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Workers question double standard in unemployment vote

By RUFFIN PREVOST WyoFile.com

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A worker installs steel reinforcing bars in 2009 during construction of a new pool in Powell.
RUFFIN PREVOST/WyoFile

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CODY, Wyo. — Before Wyoming felt the cumulative effects of the 2007 credit crunch, the 2008 real estate collapse and a punishing national recession, homebuilder Nick Randol had 15 people working for his construction company. Today, he employs four.

"A two-year drought of work hasn't been real prosperous, or even profitable," said Randol, a general contractor in Cody who has seen some of his former employees file for unemployment, while others found work in the agricultural sector.

Construction workers, industry advocates and employers like Randol were looking for help from a state bill introduced Jan. 28 by Rep. Cathy Connolly, D-Laramie. Connolly's proposed changes to state employment law would have brought Wyoming \$24 million in newly available federal unemployment benefits for more than 4,500 workers over 13 weeks. Another \$14.2 million in federal money would have funded additional benefits and programs, with the bulk going to train unemployed workers.

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But the measure failed Feb. 7 by a 34-25 vote after a debate in which opponents said they were against accepting federal funds for extending benefits, and that unemployment insurance payments are dissuade workers from finding new jobs. No Democrats voted against the bill, and 15 Republicans voted for it.

After the measure failed, some were left wondering whether there is a double standard in how some Wyoming elected officials view federal assistance programs. Subsidies continue for Wyoming farmers, including to several of the legislators who voted not to extend unemployment benefits.

Public records compiled by WyoFile show that five representatives who opposed extending payments for unemployed workers have benefited from a combined total of nearly \$2 million in federal assistance since 1995 from the U.S. Department of Agriculture's farm subsidy programs. Among those who voted against the measure were Rep. John Eklund, Jr., Cheyenne; Rep. Hans Hunt, Newcastle; Rep. Lorraine K. Quarberg, Thermopolis; Rep. Mark A. Semlek, Moorcroft; and Rep. Matt Teeters,

Lingle. All five are Republicans, and each has received farm subsidy payments. Gov. Matt Mead, who said weeks after the unemployment vote that he agreed with the decision, also has received farm subsidy payments.

Randol said he had seen plenty of news about help for sugar beet farmers, for instance, after the USDA designated Park and Big Horn counties eligible for federal aid following a cold snap in October 2009.

"So I've been sitting here wondering to myself, 'Who's helping the construction guys?' I've been sitting here swallowing it," he said.

But rather than extend unemployment benefits for contractors, it makes more sense to end most financial assistance programs for farmers and other special interests, Randol said.

Perverse incentives

Teeters, a Lingle rancher, said he opposed Connolly's bill because he did not want to "create a perverse incentive that would keep people from trying to find a job." He said he saw no double standard, calling it "comparing apples and oranges."

USDA records show H & T Ranch Co. — a family farming and ranching operation in which Teeters says he has "a very small, minority stake" — received \$869,367 in farm subsidies from 1995 to 2009, the most recent year for which figures are available. That includes \$738,916 in conservation payments and \$47,473 in disaster payments. An additional \$82,978 in direct commodity subsidy payments includes \$38,375 for wheat, \$31,976 for corn, \$671 for barley and \$120 for oats.

Teeters also personally received \$119,916 in conservation subsidies in 2004-09. Those payments, \$19,986 each year, are for the Conservation Reserve Program, which "is where the federal government takes land out of production," Teeters said. He said he purchased the land after it was already enrolled in CRP, and "the enrollment stays with the property."

Teeters said he understood how some might view CRP and other farm subsidy programs as creating the same "perverse incentives" he sought to avoid.

"But if you're going to be competitive in this industry, for you to not take the payments puts you at a real disadvantage compared to everyone else in your community," he said, adding that farm subsidy payments are "very pervasive" in his area.

Fair question

Semlek, a Moorcroft rancher, said the double standard question was fair and that it was "a good debate to have." He opposed Connolly's bill partly because "we're at 5-6 percent on unemployment, and the assumption many of us make is that's nearly full employment in Wyoming."

The state's jobless rate stood at 6.2 percent in February, the most recent month for which figures were available. In January 2008, the state's seasonally adjusted unemployment rate was 2.7 percent. Semlek said he questioned whether people remained unemployed because they couldn't find work "or is it because people can't get employed in the job they want?"

USDA records show Semlek has received \$123,435 in farm subsidy payments from 1995 to 2009. Of that, \$59,225 was for disaster payments, while \$15,633 was for commodity subsidies, including \$7,991 for wheat, \$4,468 for barley and \$1,779 for corn. He received \$48,577 in conservation subsidies, which Semlek said included some cost-share payments for water development projects.

Semlek said he was concerned about the "growing nature of our culture to lean harder on assistance" like unemployment benefits and farm subsidies.

"I don't know that I can spend a lot of time trying to defend one position over the other. Neither one of them are means-tested," he said, adding that farm subsidies "probably should be," particularly in light of abuses of the program by corporate mega-farms.

