

Steep energy bills can lead families into poverty, nationwide study shows

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Households considered energy-burdened spend 10% or more of their income on heating and electricity. Credit: UW Oshkosh graphics

While it makes sense that families living below the poverty line have a difficult time covering their energy bills, new University of Wisconsin Oshkosh research shows the reverse to be true as well—high energy bills can lead a household into poverty.

The nationwide study—led by UWO environmental sociologist Jeremiah Bohr and published Nov. 15 in the peer-reviewed journal *Social Forces*—indicates that dedicating inordinate amounts of income to energy services can threaten a family's well-being over time.

"In a state like Wisconsin with harsh winters, it is very important to think of the families that have trouble covering the heating bills," he said. "At a certain point, it is non-negotiable. You have to heat your home or the pipes will freeze."

Bohr and Anna McCreery with Elevate Energy, an economic development agency in Chicago, analyzed [household income](#) and energy expenditures of thousands of American households across two decades. They paid special attention to households classified as "energy burdened"—those spending 10% or more of their income on heating and electricity.?

"When comparing households living beneath the [poverty line](#), those that were energy burdened were about twice as likely to remain in poverty two years later," Bohr said. "This pattern repeated when comparing households living above the poverty line—energy-burdened households had double the odds of transitioning into poverty within two years."

Bohr said the results have implications for discussions of poverty reduction, [energy consumption](#) and climate policy.

"Although renewable energy costs have fallen dramatically and are near parity with the cost of other fuels, carbon taxes or related instruments may nonetheless contribute to higher energy costs for some consumers or the perception of higher costs," he said.

"As [policymakers](#) and [activists](#) continue to address energy consumption as part of climate change mitigation, it is important to recognize how

energy costs can affect economically vulnerable households."

Households may experience the impacts of high energy costs immediately, forcing families to perhaps reduce spending on food or other necessities to heat the home or causing them to fall behind on their utility bills and, consequently, harm their credit rating.

"Activists and policymakers should keep in mind that too many households lack a proper safety net to secure them from policies that might increase energy [costs](#). This research emphasizes the importance of energy assistance and energy efficiency for low-income households," he said.

For example, improving the energy efficiency of low-income housing will likely produce environmental benefits while potentially reducing the risk of energy burdens that can threaten a household's economic well-being.

When analyzing energy consumption in the U.S., sociologists typically have focused on excessive use. But energy scarcity for households is an important topic for environmental sociology and social science more broadly.

"Focusing on energy insecurity presents an opportunity for social scientists to engage in a larger conversation about social inequality as it affects [energy](#) and climate policy," Bohr said.

More information: Jeremiah Bohr et al, Do Energy Burdens Contribute to Economic Poverty in the United States? A Panel Analysis, *Social Forces* (2019). [DOI: 10.1093/sf/soz131](https://doi.org/10.1093/sf/soz131)

Provided by University of Wisconsin Oshkosh

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