



Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington DC 20515

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December 8, 2017

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SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Economic Development, Public Buildings, and Emergency Management
FROM: Staff, Subcommittee on Economic Development, Public Buildings, and Emergency Management
RE: Subcommittee Hearing on “The Opioid Epidemic in Appalachia: Addressing Hurdles to Economic Development in the Region”

PURPOSE

The Subcommittee on Economic Development, Public Buildings, and Emergency Management will meet on Tuesday, December 12, 2017, at 10:00 a.m. in 2167 Rayburn House Office Building, for a hearing titled “The Opioid Epidemic in Appalachia: Addressing Hurdles to Economic Development in the Region.” The purpose of the hearing is to examine the impact of the opioid crisis on efforts in Appalachia to spur economic development and growth in distressed communities, to explore possible solutions to the crisis, and to examine the role of federal economic development programs, such as the Appalachian Regional Commission (ARC), in addressing this epidemic. Witnesses include the ARC and state and private sector experts.

BACKGROUND

The Subcommittee has jurisdiction over ARC, the Economic Development Administration (EDA), the Denali Commission, the Delta Regional Authority (DRA), the Northern Great Plains Regional Authority, Southeast Crescent Regional Commission, Southwest Border Regional Commission, and Northern Border Regional Commission. These entities provide federal assistance to economically distressed areas for the creation of long-term employment opportunities and economic growth. These economic development agencies leverage federal dollars with state and local funds to attract private investment in distressed communities. Support under these programs can assist in planning, technical assistance, job training, and the physical infrastructure needed to attract employers and jobs in communities to spur economic growth.

The ARC, specifically, was created in the *Appalachian Regional Development Act of 1965*. The primary function of ARC is to provide economic development assistance to a 13-state region. The region includes all of West Virginia and parts of Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, South Carolina, Ohio, Pennsylvania, Tennessee, and Virginia. ARC is a federal-state governmental agency consisting of the governors of the 13 Appalachian states and a federal co-chairman. Project proposals must originate in, and be approved by, a state. The Commission allocates the level of funding to each state.

DISEASES OF DESPAIR AND THE OPIOID CRISIS

This year, the ARC commissioned two reports specifically examining potential health challenges to economic development in Appalachia. In August 2017, ARC issued “Health Disparities in Appalachia” and “Appalachian Diseases of Despair.”¹ These reports detail the health disparities in Appalachia and, more specifically, the impact of the opioid crisis in Appalachia. Specifically, the reports noted:

- The household income in Appalachia is 80 percent of the U.S. average and 17 percent of Appalachians live below the poverty level.²
- Nationally, the majority of drug overdose deaths involve opioids and, since 1999, the number of overdose deaths involving opioids quadrupled.³
- Between 1999 and 2014, while the overall mortality rate in non-Appalachian states decreased by 10 percent, the overall mortality rate in Appalachia increased by 5 percent. By 2015, the overall mortality rate in Appalachia was 32 percent higher than in the non-Appalachian regions of the United States.
- In 2015, among 15 to 64 year olds in Appalachia, there were 5,594 overdose deaths – 65 percent higher in Appalachia than to the rest of the Nation. The disparities were greatest among people 25 to 54.
- In 2015, 69 percent of the overdose deaths were caused by opioids.
- In comparing the mortality rates for diseases of despair within states with Appalachian portions and non-Appalachian portions – the differences were stark. For example, in 2015, the mortality rate in Appalachian portions of Maryland were 63 percent higher than in non-Appalachian portions. In Pennsylvania, the difference was 28 percent and in Kentucky it was 26 percent.

The reports highlight that when examining specifically overdose deaths, those individuals who are 25 to 44 years old experienced mortality rates 70 percent higher than the non-Appalachian states. Typically, this group includes those in their prime working years which has created a significant challenge to economic development in the region. For example, the Pennsylvania Chamber of Business and Industry, citing a report released in September 2017,

¹ See *Appalachian Diseases of Despair*, Prepared for the Appalachian Regional Commission, The Walsh Center for Rural Health Analysis, NORC at the University of Chicago (2017); *Health Disparities in Appalachia*, The Cecil G. Sheps Center for Health Services Research, the University of North Carolina at Chapel Hill (2017).

² Data Snapshot, Income and Poverty in Appalachia, Appalachian Regional Commission.

³ See Record Overdose Deaths, Opioid Overdose, Centers for Disease Control and Prevention: <https://www.cdc.gov/drugoverdose/epidemic/index.html>

noted that opioids are responsible for 20 percent of the workforce decline for men and 25 percent for women.⁴ The Pennsylvania Chamber further noted that addressing the opioid epidemic is an integral component of workforce strategy.⁵ As a result, the opioid crisis has created challenges to spurring economic development and job creation in already distressed communities.

The hearing will examine the impact of opioids in Appalachia on economic development, and what role economic development programs can have in addressing the problem.

WITNESS LIST

Panel I

The Honorable Harold Rogers (R-KY)
Member of Congress
U.S. House of Representatives

Panel II

The Honorable Earl Gohl
Federal Co-Chair
Appalachian Regional Commission

Mr. Barry L. Denk
Director
The Center for Rural Pennsylvania

Ms. Nancy Hale
President and Chief Executive Officer
Operation UNITE

Mr. Jonathan P. Novak, Esq.
Former Attorney for the Drug Enforcement Administration

⁴ “Where Have All the Workers Gone?” Alan B. Krueger, Princeton University, September 2017.

⁵ Gene Barr, President and CEO, Pennsylvania Chamber of Business and Industry testimony Before the Center for Rural Pennsylvania, October 26, 2017.