



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

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July 27, 2018

BACKGROUND MEMO

TO: Members, Subcommittee on Economic Development, Public Buildings and
Emergency Management
FROM: Staff, Subcommittee on Economic Development, Public Buildings and
Emergency Management
RE: Field Roundtable Policy Discussion on “Treating Barriers to Prosperity:
Addressing the Impact of Opioids on Economic Development in Appalachia”

PURPOSE

The Subcommittee on Economic Development, Public Buildings and Emergency Management will hold a field roundtable discussion on Tuesday, July 31, 2018, at 1:00 p.m. at the Somerset County Office Building, Regional Training Conference Room, 300 N. Center Ave., Somerset, PA on “Treating Barriers to Prosperity: Addressing the Impact of Opioids on Economic Development in Appalachia.” The purpose of the roundtable is to discuss the impact of the opioid crisis in Appalachia on the workforce and on efforts to attract businesses. The roundtable will be an opportunity to focus on the barriers to economic growth created by opioids, possible solutions, and how federal economic development agencies can help states and communities thrive. Participants will include the Appalachian Regional Commission (ARC), the Economic Development Administration (EDA), state and local officials and private sector experts.

BACKGROUND

The Subcommittee has jurisdiction over ARC, 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.

ARC, 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.

EDA was created by the *Public Works and Economic Development Act of 1965*. EDA is the only nationwide federal agency focused exclusively on economic development. EDA provides economic development assistance to distressed communities for planning, technical assistance, and infrastructure construction designed to attract businesses, economic growth and support workforce development.

The Opioid Crisis

Last year, 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. 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 five 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,

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>

the mortality rate in Appalachian portions of Maryland was 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, the mortality rate among individuals who are 25 to 44 years old experienced was 70 percent higher than the mortality rate in 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, 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.

In June of 2018, the Southern Alleghenies Planning and Development Commission issued a plan titled, “Alleghenies Ahead: Comprehensive Plan for the Southern Alleghenies Region.” The Alleghenies Region includes Bedford, Blair, Cambria, Fulton, Huntingdon, and Somerset Counties. The plan highlighted two overarching trends affecting the region’s long-term competitiveness and economic health: “demographic disadvantage” and “varying implementation capacity.”⁶ Essentially, potential labor shortage and capacity for the communities in the region to make investments to attract businesses are key challenges in the region. This is due, in part, to the impact of opioid abuse in the region.

Among the critical issues in the Alleghenies Region are broadband and cellular service, collaboration and coordination, business and workforce development, and public health and safety.⁷ The plan further notes that “[h]ealth outcomes are poor in much of the region and drug abuse has emerged as one of the major health threats to residents from all walks of life.”⁸

In 2017, ARC approved 51 grants for communities in Pennsylvania. These projects are in addition to grants provided under ARC’s Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) initiative, including a grant, matched by EDA funding, for the support of the deployment of high-speed broadband access in portions of Somerset County⁹. EDA awarded 23 grants in Pennsylvania in 2017. While broadband can help bring business back to communities, it is also integral to medical care and telemedicine.

Subcommittee Actions on Opioids

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.

⁶ “Alleghenies Ahead: Comprehensive Plan for the Southern Alleghenies Region,” June 2018, p. 10.

⁷ Id at pp. 26-27.

⁸ Id.

⁹ ARC’s POWER initiative is a congressionally funded initiative targeting communities and regions impacted by job losses in coal mining.

In response to the reports issued on the impact of the opioid crisis on economic development, the Subcommittee held a hearing on December 12, 2017 entitled, “The Opioid Epidemic in Appalachia: Addressing Hurdles to Economic Development in the Region.” The hearing examined the impact of the opioid crisis on efforts in Appalachia to spur economic development and growth in distressed communities, possible solutions to the crisis, and the role of federal economic development programs, such as ARC, in addressing this epidemic. The Subcommittee received testimony from ARC, the Center for Rural Pennsylvania, Operation UNITE, and a former attorney for the Drug Enforcement Administration (DEA). The hearing highlighted how opioids have impacted efforts to attract jobs to Appalachia, explored how ARC grants have been used to support efforts to combat addiction and the former DEA attorney discussed the role of the DEA in stemming the flow of drugs to the region.

On March 15, 2018, Subcommittee Chairman Lou Barletta and Ranking Member Dina Titus introduced H.R. 5294, *Treating Barriers to Prosperity Act of 2018*. Cosponsors of the legislation include Pennsylvania Congressman Keith Rothfus, Congressman Glenn Thompson, and Congressman Brian Fitzpatrick. H.R. 5294 passed the House on June 13, 2018. The legislation would strengthen and clarify the role of ARC in helping to address opioid abuse to promote economic growth, including support to facilitate the sharing of best practices and support for programs designed to eliminate or reduce the harm to the workforce and economic growth from drug abuse, to attract and retain health care services, businesses, and workers, and to develop relevant infrastructure, including broadband, that supports the use of telemedicine.

