

Budget

Senate, House Diverge Over Broadband Loan Funding

by [David Hatch](#)

The Senate and House diverge sharply on proposed fiscal 2008 funding for a federal program that provides loans to rural areas to spur deployment of high-speed Internet access.

The Senate Appropriations Committee has recommended nearly \$500 million for the broadband component of the Agriculture Department's Rural Utilities Service. But a House-passed spending bill would only provide \$300 million.

In February, the Bush administration proposed \$300 million for the initiative, which provides loans to communities with populations of 20,000 or less to enable broadband deployment. Congress has appropriated \$495 million for the effort in fiscal 2007.

The annual spending measures are closer on another tech-related item. The Senate bill, S. 1859, would devote \$34.8 million to telemedicine and distance-learning grants in rural areas, while the House version, H.R. 3161, would allocate \$35 million.

In July, the Senate Appropriations Committee approved its version, which is to be considered on the floor in September. The House passed its bill Aug. 2 by a vote of 237-18.

The loan initiative, which has provided more than 70 loans totaling \$1.2 billion since its creation five years ago, is the subject of scrutiny on Capitol Hill. Critics include Sens. **Pat Roberts**, R-Kan., and **Ken Salazar**, D-Colo., who offered legislation in May to overhaul the program and ensure that support reaches communities that need it the most.

In July, Rep. Zack Space, D-Ohio, amended a bill to reauthorize farm programs with similar language. In a videotaped interview with the U.S. Telecom Association released Tuesday, he said the loans should be "more accessible" to companies desiring to participate.

"If you're a manufacturing plant thinking about expanding and you're in southeastern Ohio," he said, "you're going to think twice if you don't have access to broadband."

In a committee report accompanying the House bill, appropriators were blunt in their criticism. "We continue to have reservations about this program," the report said. "Since

the inception of the loan program, the department has failed to obligate available resources to fund viable broadband projects."

The report added that it's one thing for the federal government to help expand broadband and distance learning. "It is quite another for the government to both compete with and undermine the private sector where they would operate except for being undercut by the government."

By contrast, the accompanying Senate report does not criticize the initiative, a possible reflection of its importance to senators representing rural constituencies.

The Agriculture Department declined to comment for this story. In May, the department proposed several changes in the broadband program in an effort to respond to lawmakers' concerns. It hopes to issue new rules this year.

Thomas Dorr, undersecretary for rural development at the agency, told the U.S. Telecom Association in another videotaped interview that the department is simplifying the application process, improving its "targeting" of underserved areas and enhancing the incentives it offers.