



NEW YORK STATE SENATOR

George Onorato

Senator Onorato Renews Call For Unemployment Benefit Increase As New York City's Jobless Rate Exceeds National Rate

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Senator's Bill Would Hike Maximum Weekly Benefits,
Address Unemployment Insurance Trust Fund Insolvency

With New York City's 9.6 percent unemployment rate now surpassing the national rate of 9.4 percent, and with the City's jobless rate at its highest since 1997, State Senator George Onorato (D-Queens) today renewed his call for action on unemployment insurance reform legislation ([S.2245](#)) he sponsors to gradually increase weekly benefits and help restore solvency to New York's Unemployment Insurance Trust Fund.

"Nationwide, according to the Bureau of Labor Statistics, there is only one job opening for every six people seeking work," said Senator Onorato, the chairman of the State Senate Labor Committee. "Clearly, we need to take action to help jobless New Yorkers make ends meet while they're searching for work, and raising maximum weekly unemployment benefits is an important part of that plan."

The Senator's legislation would gradually increase maximum weekly unemployment

benefits from the current \$405 a week to \$625 by 2012. Over this same period of time, employer contributions to New York's Unemployment Trust Fund would gradually increase to help return the Fund to solvency. Neither maximum benefits nor employer contributions to the Trust Fund have been raised in more than a decade.

Senator Onorato noted that the recent decrease in New York's jobless rate, from 851,100 in June to 835,900 in July, doesn't necessarily mean that unemployment is improving in the state. "The official unemployment rate does not reflect workers who have become discouraged and have stopped looking for work, or part-time workers who would prefer full-time jobs," he said. "So the real number of unemployed New Yorkers is most likely significantly higher than the 'official' rate would have us believe."

The Senator noted that joblessness among black and Hispanic workers in New York State is very high. A study conducted by the Fiscal Policy Institute and National Employment Law Project found, for example, that while the official unemployment rate stands at 15.2 percent for black males in the state, the real rate is closer to 20 percent.

"New York's unemployed already collect much lower benefits than jobless residents in our neighboring states, and the level of employer contributions to New York's Unemployment Trust Fund is also much lower," Senator Onorato said. "This leaves us with two serious problems: our jobless residents are trying to make ends meet on benefits that place them below the poverty level, and we have a bankrupt Trust Fund that will ultimately cost New York's businesses more money in higher federal taxes." An insolvent Trust Fund means that the federal tax credit employers usually receive against their 6.2 percent federal unemployment taxes will be drastically reduced to less than one percent.

In New Jersey, the weekly maximum benefit rate is \$584, while jobless workers in

Connecticut can collect \$519 a week, and unemployed Massachusetts workers can receive up to \$628. In New York, the “taxable wage base,” which determines employer contributions to the Trust Fund, is based on the first \$8,500 of an employee’s wages. In New Jersey, the taxable wage base is \$28,900, while Connecticut’s stands at \$15,000 and Massachusetts at \$14,000.

“Increasing the taxable wage base is the fiscally responsible thing to do, as other states have realized,” said Senator Onorato. “By taking this action to keep the Trust Fund solvent, we will be saving the state money.” The Trust Fund is currently bankrupt, and the state will need to borrow \$2 billion by the end of this year and \$1 billion each year after that from the federal government in order to pay benefits to jobless workers. New York will owe more than \$200 million in interest on this loan by 2011, which will increase every year and will need to be paid out of New York’s General Fund. “That debt, and our failure to act now to address it, will end up hurting all New Yorkers,” the Senator pointed out.

The Queens lawmaker noted that job losses are hitting all sectors of the economy and all occupations. “From painters to bookkeepers, and everywhere in between, hundreds of thousands of New Yorkers have lost their livelihoods and are trying desperately to get by on inadequate benefits,” he said, noting that his recent “Faces of the Unemployed” press conference featured the personal stories of unemployed residents from different occupations and wage levels.

“With the Senate scheduled to return to Albany next week, 2009 must be the year that we address New York’s low benefit rates and taxable wage rates,” he said. “We are lagging behind other states on both fronts, and we need to lend a helping hand to New Yorkers as they try to weather this recession and keep their heads above water.”

The Senator's unemployment insurance reform bill, which is co-sponsored by 22 other senators, has been approved by the Senate Labor and Finance Committees, and is currently on third reading.

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