

**Statement by
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Chairwoman Stabenow, Ranking Member Boozman, and Members of the Committee, thank you for the opportunity to come before you today as you launch into a series of hearings in preparation for the next Farm Bill. Thank you for the opportunity to discuss the role the United States Department of Agriculture's Rural Development (RD) mission area plays in advancing rural prosperity—and how Congressional action can further improve the tools in the USDA RD toolbox.

A healthy, vibrant rural America is essential to the success of our country. Small towns, rural, and tribal communities provide food, water, energy, nature, and culture that benefit people everywhere. Everyone benefits when rural communities thrive. From funding to states and localities to bridges and roads, water and waste-water infrastructure, and broadband, under, Biden-Harris Administration is working to support rural people and places; across the federal government we are working to ensure rural communities have what they need to thrive.

Here at Rural Development, our programs support rural communities as they tackle these important issues—providing tools to improve housing, wastewater, high-speed internet, business development, and more. We are grateful that Congress recognizes the importance of Rural Development's role in supporting rural and Tribal communities and chose to invest even more deeply in rural prosperity through the American Rescue Plan Act, Bipartisan Infrastructure Law, and Inflation Reduction Act.

Yet, rural and Tribal areas face complex challenges beyond infrastructure. Over the past 50 years, an increasingly globalized economy that has emphasized shareholder benefits has fundamentally changed the nature of local rural economies. All too often, local manufacturing has been offshored and big box stores have wiped-out main street businesses along with the local tax base and corporate accountability to people and place.

Rural Development's core programs and authorities are incredible and impactful. They provide communities with an essential avenue for accessing the affordable, patient capital and financial assistance it takes to invest in the infrastructure essential to development: water, broadband, electricity, housing, schools, hospitals, businesses and other institutions. Rural communities that must re-invent their economies and futures in a globalized, post-COVID economy require more than just infrastructure and access to capital—they need concurrent investment in leadership, vision, entrepreneurs and institutions that comprise a community along with deep, trusted, and lasting partnerships.

As powerful and important as Rural Development's programs are, they are rooted in the Rural Electrification Act of 1936, title V of the Rural Housing Act of 1949 and the Consolidated Farm and Rural Development Act of 1961 and are thus dated, constrained and sometimes out of step with the needs of rural communities today. While Rural Development programs are often

adjusted or updated around the edges, rarely are they considered holistically and with a comprehensive view of what it will take to keep wealth created in rural places in those communities and enable families to live their entire lives in the place they want to call home. 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.

Infrastructure

Supporting Americans living in rural areas remains a top priority for the Biden-Harris Administration, and USDA works to provide high-speed internet, safe roads and bridges, modern wastewater systems, clean drinking water, reliable and affordable electricity, and good-paying jobs in every small town and rural community. As part of this effort, Rural Development is also committed to working with communities to help them access federal resources and improving transparency and trust in the federal government.

To start, reliable, high-speed internet is no longer a luxury—it is a utility essential to modern life. It is also the cornerstone of rural economic growth—supporting education and healthcare as well as business and industry. But as need for high-speed internet becomes more ubiquitous, between 6 and 12 percent of Americans lack access to high-speed internet, and rural residents are almost twice as likely as urban counterparts to have insufficient access to broadband.¹ High-speed internet strengthens connections within communities, as well as between rural America and the rest of the nation, providing new markets for rural business and giving people the ability to create and sustain rural economies. The 2018 Farm Bill recognized the power of connecting rural Americans and authorized programs to help close the digital divide. Among those that received funding are Community Connect, which provides financial assistance to applicants, like schools, that will provide broadband service in rural, economically challenged communities where service does not exist. The Distance Learning and Telemedicine (DLT) program also helps rural communities use telecommunications to connect to each other and to the world, overcoming the effects of remoteness and low population density.

Beginning in Fiscal Year 2018, Congress created the ReConnect pilot program, RD's most far-reaching broadband initiative. This program invests in physical infrastructure, designed to reach the most rural last-mile residents and provide them with future-proof high-speed internet so they can get—and stay—connected. Rural Development has invested a total of \$3.1 billion for this program, allowing RD to connect hundreds of thousands of people, businesses, and farms across the country. The Bipartisan Infrastructure Law provides \$65 billion to expand rural broadband, including \$2 billion for Rural Development's ReConnect program. RD recently announced \$468 million in Bipartisan Infrastructure Law funding—the first among federal partners to deploy funding on the ground. The 2023 farm bill is an opportunity for Congress to make permanent the ReConnect program and an opportunity to ensure the other broadband programs that USDA offers are responsive to community needs and with one another.

Rural Development also invests in rural infrastructure through its community programs, which provide financial resources for both local water and wastewater systems and rural community

¹ <https://www.americanprogress.org/article/rural-broadband-investments-promote-inclusive-economy/>

facilities. The Water and Wastewater Disposal grant and loan programs provide funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage to households and businesses in rural areas. The Farm Bill also authorizes programs to help provide technical assistance and training for rural water operators who may not otherwise have access to the tools they need to serve their communities. This program is notable because it is one of the few programs that Rural Development provides that is specifically designed to bolster community capacity and providing ongoing technical assistance and support, in addition to financial investment.

