

**Statement by
Xochitl Torres Small
Under Secretary for Rural Development
Before the House Subcommittee on Commodity Exchanges, Energy, and Credit
March 8, 2022**

Mr. Chairman, Ranking Member, and Members of the Committee, thank you for the opportunity to come before you today to discuss the state of the United States Department of Agriculture's Rural Development (RD) mission area. As each of you know well, rural America is exceptional. It contains remarkable economic potential, constant ingenuity, and impressive diversity. The Biden-Harris Administration and the U.S. Department of Agriculture are making once-in-a-generation investments in rural America and specifically rural infrastructure that have the potential to transform communities and lives. However, rural and Tribal areas also face complex challenges that require a different kind of investment—an investment in deep and trusted partnerships. This is where the federal government has so much opportunity before it. From experience, we have seen the tools that can best support rural communities: from flexible programs, technical assistance that make our programs easier to access, and customer-centered technology and staffing. Today I am excited to share both where I am proud of Rural Development's work to be a partner on the ground, and some of the opportunities for improvement where USDA is eager to work with Congress to address. Together, I believe we can—and we must—modernize Rural Development so it can effectively deliver on its mission of building inclusive rural prosperity.

Rural America puts food on our tables, powers the nation, and includes the rich values, traditions, and diversity that make our country what it is today. In 2021 the United States set a new record in agricultural exports and production levels with an 18 percent increase over the previous year.¹ This growth bolsters the economy as a whole and also sustains many rural communities with jobs both on and off the farm. Today, 30% of rural counties have diversified economies and are not reliant on any one industry for a large portion of its employment. This incredible diversity across local rural economies showcases the uniqueness of every rural community. And while many rural communities are thriving, many others are still struggling to keep people in the places they call home. Between 2010 and 2020, urban areas grew by 8.8 percent, while rural populations declined by 0.6 percent. That decline grew by nearly tenfold in areas of persistent poverty, where populations dropped by almost 6 percent.² Across the country we know that water systems are degrading, housing units are crumbling, and unreliable or nonexistent broadband service severely undercuts the ability to participate in a global economy. These challenges are only exacerbated in areas where there are deep economic, geographic, and racial disparities.

Often rural assets—from food to energy to natural resources—are taken from their place of origin and moved elsewhere to create jobs or opportunities away from the rural communities where they were originally produced. Urban areas may rely on rural ones for raw input and commodities, but rural communities are not seeing enough of these benefits in a meaningful way. Something must change or we risk losing rural life as we know it. The costs of failing rural

¹ <https://www.usda.gov/media/press-releases/2022/02/08/american-agricultural-exports-shattered-records-2021#:~:text=The%20final%202021%20trade%20data,in%202014%2C%20by%2014.6%20percent>

² <https://www.ers.usda.gov/webdocs/publications/102576/eib-230.pdf?v=2961.8>

America are high for all of us. Just a few of the top sectors in rural America—agriculture, energy production, and natural resource extraction—account for more than \$440 billion in exports annually.³ The United States will be less competitive on a global scale if we fail to leverage the economic power of rural America.

Despite the challenges, the solutions are there in the experiences, stories, ideas, and dreams of rural people if you listen carefully. Farmers, rural business, local government officials, schools, hospitals, and community leaders—often time volunteers—find creative solutions to old problems through partnerships, regional expertise, and savvy every day. Amidst the tremendous challenges of our time, I see hope and opportunity in rural America. I see businesses eager to access new markets, farmers seeking climate-smart solutions to extreme weather, and underserved communities with a firm understanding of their assets who are seeking trusted partners to tackle systemic issues. I see the opportunity for Rural Development to work with each rural community to support their vision to make their home a place with good jobs, safe homes, and thriving opportunity for generations to come. If we take our cues from the communities and people who are our customers, I am confident we will do our jobs right.

Creating More and Better Markets

USDA is adapting America's food system with a greater focus on more resilient local and regional food production, building new markets and streams of income for producers and businesses, and supporting the infrastructure that underpins rural communities. The infrastructure investments Congress and the Biden-Harris Administration are providing to rural communities via the American Rescue Plan and the Bipartisan Infrastructure Law as well as annual appropriations measures can be transformational for rural America if complemented by new market opportunities and capacity building efforts to help communities best leverage these programs to forge their own future.

In December, Rural Development launched a program to make more than \$1 billion in loan guarantees available to help businesses in the food supply chain process their products and get them to market. The new Food Supply Chain Guaranteed Loan Program will help meat and poultry processors and other food businesses that are active in the middle of the food supply chain: manufacturing, storage, transportation, and distribution. Rural Development announced new investments to significantly increase the sales and use of higher blends of bioethanol and biodiesel through expansion of the infrastructure for renewable fuels derived from U.S. agricultural products and will complement existing funding with an additional \$100 million in grants in the coming months. Additionally, Rural Development has made \$700 million available through the Biofuel Producer Program to provide support to producers who experienced market losses due to the COVID-19 pandemic. These investments will give consumers more options for clean energy at the pump, while also creating new market opportunities.

