared either with the national average (as is done in Recompete) or against a fixed benchmark percentage.

Geography

Some definitions of *economically distressed area* require that the project area be a specific type of geographic area (e.g., PPCs use counties as the project area). Other definitions allow the applicant to determine the project area (e.g., in the ECWAG program). In that case, the project area can range from multiple counties to an unincorporated area. See **Appendix B** for a list of possible geographic areas that may be used, and for which data are published. Congress may want to consider whether to specify which geographic area type may be used to classify an area as economically distressed. The benefit of specifying the geographic area is that it may be more likely that data would be readily available for the project area from tables published by the Census Bureau. The drawback is a lack of flexibility; for instance, small communities in need within more affluent larger communities may not qualify. For example, if the geographic area were specified to use only county-level estimates, an unincorporated area with a low median household income located within a county with a high median income may not qualify as economically distressed.

Data Source

As previously mentioned, many of the definitions of *economically distressed area* use household survey data from the Census Bureau to confirm project areas meet the criteria. Household survey data may not accurately reflect current conditions for several reasons, including coverage (e.g., the unhoused population not being surveyed because sampling is performed using housing units), lag time between the collection of data and making the data publicly available, potential for low

response rates for small areas or populations, and estimates not being precise for small areas because they are based on a sample and not the entire population. Some definitions of *economic distress* allow the Secretary for the federal program or initiative to use his or her discretion to allow alternative sources of data to be used, such as administrative records or other sources of federally collected data. Congress may want to consider whether to allow alternative data sources to be used at the discretion of the respective Secretary. A potential benefit in allowing alternative data sources to be used is that these sources, such as administrative records or locally obtained information, may be more accurate than household surveys in determining which project areas should qualify. On the other hand, a potential drawback is that the alternative data sources may not have data that are as accurate as household surveys—the accuracy for which has been thoroughly investigated and quantified wherever possible—and it could potentially take additional time to review each application and evaluate the evidence presented.

Concluding Remarks

This report examines three distinct ways Congress has used various criteria in statute, in three programs or policy contexts, to direct agencies to focus funding and other resources on economically distressed areas. The interventions were designed to serve different purposes. The ECWAG program was designed to provide grants for water infrastructure to sparsely populated rural areas that need it and may not have the resources to build it or clean it on their own. The Recompete Pilot Program was designed to spur economic development in a variety of locations, which may include both rural and urban areas. Funding set-asides for PPCs were designed to limit the degree to which administrators in any number of programs overlook areas with persistently high poverty for funding opportunities, in favor of areas with more resources.

The approaches described in this report were selected in order to illustrate that different economic distress criteria result in distinct regions being eligible for different policies. The criteria used to measure aspects of economic distress in the three examples examined here—the ECWAG program, the Recompete Pilot Program, and the set-asides for PPCs in appropriations legislation—identified different geographic areas with considerable lack of overlap. The differences among the areas deemed eligible for assistance from the three interventions stem from the following:

- the use of a rural definition in the ECWAG program that focuses on counties of 10,000 or fewer persons,
- the inclusion of MSAs in one of the eligibility pathways for the Recompete Pilot Program, which correlate to areas with large populations (unlike the definition of *rural* used by the ECWAG program in its eligibility criteria), and
- the use of high county-level poverty rates for over 30 years for PPCs, which calls attention to counties where poor economic conditions have been particularly entrenched, and for which the measure (poverty) applies to areas with either large or small populations.

As Congress conducts oversight on existing programs and considers new programs, it may seek to understand how economic distress criteria impact the distribution of program funds.