Hard decision

Eklund said his vote against the bill was a "hard decision" that "could have gone either way," but he thought the bill's details were poorly explained.

"We're not doing people much of a favor by keeping them on a welfare check for any length of time," said Eklund, a Cheyenne-area rancher.

Eklund said he was "a little surprised" to hear that he had received \$298,966 in total farm subsidy payments from 1995-2009. That includes \$59,723 in conservation subsidies, \$106,390 in disaster payments and \$132,853 in commodity subsidies. The commodity total includes \$123,019 for wheat and \$388 for oats.

He said that during some years, his crop insurance payments were greater than what he received in the form of disaster loss compensation, typically for hail or drought. Eklund said he understood why some who are out of work might see a double standard in his vote, and that "the number one issue facing the entire country is unemployment."

"I'm not necessarily in favor of the farm subsidy program," he said. "I've benefited somewhat by it, but we virtually never base any of the (ranching) decisions on what types of subsidies there are and how they pay out."

Needed for competition

Hunt, a Newcastle rancher, said he was unaware at the time he voted against the bill that the construction sector was suffering from such high unemployment. There is no double standard behind his vote, he said.

"I don't see a very strong relationship between unemployment benefits and farm payments," he said.

Hunt said he operates a family ranching business that includes his mother. USDA records list Hunt as owning an 11.2 percent stake in a family partnership that received \$16,392 in subsidy payments from 2005 to 2008. That total includes \$6,670 in

conservation payments and \$9,722 in disaster payments. Hunt also personally received \$108 in disaster payments in 2004 that he said was for drought relief. "I'm not saying I'm necessarily in favor of farm subsidies," Hunt said, adding that many farmers almost have to take them to stay competitive. "In some respects, the ag industry is every bit as much a leech in taking what it can get out of the government as any sector receiving money from the government."

Deal breaker

"I made a concerted effort this year that I was not going to get involved in any new federal programs that had strings attached. It's our tax dollars going into the system," said Quarberg, a Thermopolis economic development consultant.

She said one part of the bill was a "deal breaker" — a provision in the federal conditions for providing money to states that precluded legislators from including an automatic cut-off date for extended unemployment benefits.

"When all these programs go away, we don't know where the state of Wyoming is going to get the money to continue the programs we started," she said.

Quarberg's husband, DeLoyd, is listed in USDA records as receiving a total of \$46,419 in farm subsidies from 2005 to 2006. Of that total, \$7,000 was for conservation payments and \$1,659 was for disaster payments. Out of \$37,760 in commodity payments, \$35,104 was for barley, \$2,244 was for corn and \$412 was for oats.

Quarberg said she did not recall all details of the subsidies, but she knew that some went to installing gated irrigation pipe to help conserve water. "It was grant money, was what it was," she said. "If you want to call it a subsidy, you can."

She referred further questions to her husband, who managed the ranch.

DeLoyd Quarberg said the upgrade to irrigation equipment that was partially funded through the USDA "benefits the entire community." In some years, his payments into the crop insurance programs were more than what he received back, and he once lost

close to \$50,000 from crop damage and received no coverage payments, he said. Direct commodity payments for crops like oats and corn "were to try to bring the American farmer into line with what was going on with" foreign-grown crops, he said. The Quarbergs sold their ranch in 2005, he said, paying off completely a \$440,000 farm ownership loan guaranteed through the federal Farm Service Agency.

"We got the loan through a local bank, and then they went and got a guarantee from Farm Service Agency," DeLoyd Quarberg said.

According to a USDA fact sheet and information on the agency's web site, FSA makes direct and guaranteed low-interest loans to farmers and ranchers who cannot otherwise obtain commercial credit from a bank or other lender.

'Right decision'

Gov. Matt Mead said in a March 4 press conference at the end of the legislative session that it was "the right decision" to reject federal funds to extend unemployment benefits. No bill on the issue ever reached Mead's desk, but he backed lawmakers who opposed the measure because, in part, "Wyoming is in a better place than other states."

USDA records show that Mead Land and Livestock, which the governor owns with his wife, received \$49,149 in farm subsidies from 2007-08. That amount includes conservation subsidy payments of \$43,620 and \$255. Commodity subsidy payments totaling \$5,274 included \$4,276 for corn, \$715 for wheat, \$271 for barley and \$12 for oats.

According to campaign finance records filed with the Wyoming Secretary of State, Mead spent more than \$1.2 million of his own money on his 2010 gubernatorial campaign.

Mead declined an interview request, instead issuing a written statement.

"Any time we are opening the state up to ongoing spending, we have to proceed with caution. The bill in question had a provision that would not have expired and would have meant a long-term commitment from Wyoming," he said in the statement.

"I also realize how much the construction industry in Wyoming is hurting. That is why I drew a line in the sand as soon as I took office, saying that we must make sure our contractor preference law is enhanced and enforced so that Wyoming dollars go to Wyoming companies and get our local folks back to work," Mead's statement continued. "They want to receive a paycheck, rather than an unemployment check, and with that in mind, I will continue my efforts towards job and economic growth in our state."