Rural Development is also working to expand access to new markets by expanding access to broadband across rural America. Broadband is make or break for rural America, impacting small towns, communities and Tribal nations alike—linking rural hospitals to critical telehealth care, connecting businesses to international markets, and giving our students the tools, they need to learn remotely.

³ https://www.usitc.gov/research_and_analysis/tradeshifts/2020/trade_by_industry_sectors.htm

Rural Development, in close coordination with other federal partners, is working to close the digital divide in rural America, to meet the goal of Biden-Harris Administration to connect all Americans to reliable, affordable high-speed internet, and to ensure that the opportunities provided by high-speed internet services are available to all. In the first two rounds of funding, Rural Development's ReConnect program has provided more than \$1.5 billion to 181 projects to increase broadband service. These projects will serve nearly 300,000 households nationwide. Part of the success of ReConnect can be attributed to its deep investment in technical assistance and administrative support for technology and staffing, which broadens the reach of the program to include the least connected communities.

In addition, tomorrow Rural Development will close its largest ever application window for the third round of ReConnect program funding, which will provide more than \$1 billion in broadband funding to rural communities. In the next few months, we will open the fourth ReConnect program application window as part of distributing an historic \$2 billion in broadband funding provided by the bipartisan Infrastructure Investment and Jobs Act for broadband programs operated by Rural Development. These investments are momentous and make significant strides toward closing the digital divide and ensuring that all rural Americans can participate in the global economy.

As we support investment in more and better markets, we are also working to help communities recover from COVID-19. We have expanded access to COVID-19 vaccines, testing, and supplies, while strengthening rural health care providers, including through the \$500 million that the American Rescue Plan provided for USDA's Community Facilities to create the Emergency Rural Health Care Grant Program. Thriving markets require a safe place to live, and Rural Development looks forward to supporting this objective.

Climate Resiliency

At Rural Development, we know rural communities are on the frontlines of severe weather and drought that threatens their safety, health, and livelihoods. Utilities, small businesses, and cooperatives all play critical roles in rural communities and will be best positioned to help increase rural energy efficiency and transitions to clean power. By investing in climate-smart and resilient infrastructure, rural leaders are taking charge with the appropriate federal support and flexibility to foster their success.

Since January 2021, Rural Development invested \$687 million through the Rural Energy for America Program (REAP) to help rural businesses purchase and install energy efficiency upgrades and renewable energy systems and has the flexibility to fund a variety of projects from constructing greenhouses to large-scale solar panel projects, all which play a significant role in tackling the climate crisis. In that same period, Rural Development projects greenhouse gas emission savings of 1.4 million metric tons of Carbon Dioxide annually for the life of these projects. Rural Development invested more than \$47 million in grants across 31 states to add almost a billion gallons of higher blends fuels to the market through the Higher Blends Infrastructure Investment Program. The Rural Utilities Service invested \$241 million in renewable and energy storage loans, including 13 solar projects totaling \$199.8 million. Rural

Development is also celebrating the 10th Anniversary of the BioPreferred certification and labeling program by adding more than 270 new companies to bring the total to 3,200 companies from 47 different countries. The biobased products energy supports 4.6 million American jobs, contributed \$470 billion value added to the U.S. economy, and generates 2.79 jobs in other sectors of the economy for every biobased job.

These programs demonstrate remarkable success in the fight against climate change while also helping cut energy costs and increase efficiency for producers and rural businesses. Rural residents know what works for them, and they know what tools they need to adapt to changing circumstances and build a more resilient future.

Advancing Racial Equity

At Rural Development, we acknowledge we have not done enough to provide all producers, small businesses, families, and communities an equal chance of success and prosperity. Rural counties make up 86 percent of persistent poverty counties and roughly half of Black and Native American rural residents live in economically distressed areas.⁴ These divides are systemic, and RD is committed to working intentionally to reduce disparities between rural and urban communities and within rural communities by reducing barriers to accessing RD programs and services for underserved rural communities.

USDA recently announced and held the first meeting of an Equity Commission, which is charged with evaluating USDA programs and services and recommending how we can reduce hurdles to accessing them. Rural Development is eager to support the work of the Equity Commission and looking forward to the Department's plans to launch an additional Subcommittee focused on rural community and economic development. This Subcommittee will directly inform Rural Development's work and help us aim to achieve more equitable outcomes.