Appendix A. Number and Percentage of Economically Distressed Counties by Region

Table A-1. Number of Counties Defined as Economically Distressed and Percentage of All U.S. Economically Distressed Counties, by Region and Definition of Distress

(Counties may be considered distressed under more than one definition)

Region	ECWAG		Recompete Pilot		PPCs		Total Number of Counties (without regard to distress)	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Northeast	4	0.9	28	8.8	2	0.5	217	6.9
Midwest	196	42.9	80	25.2	35	8.5	1,055	33.6
South	147	32.2	164	51.7	345	83.3	1,422	45.2
West	110	24.1	45	14.2	32	7.7	449	14.3
U.S. totals	457	100.0	317	100.0	414	100.0	3,143	100.0

Source: Congressional Research Service, using data from the following:

ECWAG: U.S. Census Bureau, American Community Survey, 2021 Five-Year Estimates, Table S1903, “Median Income in the Past 12 Months (in 2021 Inflation-Adjusted Dollars),” for counties, county subdivisions, places, and state nonmetropolitan areas; U.S. Census Bureau, Population Estimates Program, population estimates base for April 1, 2020, “Subcounty Total Resident Population Estimates (Vintage 2022),” SUB-IP-EST2022-POP.csv, and “County Population Estimates (Vintage 2022),” CO-EST2022-ALLDATA.csv.

Recompete Pilot: Recompete Eligibility Mapping Tool, Argonne National Laboratory, <https://disgeoportal.egs.anl.gov/Recompete/>.

PPCs: U.S. Census Bureau, 1990 Census, Census 2000, and 2021 Small Area Income and Poverty Estimates.

Notes: U.S. totals do not include Puerto Rico. Percentages may not sum to 100.0% because of rounding.

ECWAG: U.S. Department of Agriculture, Rural Utilities Service, Emergency Community Water Assistance Grant program.

Recompete Pilot: U.S. Department of Commerce, Economic Development Administration, Recompete Pilot Program.

PPCs: persistent poverty counties—counties that have had poverty rates of 19.5% or greater in 1989, 1999, and 2021 (according to the 1990 Census, Census 2000, and 2021 Small Area Income and Poverty Estimates, respectively).

For lists of states by region, see the “States in Each Census Region” textbox.

Table A-2. Number of Economically Distressed Counties by Region and Definition

(Columns are mutually exclusive: counties defined as economically distressed under multiple definitions are broken out separately)

Region	ECWAG Only	Recompete Pilot Only	PPCs Only	ECWAG and Recompete Pilot	ECWAG and PPCs	Recompete Pilot and PPCs	All Three Definitions	Regional Total of Distressed Counties (any definition)	Total Number of Counties (without regard to distress)
Northeast	4	26	0	0	0	2	0	32	217
Midwest	166	64	14	10	15	1	5	275	1,055
South	64	138	244	3	78	21	2	550	1,422
West	90	35	20	9	11	1	0	166	449
U.S. totals	324	263	278	22	104	25	7	1,023	3,143

Source: Congressional Research Service, using data from the following:

ECWAG: U.S. Census Bureau, American Community Survey, 2021 Five-Year Estimates, Table S1903, “Median Income in the Past 12 Months (in 2021 Inflation-Adjusted Dollars),” for counties, county subdivisions, places, and state nonmetropolitan areas; U.S. Census Bureau, Population Estimates Program, population estimates base for April 1, 2020, “Subcounty Total Resident Population Estimates (Vintage 2022),” SUB-IP-EST2022-POP.csv, and “County Population Estimates (Vintage 2022),” CO-EST2022-ALLDATA.csv.

Recompete Pilot: Recompete Eligibility Mapping Tool, Argonne National Laboratory, <https://disgeoportal.egs.anl.gov/Recompete/>

PPCs: U.S. Census Bureau, 1990 Census, Census 2000, and 2021 Small Area Income and Poverty Estimates.

Notes: U.S. totals do not include Puerto Rico.

ECWAG: U.S. Department of Agriculture, Rural Utilities Service, Emergency Community Water Assistance Grant program.

Recompete Pilot: U.S. Department of Commerce, Economic Development Administration, Recompete Pilot Program.

PPCs: persistent poverty counties—counties that have had poverty rates of 19.5% or greater in 1989, 1999, and 2021 (according to the 1990 Census, Census 2000, and 2021 Small Area Income and Poverty Estimates, respectively).