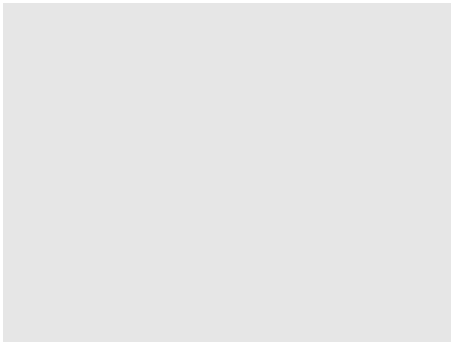
Connolly, the bill's sponsor, said critics were incorrect in claiming it represented an open-ended spending commitment for the state. Wyoming Department of Employment estimates showed that federal funds for benefits under the bill would last one to three years, depending on the program, and legislators could easily vote in winter 2012 to discontinue benefits, she said.

Mead spokesman Renny MacKay said he understood why some might compare unemployment benefits to direct subsidy payments for commodity crops, but he did not see a fair comparison to conservation subsidy payments like those made to Mead under USDA's Environmental Quality Incentives Program.

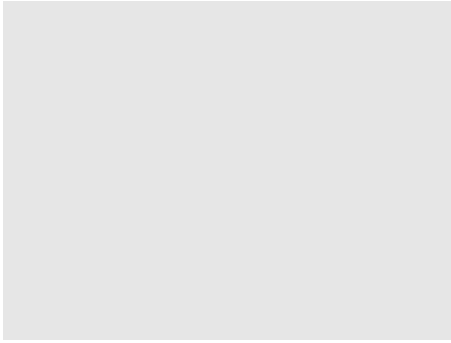
Mead used federal assistance from EQIP to help fund improvements to irrigation systems in an effort to conserve water, a move that would benefit others by making more water available for everyone, McKay said.

EQIP is described in a May 2008 fact sheet from USDA as "a voluntary program that provides financial and technical assistance to farmers and ranchers who face threats to soil, water, air and related natural resources on their land."

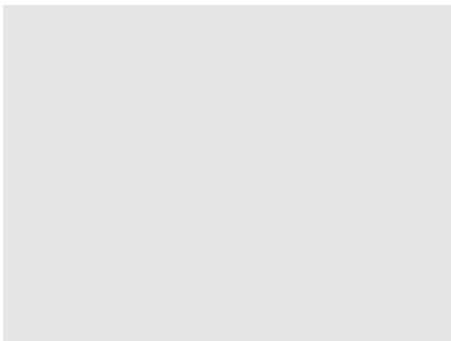
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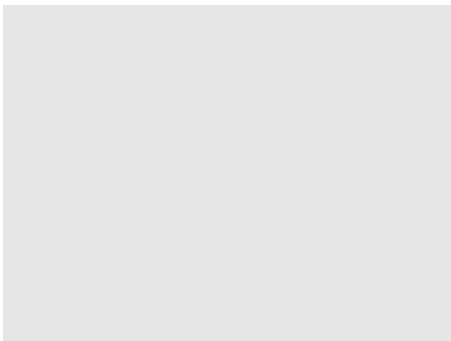
Rep. Matt Teeters, R-Lingle
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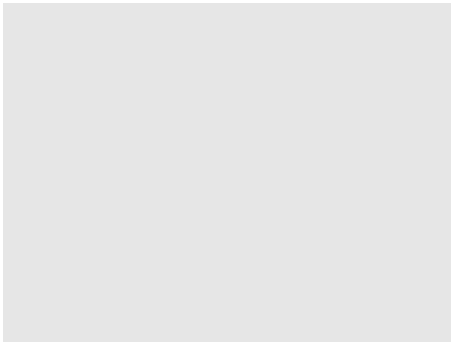
Semlek
Donn Bruns/Lifestyle Photography



Eklund
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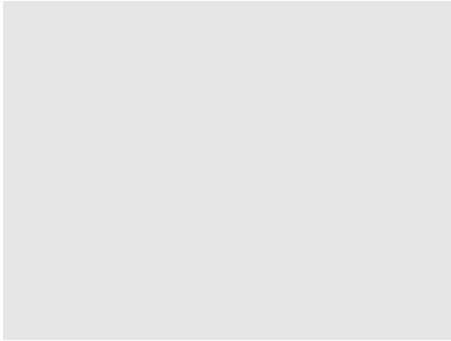


Hunt
Donn Bruns/Lifestyle Photography



Quarberg

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Mead

About this series

The construction industry backed a bill introduced during the recently completed Wyoming legislative session that would have allowed the state to accept federal funds to extend unemployment benefits for many workers. The bill failed, but some representatives, including at least five who voted against it, accept federal farm subsidies, a different kind of federal financial assistance.

Aid Debate, a WyoFile special report, looks at whether there is a double standard in how some legislators view different forms of federal assistance, how America's farm subsidy system doesn't necessarily make a priority of helping the nation's smallest agricultural producers and how Wyoming's construction industry continues to struggle despite the slowly improving economy.