Statement of Gayle Manchin, Federal Co-Chair, Appalachian Regional Commission Before the Subcommittee on Economic Development, Public Buildings and Emergency Management of the House Committee on Transportation and Infrastructure
January 22, 2026

Mr. Chairman and members of the Committee: I'm Gayle Manchin, Federal Co-Chair of the Appalachian Regional Commission (ARC), and I'm pleased to come before you this morning to discuss ARC's impact to the regional economy—and the good return on investment it delivers.

ARC is grateful for the bipartisan support from the Transportation and Infrastructure Committee over the years. We are also grateful for the leadership of the Trump Administration, which supports ARC's work to address the unique economic challenges and opportunities facing Appalachia—including the loss of coal mining jobs and the substance use disorder crisis in Appalachia, topics I will dive into further in my testimony.

To start, I'd like to share a few data points that underscore ARC's good return on investment throughout the 13-state, 423 county Appalachian region:

- First, every $1 of ARC funding attracts $4 in leveraged private investment[1] (in FY 2025 alone). To be clear, this leveraged private investment is different from the matching funds that grantees and their partners provide to secure a grant. Leveraged private investment refers to the additional money that flows because a grant was made. Whether this is from building an ARC-funded water line for an industrial park that attracts new business—or from ARC projects that provide capital to help small businesses succeed and grow throughout the region—we have seen time and time again the multiplier effect of ARC's federal investments.
- And second, we have seen significant reduction in regional poverty rates over six decades. For example, in 1960, five years before Congress established ARC, nearly 1 in 3 Appalachians lived in poverty. Today, the regional poverty rate has been cut by more than half. In addition, high-poverty counties have been cut by nearly 60 percent.[2]

ARC's Partnership Approach

ARC's first-of-its-kind federal, state, and local partnership structure provides an effective approach for addressing Appalachia's unique economic development needs, as evidenced by our track record of success. Combined with targeting funds to areas of greatest need and a "bottom up" approach to addressing economic challenges and opportunities, ARC prioritizes

[1] FY 2025 Performance and Accountability Report https://www.arc.gov/wp-content/uploads/2025/12/FY-2025-Performance-and-Accountability-Report.pdf, pg. 18
[2] High-Poverty Counties in Appalachia, 1960 and 2019-2023 - Appalachian Regional Commission: https://www.arc.gov/map/high-poverty-counties-in-appalachia-1960-and-2019-2023/

funding to advance its five strategic goals: building Appalachia's 1.) businesses, 2.) workforce, 3.) infrastructure, 4.) regional tourism industry, and 5.) community resources and skills.

Regional Challenges

As a region, Appalachia confronts a combination of unique challenges that have resulted in economic isolation—its mountainous terrain, dispersed population, need for infrastructure, and a lack of financial and human resources. These challenges, combined with the disproportionate impact of substance use disorder throughout the region and the loss of jobs in declining sectors, underscores the importance of continued investment in tailored solutions that support Appalachia's long-term economic self-sufficiency.

Targeting Investments to Areas of Greatest Need

One way ARC gauges its progress is through evaluating economic data and categorizing the economic status of each county in the Appalachian Region as distressed, at-risk, transitional, competitive, or attainment. Each economic designation has a different match rate, which determines the amount of funding that ARC can provide. By law, ARC must direct at least half of its grant funds to projects that benefit economically distressed counties and areas in Appalachia. However, the Commission routinely exceeds that requirement—in FY 2025, 73% of its grant funds were invested in distressed counties or areas.

Data over two decades also demonstrates notable improvements in the region's economic status designations. Specifically, in FY 2026, the number of distressed Appalachian counties declined to the lowest level recorded in the 20 years of ARC's index system.[3]

Measuring Progress

In addition to evaluating the economic status of Appalachia's 423 counties, ARC also gauges its progress through tracking and examining grant outcomes in relation to performance targets from our Strategic Plan. Aligning with each goal, our outcome targets measure jobs created or retained; businesses created or strengthened; students and workers trained; businesses and households served by infrastructure; and communities improved through resource-building.

While we are preparing to launch an updated strategic plan this year, I am pleased to report that we are either on track to meet or exceed all of the outcome targets[4] outlined in our current strategic plan.

ARC Programs and Initiatives

I want to highlight two special initiatives that are advancing President Trump's agenda to strengthen America's economy.

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[3] County Economic Status in Appalachia, FY 2026 - Appalachian Regional Commission: https://www.arc.gov/map/county-economic-status-in-appalachia-fy-2026/:

[4] FY 2025 Performance and Accountability Report: https://www.arc.gov/wp-content/uploads/2025/12/FY-2025-Performance-and-Accountability-Report.pdf, pg. 19

First is ARC's **Partnerships for Opportunity and Workforce and Economic Revitalization Initiative (POWER),** which advances President Trump's Executive Order on Reinvigorating America's Beautiful Clean Coal Industry to enhance national and economic security. Between 2011-2023, 70% of coal mining jobs lost in the U.S. were in Appalachia.[5] ARC's POWER Initiative is designed to grow industry and attract private investments in Appalachia's coal communities. As a competitive funding opportunity, POWER prioritizes projects that emphasize large-scale, multi-jurisdictional activities, engage a broad range of partners, and are financially sustainable and transformational. Eligible funding uses include enhanced job training and re-employment activities, job creation activities in existing or emerging industries, and new investment development activities for coal communities.