For lists of states by region, see the “States in Each Census Region” textbox.

Table A-3. Regional Shares of Economically Distressed Counties

(Columns are mutually exclusive: counties defined as economically distressed under multiple definitions are broken out separately.

These are column percentages of the data shown in **Table A-2)**

Region	ECWAG Only	Recompete Pilot Only	PPCs Only	ECWAG and Recompete Pilot	ECWAG and PPCs	Recompete Pilot and PPCs	All Three Definitions	Regional Share of Counties That Met Any Distress Definition	Regional Share of all U.S. Counties (distressed and not distressed)
Northeast	1.2	9.9	0.0	0.0	0.0	8.0	0.0	3.1	6.9
Midwest	51.2	24.3	5.0	45.5	14.4	4.0	71.4	26.9	33.6
South	19.8	52.5	87.8	13.6	75.0	84.0	28.6	53.8	45.2
West	27.8	13.3	7.2	40.9	10.6	4.0	0.0	16.2	14.3
U.S. totals	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Congressional Research Service, using data from the following:

ECWAG: U.S. Census Bureau, American Community Survey, 2021 Five-Year Estimates, Table S1903, “Median Income in the Past 12 Months (in 2021 Inflation-Adjusted Dollars),” for counties, county subdivisions, places, and state nonmetropolitan areas; U.S. Census Bureau, Population Estimates Program, population estimates base for April 1, 2020, “Subcounty Total Resident Population Estimates (Vintage 2022),” SUB-IP-EST2022-POP.csv, and “County Population Estimates (Vintage 2022),” CO-EST2022-ALLDATA.csv.

Recompete Pilot: Recompete Eligibility Mapping Tool, Argonne National Laboratory, <https://disgeoportal.egs.anl.gov/Recompete/>.

PPCs: U.S. Census Bureau, 1990 Census, Census 2000, and 2021 Small Area Income and Poverty Estimates.

Notes: U.S. totals do not include Puerto Rico.

ECWAG: U.S. Department of Agriculture, Rural Utilities Service, Emergency Community Water Assistance Grant Program.

Recompete Pilot: U.S. Department of Commerce, Economic Development Administration, Recompete Pilot Program.

PPCs: persistent poverty counties—counties that have had poverty rates of 19.5% or greater in 1989, 1999, and 2021 (according to the 1990 Census, Census 2000, and 2021 Small Area Income and Poverty Estimates, respectively).

For lists of states by region, see the “States in Each Census Region” textbox.

Table A-4. Percent Distribution of Distressed Counties, by Definition, within Region

(Columns are mutually exclusive: counties defined as economically distressed under multiple definitions are broken out separately.

These are row percentages of the data shown in **Table A-2)**

Region	ECWAG Only	Recompete Pilot Only	PPCs Only	ECWAG and Recompete Pilot	ECWAG and PPCs	Recompete Pilot and PPCs	All Three Definitions	Any Distress Definition
Northeast	12.5	81.3	0.0	0.0	0.0	6.3	0.0	100.0
Midwest	60.4	23.3	5.1	3.6	5.5	0.4	1.8	100.0
South	11.6	25.1	44.4	0.5	14.2	3.8	0.4	100.0
West	54.2	21.1	12.0	5.4	6.6	0.6	0.0	100.0
U.S. totals	31.7	25.7	27.2	2.2	10.2	2.4	0.7	100.0

Source: Congressional Research Service, using data from the following:

ECWAG: U.S. Census Bureau, American Community Survey, 2021 Five-Year Estimates, Table S1903, “Median Income in the Past 12 Months (in 2021 Inflation-Adjusted Dollars),” for counties, county subdivisions, places, and state nonmetropolitan areas; U.S. Census Bureau, Population Estimates Program, population estimates base for April 1, 2020, “Subcounty Total Resident Population Estimates (Vintage 2022),” SUB-IP-EST2022-POP.csv, and “County Population Estimates (Vintage 2022),” CO-EST2022-ALLDATA.csv.