Community Facilities Programs offer direct loans, loan guarantees and grants to develop or improve essential public services and facilities in communities across rural America. These amenities help increase the competitiveness of rural communities in attracting and retaining businesses that provide employment and services for their residents. Of note, within Community Facilities there is a very small and very popular grant program called Rural Community Development Initiative that helps non-profit housing and community development organizations, low-income rural communities and federally recognized tribes support housing, community facilities and community and economic development projects in rural areas. This program could provide inspiration and a model for any Congressional interest in providing USDA Rural Development with tools and programs akin to those that the Department of Housing and Urban Development (HUD) has for supporting capacity building and technical assistance in community, as well as ensuring there are strong and sophisticated non-profit and public-sector organizations critical to community development that serve rural regions and tribal nations.

Reliable access to health care is a consistent challenge in rural communities and COVID-19 exacerbated this disparity. In response, the American Rescue Plan included a new Emergency Rural Health Care Grant program that provided \$500 million to assist rural communities with health services in the wake of the COVID-19 pandemic. The program was administered with two tracks, the first of which provided funds related to the COVID-19 response while the second, “impact grants” were specifically to advance ideas and solutions to solve regional rural health care problems and to support the long-term sustainability of rural health care. Long-term sustainability was defined as improved health outcomes, improved access to quality health care, and creating and maintaining sustainable economic development for small communities. Congress may want to look at the outcomes of these investments as it considers the 2023 Farm Bill and the role Rural Development can play in improving access to health care in rural communities.

As you know, essential community infrastructure is fundamental to ensuring rural areas are able to provide the same basic quality of life and services to residents as is enjoyed by those in urban areas. It’s also critical to ensuring that rural places can compete with urban and suburban communities in the 21st century knowledge economy and people can see a rural community as somewhere to live, work, and raise a family.

Rural Clean Energy

Energy production has long been a backbone of rural jobs, economies, and livelihoods. It is deeply rooted in the social and fiscal fabrics of rural communities and has contributed significantly to American prosperity. But, as the future of our human health and economic

output increasingly requires a robust response to climate change, market demands are shifting from fossil fuels to cleaner sources of energy. We must ensure that rural communities benefit from this transition with new revenue streams and new market opportunities that generate wealth that sticks and generates opportunity for rural people and places.

Rural communities are making the shift to different energy production and efficiency models in response to changing markets, but not without challenges. Rural Development is poised to be a dependable partner in this transition. To be clear, USDA Rural Development does not regulate U.S. energy entities. However, USDA Rural Development can utilize Farm Bill programs to provide incentives and expertise through its deep ties to rural communities, and long, trusted partnerships with rural electric cooperatives and producers.

For example, Rural Development's Rural Energy Savings Program, a relending program, provides zero interest loans to utilities to relend to residential, commercial, and industrial consumers for energy efficiency investments. The Rural Energy for America Program—which also serves biofuels and clean energy production—gives agricultural producers and rural small businesses a hands-on way to participate in climate-smart practices while also cutting energy costs. The transition to clean energy can be beneficial for utilities, customers, producers and rural communities alike—and provide savings and new markets for customers and producers.

I am grateful that Congress and the Biden-Harris Administration recognized the potential of these partnerships and the urgency of climate change, investing in the rural clean energy transition through the Inflation Reduction Act. The bill provides funding for energy transition—\$1 billion for electric loans for renewable energy storage and \$9.7 billion in financial assistance for rural cooperatives to purchase renewable energy systems. The bill also provides \$1.7 billion for the REAP, including \$304 million for underutilized technology, and \$500 million for biofuels infrastructure. This investment has the potential to be transformational and rural communities' expertise, skillsets, and deep experience in energy industries will be invaluable in the transition to clean energy. We recently held two productive listening sessions—attended by a total of more than 800 stakeholders from states across the country, like Indiana and Ohio—on these initiatives, and as we work to swiftly implement this legislation, I welcome continued feedback from Congress and stakeholders on these provisions.

Rural Markets & Economic Development

Despite significant changes in the rural economy over the past 50 years, small business, food and agriculture, and manufacturing remain the backbone of the rural economy. USDA Rural Development has a handful of rural business programs that are important contributors to rural business and job creation. From the Rural Business Development Program, Rural Cooperative Development Grants to the Intermediary Relending Program, and Value-Added Producer Grant Program, and Business & Industry Loan Guarantee Program, among others, RD has business development programs that provide business owners and entrepreneurs with access to affordable capital essential to business development, growth, and job creation.

While the funding level for these programs through annual appropriations is modest, the funding Congress provided to USDA through the American Rescue Plan and annual appropriations

measures to shore up the food supply chain has proven a proof point for the potential power of these programs and the underlying authorities of USDA RD's business programs.

