Statement by Xochitl Torres Small Former Deputy Secretary for USDA Before the House Subcommittee on Commodity Markets, Digital Assets, and Rural Development

Chairman Johnson, Ranking Member Davis, and members of the subcommittee, thank you for the opportunity to come back to this great committee to discuss the work of Rural Development. I've had the opportunity to witness your commitment to rural people in many of your home districts, and it gives me great hope for the future of rural America.

When we talk about rural development, we're not talking about programs, policies, or procedures. We're talking about rural Americans, their lives, their hopes, and their ability to thrive in their hometown.

I grew up in Las Cruces, New Mexico, a small city where my grandparents immigrated as farmworkers. My mom was a teacher, my dad was a social worker and later a bus driver. But my summers were spent with my cousin in Bedrock, Colorado — a town of just a few dozen people. My uncle farmed and ran cattle, volunteered as a firefighter, and my aunt was a schoolteacher. At a young age, I knew how special rural life was. But I also saw the challenges — my aunt driving hours for doctors appointments and stretching pennies at home and in the classroom for the people and community she loved, my uncle rising before dawn to work but staying up late worried about loans, and my cousin, trying to balance her greatest hopes for her future with her indistinguishable love for the land they worked.

We know what happens when rural families are left behind. After the 2008 financial crisis, millions of Americans lost their homes. In rural communities, foreclosure didn't just take away houses. It took away stability, dignity, and in too many cases, hope. When I represented New Mexico's second congressional district — one of the largest, most rural districts in the country — I saw this firsthand. I worked with people who lost jobs when mining operations slowed and a coal power plant was closed. I held office hours in rural businesses that had been struggling since the interstate bypassed their main street. I met a woman who had to deliver her baby on the side of the road because the hospital was too far away. And I also saw incredible grit. Communities coming together to build a future, even when outsiders, including the federal government, had written them off.

Today, we continue to see the wounds of stilted economic development attempts that have left rural people behind. Rural people have higher rates of <u>suicide</u>, <u>fewer doctors</u>, less <u>treatment</u> for addiction, <u>lower wages</u>, and <u>higher morgage costs</u>. These wounds are

compounded by tariff threats to agricultural markets, a fearful labor force, and the double whammy of cuts to medicaid and food assistance on top of high prices and a turbulent economy. But that's why this committee is so crucial. I know all of us here today are united in our commitment to ensuring that the best days for rural places are ahead of us.

I think we all would agree that during both Democratic and Republican leadership, the federal government can lose touch with rural America. Too often, instead of listening to parents working hard just to make ends meet, Washington has shown up with a new program or policy aimed at fixing problems it doesn't fully understand with a process that's near impossible to navigate.

But I've also witnessed USDA showing up for rural America. I've seen local Rural Development staff support local visions for everything from a mobile meat processing unit to an urgent care facility to community irrigation ditches through the single most flexible Community Facilities program. I've witnessed how a main street can be transformed by loans to new businesses through the Intermediary Relending Program and the Rural Microentrepreneur Assistance Program. I've tasted the fruit of a farmer's cooperative that's getting a fairer share of the food dollar thanks to the Rural Business Cooperative Grant Program. I've met a farming family that was able to diversify its dairy operation and build hope for a third generation through the Value Added Producer Grant — a program that is now more reliable in spite of appropriations uncertainty thanks to mandatory funding in the Farm Bill.

Rural Development is a unicorn in the federal government. It's the only agency in Washington, D.C. that's sole mission is focused on rural America. Unlike other agencies that have to divide limited funds between cities and smaller places and work mostly with state entities for passthrough investments in rural America, Rural Development provides a direct pipeline to rural people. That's why Rural Development funds were the first to pay for construction of actual projects for high speed internet. It's also why, when I walked into meetings at the White House, I showed up not only with direct authority to help solve a challenge but also with perspective garnered through working directly with rural people — a perspective that's vital if we want rural Americans to have a stronger voice in this government.

USDA state and field staff, many of whom graduated from the local high school, sit in one-room offices with the only town employee and at kitchen tables with farmers and senior citizens. They cut through red tape and translate complicated policy into real solutions, one family, one farm, one main street at a time. Those employees don't work in a vacuum. In headquarters, I've worked with staff whose early experience providing Rural Development housing or water loans has made them more able to stretch

flexibilities so a town can rebuild after disaster, or to save thousands of hours in applications and reporting for rural people.

I know I'm preaching to the choir. Each of you have experienced the impact of Rural Development in your home districts. But each of you have also seen its limitations. Two challenges, one short term and one long term, threaten Rural Development's impact.