Over the last decade[6], ARC's $473 million investment in 554 POWER projects has leveraged more than $1.8 billion in private investment throughout 365 coal communities. In addition, these grants are projected to create or retain over 52,000 jobs and prepare nearly 170,000 workers and students for new opportunities in high-demand industries, including advanced manufacturing, automotive, coal mining, aerospace, broadband, and tourism.

The second initiative I want to highlight is **Investments Supporting Partnerships In Recovery Ecosystems (INSPIRE),** which focuses on creating or expanding local networks that lead to workforce entry or re-entry for Appalachians recovering from substance use disorder (SUD). SUD disproportionately impacts Appalachia[7] and continues to pose a major threat to regional economic prosperity. It's not only a public health and safety issue; it's an economic development issue. SUD drains the region's resources, both human and financial, and limits economic output.

During President Trump's first administration, he and the Transportation and Infrastructure Committee recognized the urgent need to tackle the SUD crisis in Appalachia. To meet this charge, ARC identified an opportunity to address an unmet need related to the economic impact from the SUD crisis—helping those in recovery enter or reenter the workforce. As a result, INSPIRE was created.

To date,[8] ARC has invested nearly $66 million in 200 INSPIRE projects that support recovery-to-work programs across 380 counties — which is 90 percent of the region. Together, these investments are projected to improve nearly 4,000 businesses and provide opportunities for over 18,000 students and workers.

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[5] https://www.arc.gov/report/coal-production-and-employment-in-the-appalachian-region-2024/

[6] Partnerships for Opportunity and Workforce and Economic Revitalization Initiative - Appalachian Regional Commission

[7] In 2023, the overdose mortality rate was 50% higher in Appalachia than in the rest of the country: https://www.arc.gov/wp-content/uploads/2025/07/Appalachian-Diseases-of-Despair-Update-2025.pdf

[8] Investments Supporting Partnerships in Recovery Ecosystems Initiative - Appalachian Regional Commission

While INSPIRE and POWER are two examples of specialized initiatives to address Appalachia's unique economic needs, ARC's base Area Development Program continues to serve as the mainstay of our work.

The base Area Development Program provides a way for ARC to adapt quickly to Appalachia's emerging economic opportunities. The program also helps address timely, region-wide issues affecting the economy. For instance, Area Development funding is providing long-term support for Appalachian businesses in North Carolina and Virginia as they recover from the economic devastation caused by 2024's Hurricane Helene. Similarly, it is also rebuilding infrastructure in communities impacted by flooding in Kentucky and West Virginia, as it can take years for states and localities to rebuild in light of this level of devastation.

Beyond natural disasters, Appalachia's rugged, mountainous geography inherently presents significant barriers to building regional infrastructure—including roads, water and wastewater systems, and broadband. Strong infrastructure is a prerequisite to creating a strong economy. The share of housing units lacking complete plumbing facilities is nearly twice as high in Appalachia as in the United States overall.[9] In addition, Appalachian households are less likely than U.S. households overall to have broadband.[10] This is why ARC continues to prioritize investments in regional infrastructure to expand economic opportunity throughout Appalachia.

In addition to strengthening the region's infrastructure, ARC investments are driving economic growth strategies that capitalize on Appalachia's unique assets and prioritize assistance for small businesses and entrepreneurs. Data shows that these investments are proving to be effective.

Specifically, a FY 2023 evaluation of ARC's business development grants closed between 2017 and 2021 found that those investments facilitated the creation or retention of nearly 30,000 jobs and the establishment of nearly 2,000 new Appalachian businesses.[11] Additionally, these business development grants attracted an astounding $923 million in private investment to the region, resulting in increased economic opportunity for its 26.6 million residents.

Federal Collaboration and Impact

Collaboration with local and state partners cannot act alone to uplift the entire regional economy. Our federal partnerships serve as key assets to our mission. I know we are all aware that Congress created ARC over 60 years ago to partner at all levels—local, state and

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[9] https://www.arc.gov/report/a-twenty-year-review-revisiting-the-drinking-water-and-wastewater-infrastructure-funding-needs-and-gaps-inthe-appalachian-region/, pg. 35
[10] arc.gov/wp-content/uploads/2025/05/PRB_ARC_Chartbook_ACS_2019_2023_FINAL_2025-06.pdf#page=85
[11] Evaluation of ARC's Business Development Grants Closed Between 2017-2021 - Appalachian Regional Commission: https://www.arc.gov/report/evaluation-of-arc-business-development-grants-closed-between-2017-2021/

federal—to guide economic development in this challenged region, and we are meeting that charge. On the federal level, ARC has strong relationships with U.S. Department of Agriculture, the Economic Development Administration~~,~~ the U.S. Department of Transportation, and the White House's Office of National Drug Control Policy (ONDCP).

ARC is not duplicative, but rather complementary, of other federal programs. Through our tailored approach to address specific economic challenges that impact Appalachia, ARC can extend the reach of other federal programs into some of the most economically distressed parts of the nation. This includes gap funding to help Appalachian communities plan and implement projects that create economic opportunities. In addition, ARC funds can also match other federal funding sources. More importantly, we focus on ensuring communities have the resources to ensure long-term economic self-sufficiency—beyond the life of a grant.

These aspects help attract private sector investment to areas that otherwise would not likely be considered competitive investment opportunities.

Taken together, ARC's program and initiatives are helping to narrow the economic gap between Appalachia and the rest of the nation. Ultimately, when we strengthen the economies of the Appalachian counties throughout our 13-state region, we strengthen the economy of each state. When we have strong state economies, this contributes to a strong national economy. I look forward to working with the Subcommittee in our efforts to expand opportunities for the 26.6 million Americans who call Appalachia home.