Recompete Pilot: Argonne National Laboratory, Recompete Eligibility Mapping Tool, <https://disgeoportal.egs.anl.gov/Recompete/>

PPCs: U.S. Census Bureau, 1990 Census, Census 2000, and 2021 Small Area Income and Poverty Estimates.

Notes: U.S. totals do not include Puerto Rico. Percentages may not sum to 100.0% because of rounding.

ECWAG: U.S. Department of Agriculture, Rural Utilities Service, Emergency Community Water Assistance Grant program.

Recompete Pilot: U.S. Department of Commerce, Economic Development Administration, Recompete Pilot Program.

PPCs: persistent poverty counties—counties that have had poverty rates of 19.5% or greater in 1989, 1999, and 2021 (according to the 1990 Census, Census 2000, and 2021 Small Area Income and Poverty Estimates, respectively).

For lists of states by region, see the “States in Each Census Region” textbox.

Appendix B. Geographic Area Definitions

Census Tracts

Census tracts are small geographic areas with populations typically between 1,200 and 8,000 (approximately 4,000 on average) that are contained wholly within counties and are designed, where possible, to have recognizable physical boundaries and to have a stable population over time.⁴⁸ Census tracts are sometimes split or merged to accommodate changes in population density that have occurred in an area. For many economic and demographic detailed characteristics, the census tract is the smallest geographic area for which data are published.

Places

Places correspond roughly to *cities* and *villages* in general parlance. That is, they have a population center and a name generally recognizable to residents of the area. Places may be *incorporated places*, meaning a city with a municipal government; or *census-designated*, meaning a known population center without a municipal government.⁴⁹ Places are not defined by any specific minimum nor maximum population size. Five incorporated places had populations of zero persons as of April 1, 2020 (Census Day for the 2020 census): these are areas that remain incorporated according to the laws of their respective states but had lost their entire populations.⁵⁰ According to the Census Bureau's *Geographic Areas Reference Manual*, "the Census Bureau includes, in the decennial census, all active incorporated places and inactive incorporated places for which it has certified corporate limits as of January 1 of the census year (the date used to tabulate the census results)."⁵¹ The most populous place in the United States is New York City, which had a population of 8,804,194 as of April 1, 2020, and which encompasses five county areas (Bronx County, Kings County, New York County, Queens County, and Richmond County, which correspond to the boroughs of the Bronx, Brooklyn, Manhattan, Queens, and Staten Island, respectively).⁵²

Despite numerous exceptions and the absence of any definitional requirement to be bound within a single county, places are generally smaller than counties. As of April 1, 2020, among all 19,519 incorporated places in the United States, the *median population* was 1,132 (half of all incorporated places had fewer than 1,132 persons and half had more).⁵³

⁴⁸ For further details on census tracts, see the Census Bureau's online glossary of geographic terms at https://www.census.gov/programs-surveys/geography/about/glossary.html#par_textimage_13.

⁴⁹ For further details about places, see the Census Bureau's online glossary of geographic terms at https://www.census.gov/programs-surveys/geography/about/glossary.html#par_textimage_14.

⁵⁰ For example, Carbonate, CO, has had an active municipal government since November 4, 2014, by vote of nonresident property owners even though there were no permanent residents. John Stroud, *Glenwood Springs Post Independent*, "Yes, that's a town – by 9-0 vote," November 8, 2014, online version archived at <https://web.archive.org/web/20170306212623/>.

⁵¹ U.S. Census Bureau, *Geographic Areas Reference Manual*, Chapter 9, "Places," <https://www2.census.gov/geo/pdfs/reference/GARM/Ch9GARM.pdf>.

⁵² U.S. Census Bureau, Population Estimates Program, *City and Town Population Totals: 2020-2022*, <https://www.census.gov/data/tables/time-series/demo/popest/2020s-total-cities-and-towns.html>; see specifically Table SUB-IP-EST2022-POP, *Annual Estimates of the Resident Population for Incorporated Places in the United States: April 1, 2020 to July 1, 2022*, released May 2023, <https://www2.census.gov/programs-surveys/popest/tables/2020-2022/cities/totals/SUB-IP-EST2022-POP.xlsx>.