For example, using the B&I Loan Guarantee Program as a model, Rural Development created a new Food Supply Chain Guaranteed Loan Program, which will back private lenders that invest in independently owned food processing, distribution and aggregation infrastructure, and other projects along the middle of the supply chain. Independently owned and available infrastructure such as cold storage, refrigerated trucks, and processing facilities are in short supply but essential to creating a more resilient food system. USDA has deployed \$100 million to make more than \$1 billion in guaranteed loans available immediately. RD recently announced \$12 million in awards under this program.

A second example, modeled on the Rural Business Development Grant program, Rural Development has created the Meat and Poultry Processing Expansion Program. These grants will help meat and poultry processors and other food businesses that are active in the middle of the food supply chain expand their capacity. This first phase will ultimately deploy \$150 million in grants up to \$25 million each to expand processing capacity through a variety of activities, including but not limited to construction, expansion of existing facilities, and the acquisition of equipment. RD recently announced \$73 million in awards through this program.

While USDA sees the investments in expanded meat and poultry processing capacity as one-time investments, the overarching effort is an example of how USDA RD can be a catalyst for systemic and transformational changes in the rural economy if complemented by new market opportunities and capacity building efforts to help communities best leverage these programs to forge their own future. These investments will help to create a more resilient supply chain and open new markets for producers and rural businesses by restoring rural jobs in rural places and empowering family-owned businesses.

Rural Housing

While RD's housing programs are not within the jurisdiction of the agriculture committee, but rather fall within the Committee on Banking, Housing, and Urban affairs, I'd be remiss not to mention them given the essential link between housing, economic prosperity and family wealth creation and the portion of the USDA RD budget, staff, and mission dedicated to housing programs.

USDA is committed to ensuring that people living in rural and tribal communities have equitable and affordable access to housing. The need for low and very low-income housing in rural communities is increasing. Not enough housing is available to meet the current or projected need. The portfolio is aging and revitalization funding is crucial to ensuring facilities are safe, sanitary and available. The Administration is working to improve delivery of rural housing programs and resources and has made requests in the FY '23 Budget to address key priorities such as climate and equity.

In the meantime, in FY22 RD provided 6,268 single family direct loans and guaranteed 71,832 private sector loans providing a total of 71,800 families with the opportunity for home ownership. Importantly, the Department provided 309,000 households with affordable rent through our Rental Assistance program and seeks to maintain this support in FY2023. The American Rescue Plan Act also allowed RHS to refinance 1,200 loans in the single-family portfolio.

Continued Commitment to Rural People and Places and Opportunities for Improvement

For decades, Rural Development has provided community infrastructure, built rural housing, and supported 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 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 some are dated and cumbersome to the point that working with Rural Development can be harder for communities than it should be. Within existing authorities and with limited budgets, we are working creatively with federal partners to pilot ways of providing communities with the partnership, technical assistance, access to information and focused support that they need to embrace a modern approach to community and economic development that puts equity at the center of development efforts and focuses on building wealth that sticks.

For example, Rural Partners Network (RPN) is an alliance of federal agencies and commissions led by Rural Development that is working directly with rural communities to expand rural prosperity through job creation, infrastructure development, and community improvement. RPN helps establish community networks in rural areas where local leaders and residents collaborate with civic and business organizations, nonprofits, service providers, development agencies and others to create new opportunities and build on the diversity of a region’s population and perspectives. This is possible because we are putting boots on the ground in these communities. They will receive on-the-ground support from full-time federal staff members assigned to provide technical assistance tailored to the community’s unique needs and objectives. These community liaisons live and work in the rural communities they serve, allowing them to develop partnerships with local leaders to promote growth and prosperity for rural families and local communities. RPN launched in April 2021 and is now in thirty-six communities in Alaska, Native American communities in Arizona, Georgia, Kentucky, Mississippi, New Mexico, Nevada, West Virginia, Wisconsin and Puerto Rico. RPN is a model of what is possible when community needs and priorities inform policy design and implementation decisions.

While we continue to innovate and do our very best to meet the needs of rural and tribal communities, USDA Rural Development could be an even better partner if this kind of innovation were part and parcel to our organization. Whether through providing additional

technical assistance to ease application burdens or helping small communities identify the best capital stack that makes sense for their circumstances, rural and tribal communities deserve a Rural Development that is as modern, flexible, and innovate as they are. 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 allow us to meet communities where they are to help them navigate the road to prosperity.

Conclusion

I have had the opportunity to travel across the country—from Arkansas and Michigan to Colonias and Tribal land—and meet with many of the people we serve. In these places, I have been able to hear your constituents' concerns and as well as their commitment to community and their optimism about the future. I too am optimistic and will continuing to fight for rural and tribal communities, and the farmers, ranchers, businesses, and families who sustain them.

Supported by the 2018 Farm Bill and significant additional investments, the Biden-Harris Administration and the U.S. Department of Agriculture are making once-in-a-generation investments in rural America that have the potential to transform rural communities and lives. Rural Development is poised to meet and expand our commitment to rural America, and with some additional tools in our toolbox I believe we can effectively deliver on its mission of building inclusive rural prosperity. I look forward to working with this Committee to support this mission.