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**United States Senate**  
COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

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September 19, 2017

The Honorable Janet Yellen  
Chair  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, D.C. 20551

Dear Chair Yellen:

As you know, President Trump has said the opioid epidemic is a national emergency, promising to “spend a lot of time, a lot of effort and a lot of money on the opioid crisis. It is a serious problem the likes of which we have never had.”<sup>1</sup>

The Administration’s Commission on Combating Drug Addiction and the Opioid Crisis also proposed several steps to attack the crisis, such as 1) eliminating an outdated cap on the number of beds at substance abuse treatment facilities that can be covered under Medicaid; 2) increasing access to medication-assisted treatment (MAT); 3) increasing access to naloxone, and 4) providing more resources to Customs and Border Patrol to keep fentanyl out of the U.S. These are important steps, which we support.

But this is not just a public health and law enforcement matter. This is an economic matter. At a hearing before the U.S. Senate Committee on Banking Housing and Urban Affairs on June 8, Dorothy A. Savarese, Chairman, President and CEO of the Cape Cod Five Cents Savings Bank submitted an answer to a question for the hearing record on the impact of the opioid crisis on her bank and community. She said:

The opioid crisis impacts every community and Cape Cod is not immune from its devastating impact... Bankers, like all citizens, are concerned about these trends and believe working to correct this trend is in the best interest of our economic health regardless of the community.... [Funds] have been directed to addressing the opioid crisis, in terms of supporting organizations and agencies undertaking education, prevention, intervention and treatment, which of course means those funds can't go into housing or other areas of economic development as they would if there was no opioid crisis.

We need to explore all possible avenues to address this epidemic, which is destroying so many families and communities. This crisis requires everyone’s attention. We were particularly interested in your comments before the Committee on July 13, 2017. In response to a question from Senator Joe Donnelly (D-IN), you said:

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<sup>1</sup> <http://www.cnn.com/2017/08/12/politics/national-emergencies-trump-opioid/>.

I do think it [opioid addiction epidemic] is related to the decline in labor force participation among prime-age workers. I do not know if it is causal or it is a symptom of long-running economic maladies that have affected these communities and particularly affected workers who have seen their job opportunities decline. This is something that has been going on for many decades. Surveys suggest that many prime-age men who are not actively participating in the labor market are involved in prescription drug use, not always opioids. But, you know, we are seeing, as I mentioned, an increase in death rates which is extremely unusual.<sup>2</sup>

We believe the Federal Reserve System, including the research departments at the Board and regional Reserve Banks, is in a unique position to help policymakers better understand the impact of the opioid epidemic on labor force participation rates, full employment, and on overall economic activity in communities. The community development and business outreach functions of the System can also engage business to look for solutions in their communities. We are writing to urge the Federal Reserve System to commit resources to research, analyze, recommend policy responses, and engage community and business leaders to address this national emergency.

Thank you for your attention to this matter of vital importance to communities across this country.

Sincerely,



Sherrod Brown  
Senator



Joe Donnelly  
Senator

cc: Loretta Mester, President and CEO of the Federal Reserve Bank of Cleveland  
Charles Evans, President and CEO of the Federal Reserve Bank of Chicago  
James Bullard, President and CEO of the Federal Reserve Bank of St. Louis

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<sup>2</sup> <https://www.banking.senate.gov/public/index.cfm/hearings?ID=63B05A30-C68E-407A-980D-503CC02B48BA>.