⁵³ Ibid.

County Subdivisions (Townships)

County subdivisions are smaller than counties, and are defined by geographic area rather than by population center. They are “the primary divisions of counties and equivalent entities.”⁵⁴ In 20 states, there are general-purpose local governments associated with these geographic areas (specifically, the county subdivisions termed *minor civil divisions* as opposed to *unorganized areas* or *census-defined areas*), which the Census Bureau identifies as *township governments*.⁵⁵ These are distinct from municipal governments (which may be found in all states) or other entities such as election districts. As explained by the Census Bureau, “[an] incorporated place is established to provide governmental functions for a concentration of people as opposed to a minor civil division, which generally is created to provide services or administer an area without regard, necessarily, to population.”⁵⁶

The term *town* has been used in common parlance in different states to refer either to municipalities or to township governments, or to the geographic areas associated with those governments, and thus the term requires additional clarification when precision is needed.

Counties

The term *county* may refer either to a geographic area or a type of general-purpose government. There are 3,143 geographic areas that the Census Bureau includes in its county-level statistics for the 50 states and the District of Columbia. County populations as of April 1, 2020, ranged from 63 in Loving County, TX, to 10,014,042 in Los Angeles County, CA⁵⁷; the median population was 25,697.⁵⁸

Of the geographic areas that the Census Bureau includes in its county-level data, not all are called *counties* and not all have county governments. The umbrella term *county area* includes parishes in Louisiana, boroughs in Alaska, some areas in which a large city and its surrounding county have been consolidated into one entity (such as Suffolk County, MA, which is administered by the city of Boston, or Honolulu city and county in Hawaii), as well as cities that are outside of any county (such as Washington, DC, and independent cities in Virginia). In Puerto Rico, the areas called *municipios* correspond to county-level geographic areas. Further, the states of Connecticut and Rhode Island have county areas in a geographic sense but no county governments associated with them, as township governments in those states provide the wide

⁵⁴ See the U.S. Census Bureau’s online glossary of geographic terms at https://www.census.gov/programs-surveys/geography/about/glossary.html#par_textimage_11.

⁵⁵ U.S. Census Bureau, 2017 Census of Governments, *Government Organization: Individual State Descriptions: 2017*, p. 4, <https://www.census.gov/library/publications/2019/econ/2017isd.html>.

⁵⁶ U.S. Census Bureau, “Geographic Terms and Concepts—Place,” www.census.gov/geography/www/2010census/gtc/gtc_place.html, accessed September 1, 2011 (link not working as of August 1, 2023), cited in U.S. Census Bureau, 2012 Census of Governments, *Individual State Descriptions: 2012*, p. viii, <https://www.census.gov/library/publications/2012/econ/2012isd.html>.

⁵⁷ U.S. Census Bureau, Population Estimates Program, *County Population Totals and Components of Change: 2020-2022*, <https://www.census.gov/data/tables/time-series/demo/popest/2020s-counties-total.html>. The data are provided in Excel and as a comma-delimited dataset: CO-EST2022-POP, *Annual Estimates of the Resident Population for Counties: April 1, 2020 to July 1, 2022*, at <https://www2.census.gov/programs-surveys/popest/tables/2020-2022/counties/totals/co-est2022-pop.xlsx> and [co-est2022-alldata.csv](https://www2.census.gov/programs-surveys/popest/tables/2020-2022/counties/totals/co-est2022-alldata.csv), respectively.

⁵⁸ Ibid.; median computed by CRS using the univariate procedure in SAS on the dataset [co-est2022-alldata.csv](https://www2.census.gov/programs-surveys/popest/tables/2020-2022/counties/totals/co-est2022-alldata.csv).

range of general-purpose government services that in some other states would be provided by the county government.⁵⁹

Metropolitan Areas

Metropolitan Statistical Areas (MSAs) and their smaller counterparts *Micropolitan Statistical Areas* (μ SAs)⁶⁰ together constitute *Core-Based Statistical Areas* (CBSAs), which are delineated by the Office of Management and Budget (OMB). CBSAs are composed of one or more entire counties, and have “a substantial population nucleus, together with adjacent communities having a high degree of social and economic integration with that core.”⁶¹ CBSAs are not linked to any one type of local government, and typically multiple local governments exist within their borders.