CONCLUSION

The roundtable will provide an opportunity to have a more in depth discussion with federal agencies, state and local officials as well as the private sector on the impacts of opioid abuse on economic development, possible solutions and the role of the federal economic development agencies in addressing the crisis.

PARTICIPANT BIOGRAPHIES

The Honorable Tim Thomas, Federal Co-Chair, Appalachian Regional Commission

- Chairman Tim Thomas was sworn in as ARC’s twelfth federal co-chair on April 3, 2018. As federal co-chair, Thomas works directly with ARC’s 13 member governors, their state alternates and program managers, and a network of local development districts to continue creating economic opportunities in the Appalachian Region’s coal-impacted communities, support small business and entrepreneurial development in rural Appalachia, and address the Region’s opioid crisis.
- Chairman Thomas most recently served on U.S. Senator Mitch McConnell’s state staff from 2015 to 2018. In that role, Chairman Thomas fostered deep partnerships with state and local officials, community leaders, and constituent groups to support economic and community development initiatives. He was previously the director of external and regulatory affairs for Swift & Staley, a Kentucky-based maintenance, operations, and environmental services company.

Mr. Dennis Alvord, Deputy Assistant Secretary for Regional Affairs, U.S. Economic Development Administration, U.S. Department of Commerce

- Mr. Alvord serves as Deputy Assistant Secretary for Regional Affairs, directing and supervising the activities of the Economic Development Administration's (EDA) Office of Regional Affairs (ORA), which includes all six EDA Regional Offices, the Performance and National Programs Division, EDA's Loan Guarantee Program, the Integrated Economic Development team, and EDA's Organizational Development.
- Previously, Mr. Alvord served as Senior Advisor to the Deputy Secretary of the U.S. Department of Commerce. Before joining the federal government, Mr. Alvord was a Project Manager in the Infrastructure Finance Group of the Bethesda, Maryland-based environmental and transportation consulting firm Apogee Research, Inc.

The Honorable Patrick J. Stefano, State Senator, Commonwealth of Pennsylvania

- Senator Pat Stefano was elected to represent the 32nd Senatorial District in November of 2014 in his first run for public office.
- Senator Stefano is a third-generation operator of his family's printing company, Stefano's Printing. Senator Stefano worked full-time while attending Penn State Fayette, The Eberly Campus, where he earned an Associate Degree in Business Administration. Senator Stefano worked in the family business for the next 30 years, including the last 11 years as owner and operator.

The Honorable Carl Walker Metzgar, State Representative, Commonwealth of Pennsylvania

- Representative Metzgar is currently in his fifth term as a Representative in the Commonwealth of Pennsylvania.
- Representative Metzgar currently serves as an attorney in Somerset and Bedford counties, is a member of the Somerset County and Pennsylvania Bar Associations.

Commissioner Gerald Walker, County Commissioner, Somerset County, Pennsylvania

- Commissioner Walker was first elected to serve as County Commissioner in 2016.
- Prior to his work as Commissioner, Commissioner Walker was elected as the Stoney Creek Township (PA) Supervisor.

Steven K. Howsare, Executive Director, Southern Alleghenies Planning and Development Commission

- Mr. Howsare has served as the Executive Director of the Southern Alleghenies Planning and Development Commission since February 2014.
- Prior to his position with the Commission, Mr. Howsare served as a Bedford County (PA) Commissioner for 10 years

Mr. Andrew G. Rush, MBA, MPT, Chief Executive Officer, Somerset Hospital and Somerset Health Services, Somerset, PA

- Mr. Rush has served our local healthcare community as Somerset Hospital's Senior Vice President and Chief Operating Officer and as the Chief Executive Officer of Somerset Health Services, Inc. for five years. He also serves as the President of Somerset Med Services and the Twin Lakes Center for Drug and Alcohol Rehabilitation.

- Mr. Rush began his career with Somerset Hospital in 2000, working as the Director of Physical Therapy and Rehabilitation Services and continuing as the director of various service lines, including occupational health, orthopedics, sports medicine, and community outreach.

Dr. Robert Gillio, Medical Director for Population Health and Clinical Innovations, J.C. Blair Memorial Health System

- Dr. Gillio currently serves as the Medical Director of Population Health and Clinical Innovation at the J.C. Blair Memorial Health System in Huntingdon, PA.
- Dr. Gillio has been a practicing physician for over 30 years and has contributed to several health discussions, most recently, battling the opioid crisis in the Commonwealth of Pennsylvania.

Mr. Ron Aldom, Executive Director, Somerset County (PA) Chamber of Commerce

- Mr. Aldom has served as the Executive Director of the Somerset County Chamber of Commerce for the past 13 years.
- Prior to his work in Somerset, Mr. Aldom served as the Executive Director for the Laurel Highlands Chamber of Commerce.

Mr. Shawn Kaufman, Director of Human Resources, Riggs Industries

- Mr. Kaufman has served as the Director of Human Resources of Riggs Industries for the past 13 years.
- Prior to Riggs, Mr. Kaufman has served in the same capacity for various organizations, as well as being a professor at Mount Aloysius College (PA) since 1999.