The first is staffing. Recent departure incentives and hiring freezes hobble an already struggling mission area and, ironically, undermine the stated goal to bring service closer to home. Rural Development already has offices in every state and employees living in the communities they serve. Now, those offices lack the engineers, authority, and experience to get vital projects approved, slowing investment and undermining hardwon trust of rural people. While I know this subcommittee is neither responsible for staff funding nor administrative decisions to pay employees to stop working, your oversight is invaluable at this crucial moment. The incentivized departures have left many state and field offices operating at half capacity. But it's even worse in some places. In Mississippi, 90% of the Rural Development staff was cut in the last year. Across the entire state and field office system, only 16 engineers remain-setting us back in our shared commitment to streamline permitting and environmental reviews. Vital projects are left, waiting for approval, on empty desks. Phone calls are going unanswered for months. These staff and the projects they were shepherding are all the more important as state and county budgets tighten due to medicaid cuts, lost Secure Rural School funding, and canceled infrastructure investments. Meanwhile, as this subcommittee works to ensure the Rural Development title of the Farm Bill gets the attention it deserves, a team at USDA headquarters will be vital to provide technical assistance. Once a Farm Bill is passed, it's those same USDA employees who will be responsible for delivering on your priorities.

Let me be very clear: the problem I'm raising here today isn't simply that federal staffing was cut. The real problem is that those cuts happened without consulting the very people they affect. Rural Americans are more than willing to tell us what's working and what isn't — but only if we take the time to listen.

And that brings me to my second point.

I remember the first time I caught myself saying "we've got a program for that" in response to a challenge. While I was in Rural Development, we connected people to high speed internet at an unprecedented level. We supported affordable, clean, reliable energy for rural electric cooperatives and diverse revenue sources for farming operations. We kept people from being evicted in the midst of a pandemic and an economic crisis. But we also created too many programs. During my tenure, we went from around 50 programs to over

70. And while each of those programs was carefully designed for specific, vital impacts, few of them were straightforward enough for small towns with a volunteer mayor and a part time employee. Few of them were flexible enough to meet the needs, not only of today but also for the town's vision for tomorrow.

When I talk with people working to make a difference for the rural places they live, they ask for straightforward applications with flexibility to support a strategy that fits their community and leverages regional assets. They also want to know what I've seen in other places that might inform how they solve the challenges they're facing. And, they want a reporting system that won't be so complex that the loan or grant is more trouble than it's worth. In the long term, we need to pivot from a "there's a program for that" mindset to "we'll invest in your strategy, here's some people who've found success with similar efforts, and we'll be with you to support the success of your project and share lessons learned across rural America."

On straightforward applications with flexibility: While authorizing more programs to claim credit for fixing a problem may provide quick wins, it creates false promises for constituents and overburdens the agencies charged with administering them. Congress is uniquely positioned to consolidate programs and invest funding into the most flexible programs, like Community Facilities. As flexible as Community Facilities is, there are opportunities to make it even more dynamic to fit emerging rural needs. Rural Development has spent years trying to expand these flexibilities through regulation. But Congress could do it even faster. Additionally, mandatory funds could also help avoid the growing challenge of increased Community Facilities funding being earmarked for favored projects, leaving less-connected communities with far fewer options. For water and wastewater investments, loans should be available with 0% and 1% financing, which would allow Rural Development staff the flexibility to serve some of the hardest to reach places across the country. Increased multi-year support and technical assistance funding would also allow towns and communities to build up experience and knowhow, along with the time necessary to plan for a better future, apply for funding, and handle reporting necessary for fiduciary responsibility when they receive an investment.

On regional assets: I've seen how regional approaches leverage comparative advantages for a broad swath of people, but I've also seen rural communities left out of regional planning that target benefits to surrounding cities. Investments like Rural Innovation Stronger Economy (RISE) Grants provide support for smaller towns to not only be part of regional strategies, but help drive them. For communities that aren't quite ready for a RISE grant, local USDA staff, working in connection with headquarters staff can give rural places a running start. Programs like the Rural Partners Network invest in local USDA

staff with ties to community and leverage USDA headquarters staff who can convene engagement with other federal agencies.

On building on past experiences and learning from our mistakes: One of my favorite things about working at Rural Development was that I got to see so many sides of rural America. Frontier communities in southeast Alaska are wildly different from the small towns that dot the lowa plains. Visiting with people from so many places gave me a respect for specific challenges and common themes. Rural Development's ability to be both in a specific place and connected to the broader picture provides incredible opportunities for learning and innovation. Bipartisan initiatives like the Rural Development Innovation Center included in last year's Farm Bill can capitalize on Rural Development's unique strengths. Such a center should focus on best practices to common challenges, incorporating local knowledge, and the rigorous program review and regulatory process necessary to streamline applications and programs discussed in my first point. For years, rural Americans have been telling us they don't believe USDA programs reach the people working hardest to get by. And they're right — too often, dollars flow to pet projects instead of the families and communities who need them most. That's why we need to build a culture of evidence and analysis in rural policy that centers local experts.

This is what rural development should be about: not more promises, but accountability, results, and respect for rural voices. Because rural development isn't about programs. It's about people. And the rural way of life is worth fighting for. That's going to take more than a skinny Farm Bill to fix, and it requires a fully functioning Rural Development to support innovative policy makers in Congress. If we stand together, listen to the rural people we depend on for food, fiber, energy and land stewardship, and invest in their ideas, there is no limit to rural America's future.

Thank you for your time and your partnership.