In the meantime, Rural Development is looking for creative ways to provide capital to communities that historically have not had these resources and knows that investments in our boots-on-the-ground staff to help communities navigate not only Rural Development resources but those across the federal family that can help meet their needs is crucial to reducing barriers. Additionally, other ways to make programs easier to access like the current round of ReConnect funding which is currently allows Tribes and Socially Vulnerable Communities to apply for grant funds that do not require matching funds. Access to information, the ability to participate in a global economy, and digital learning opportunities are vital to helping dismantle barriers for these rural communities.

Opportunities for Improvement

Rural Development provides community infrastructure, builds rural housing, and supports small businesses and entrepreneurship across rural America. One of the strengths of Rural Development is that unlike many other Federal agencies, we have a presence in the communities we serve through our state and area offices. With over 4,600 "boots on the ground," Rural

⁴ <https://www.aspeninstitute.org/wp-content/uploads/2021/12/TR-FP-3-Rural-Capital-singles-FINAL.pdf>

Development identifies and provides rural assistance that reflects the needs of local communities. Congress recognizes this special relationship and has entrusted Rural Development to invest in rural communities by increasing program levels each year. We are grateful to Congress for its trust in our highly effective stewardship of the funding and authorities they have entrusted to us.

Rural Development has a wide range of tools and authorities, but there are ways that these programs and authorities are dated, cumbersome and can make it so that working with Rural Development is harder for communities than it should be. From providing technical assistance to helping communities employ proven development strategies and finance methods, Rural Development could be an even better partner to rural and Tribal communities. To that end, I am eager to work with Congress to ensure that Rural Development is a modern, customer-oriented organization with the programs, tools, flexibility and skills that ensures Rural Development can meet communities where they are and offer the full scope of expertise and support rural communities' need today.

Rural Development's core programs and authorities are incredible and impactful. But our programs are rooted in the title V of the Rural Housing Act of 1949, the Rural Electrification Act of 1936, and the Consolidated Farm and Rural Development Act. While Rural Development programs are often adjusted or updated, rarely are they considered holistically and with a comprehensive view of what it will take to keep wealth created in rural places in rural and Tribal communities and what these communities need to thrive and prosper. The 2023 Farm Bill presents an opportunity to take that wider view and ensure Rural Development is the transformational partner rural and tribal communities need today.

Conclusion

In my time leading this agency, I have had the opportunity to travel across the country and meet with many of the people we serve. I have visited states in every region of the country—in many of your districts meeting with the people you represent. I have been able to hear their concerns and their optimism about the future. I too am optimistic about the future and look ahead to continuing to fight for rural communities, and the farmers, ranchers, businesses, and families who sustain them.

Rural Development is poised to meet and expand our commitment rural America, and with some additional tools in our toolbox that empower our staff to work hand-in-hand with rural communities to better access more flexible programs Rural Development could truly deliver best-in-class service and seize this moment to reimagine and rebuild an economy that invests in the people who make this country run. I look forward to working with this Committee to support this mission.



Xochitl Torres Small

Under Secretary for Rural Development

Before coming to Rural Development, Xochitl was a United States Representative for the fifth largest district in the country. In the midst of the COVID-19 crisis, Xochitl kept a rural hospital from closing its doors, improved constituent access to healthcare over the phone, and helped secure tens of millions of dollars for broadband in New Mexico through USDA's ReConnect Program. Prior to the coronavirus pandemic, Xochitl raised the alarm on broadband disparities, serving on Majority Whip James Clyburn's Rural Broadband Taskforce and as an original cosponsor of the Accessible, Affordable Internet for All Act. As a member of the House Agriculture Committee, Xochitl helped champion the needs of dairy farmers and sponsored legislation to help local producers and rural communities invest in infrastructure to navigate new markets. Xochitl forged additional bipartisan solutions on the House Armed Services Committee and as chairwoman of the Oversight, Management, and Accountability subcommittee of the House Homeland Security Committee. Xochitl was the first woman and first person of color to represent New Mexico's second congressional district.

The granddaughter of farmworkers, Xochitl Torres Small grew up in the borderlands of New Mexico. She came home from college to work as a field organizer, working in colonias in southern New Mexico. She continued serving rural New Mexico as a field representative for Senator Tom Udall, where she collaborated with local grassroots leaders, business owners, elected officials, and regional and state economic development officials to help communities rebound from the Great Recession. Inspired by Senator Udall's work on water in the West, Torres Small studied water law and worked closely with rural water utilities. After law school, she returned home to clerk for United States District Court Judge Robert C. Brack. Throughout her career, Xochitl has employed her experience working in vulnerable, rural communities to achieve lasting investments that combat persistent poverty.

Xochitl has a law degree from the University of New Mexico School of Law, an undergraduate degree from Georgetown University's School of Foreign Service, and an international baccalaureate from Waterford Kamhlaba United World College of Southern Africa. She's happily married to her husband, New Mexico State Representative Nathan Small.