The fact that CBSAs are composed of one or more entire counties, the borders of which are well-known to most laypersons, is convenient for identifying which entities are inside or outside of CBSAs and determining which areas within a state are *nonmetropolitan* (i.e., outside of MSAs).

As a concept for geographically based statistics (not necessarily for programmatic purposes), OMB first delineated CBSAs in 2000, modifying the older concept of MSAs to recognize and take account of recent building development patterns and how the spatial distribution of residences and businesses has changed since the mid-20th century. Program legislation and administrative rules written before 2000, therefore, likely will refer to MSAs instead of CBSAs; it is generally prudent to verify whether the appropriate executive agency reinterpreted the language to include μ SAs or if the legislation had been amended in some other way to include them.⁶²

Urban and Rural

The term *rural* can evoke an image of farms, unsettled lands, and an absence of cities (which are characterized by a large population with many buildings located close to one another). However, specifying that image numerically using measures of population or land usage presents a variety of choices that could be made to classify areas that do not clearly reflect either pole of rural or urban. As a result, the definitions of *rural* or *urban* for the purposes of economic development programs vary from program to program, and may not reflect the Census Bureau’s classification schema.⁶³ For the USDA Water and Waste Disposal Program established by the Consolidated Farm and Rural Development Act of 1961, rural areas are defined as those with populations of 10,000 or fewer; for the USDA Community Facilities Loan and Grant Program established by the

⁵⁹ Further information about the presence and services offered by county governments, as well as on county-type areas without county governments, may be found at U.S. Census Bureau, 2017 Census of Governments, *Government Organization: Individual State Descriptions: 2017*, <https://www.census.gov/library/publications/2019/econ/2017isd.html>.

⁶⁰ The lowercase Greek letter mu (μ) stands for “micropolitan” in this use case.

⁶¹ U.S. Census Bureau, “About Metropolitan and Micropolitan,” <https://www.census.gov/programs-surveys/metro-micro/about.html>. The description of these criteria mirrors the language in 2010 *Federal Register* notice that delineated metropolitan and micropolitan areas: see OMB, “2010 Standards for Delineating Metropolitan and Micropolitan Statistical Areas,” *Federal Register*, vol. 75 no. 123, June 28, 2010, p. 37246, <https://www.govinfo.gov/content/pkg/FR-2010-06-28/pdf/2010-15605.pdf>.

⁶² For details on the defining characteristics of CBSAs, the history of the MSA as a concept, and OMB’s stated role in delineating CBSAs for statistical and not programmatic purposes, see U.S. Census Bureau, “About Metropolitan and Micropolitan,” <https://www.census.gov/programs-surveys/metro-micro/about.html>.

⁶³ For examples of how the definition of *rural* varies in different USDA rural development programs, see CRS Report R47510, *Rural Definitions Used for Eligibility Requirements in USDA Rural Development Programs*, coordinated by Lisa S. Benson. For an explanation of how the Census Bureau defines *urban*, and by extension *rural*, see <https://www.census.gov/programs-surveys/geography/guidance/geo-areas/urban-rural.html>.

same act, rural areas are those with 20,000 or fewer inhabitants; and at the Census Bureau, the concept is more complicated, with population, land usage, and distance all considered together using a set of rules.⁶⁴

⁶⁴ An overview of the Census Bureau's latest revised definition (for the 2020 census), in the form of answers to frequently asked questions, may be found at https://www2.census.gov/geo/pdfs/reference/ua/Census-UA_2020FAQs_Feb2023.pdf#page=5.

Appendix C. Selected References on the Histories and Economies of Areas with Persistent Poverty Counties

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