



NEW YORK STATE SENATOR

Mario R. Mattera

## Senate Republicans: Fix New York's Broken Unemployment System Now

MARIO R. MATTERA May 5, 2021

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Senator Mario R. Mattera (2nd Senate District) joined with Senate Republican Leader Robert Ort and his colleagues in the Senate Republican Conference to call on the State Legislature and Cuomo administration to fix multiple issues that continue to plague New York's broken unemployment system. The coalition also proposed additional measures that would provide relief to New Yorkers who continue to struggle as a result of the pandemic.

More than a year after millions of New Yorkers were put out of work due to the pandemic and COVID-related restrictions, there continues to be a multitude of technical issues with the state unemployment system. In addition, several proposals to provide additional relief for struggling New Yorkers who often couldn't access their benefits for months at a time have been stymied or ignored.

“Every single state office has been inundated with requests for unemployment assistance and we need to make sure that we continue to pressure New York State to fix the ongoing issues our residents face. While we all agree that we must protect our taxpayers from fraud, it is imperative that the State provides New Yorkers with the assistance they need so they can feed their families. These hardworking men and women, who are in financial distress through no fault of their own, need to know that their state is there for them in their most troubling hour,” stated Senator Mattera.

“At the height of the pandemic, thousands of our fellow New Yorkers tragically lost their lives, and countless more lost their livelihoods. In far too many cases, our state government failed those struggling with economic insecurity last year, but nowhere were these failings clearer than in our state's broken unemployment system. Every single lawmaker on both sides of the aisle has the same story: hundreds if not thousands of callers all begging our offices for some help to collect their life-saving benefits. First, we must examine what went wrong at the Department of Labor so we're better prepared for the next time. While this is occurring, the state also has an obligation to make long-term investments for our future by providing these neglected New Yorkers with some much-needed relief,” said Leader Ortt.

Specifically, Senate Republicans are calling for:

- A complete, forensic audit of the state's IT systems to identify failures and weaknesses, and to strengthen the digital infrastructure to avoid future catastrophic failures in the

future; and

- An accurate and honest assessment of potential fraud and efforts to recoup it, particularly as the state's unemployment insurance fund is facing a \$10 billion deficit, leading to dramatic increases in costs to our small businesses.

"Over a year into the pandemic and I still hear from constituents who are shut out by an ineffective, failing unemployment system. Additionally, many who never applied for assistance are now the victims of fraud. Individuals and families hanging on by a thread are not receiving crucial help, and crooks are taking advantage of a shoddy, vulnerable network. Along with providing immediate assistance to those currently suffering we must reinforce the overall effectiveness and security of our unemployment system – which is what my legislation and these Senate Republican initiatives will accomplish," said Senator Oberacker.

"We cannot effectively reform this broken system unless we first have full transparency surrounding its operations and problems, particularly the magnitude of fraud losses. The Department of Labor's persistent refusal to answer questions about how much money was stolen from taxpayers is troubling and yet another instance of this administration's lack of openness on critical data that should be public record. California and many other states have forthrightly reported on their losses due to fraudulent claims and New York State should do the same. Their secrecy is an affront to our small businesses who are being hit with exorbitant rate increases to replenish the system and to all New Yorkers who deserve accountability on this issue," said Senator George Borrello.

In addition, Senate Republicans are calling for action on measures to provide immediate, financial relief to struggling New Yorkers, including:

- A state tax break of up to \$10,200 on unemployment benefits collected during the pandemic last year, which would be in line with recently enacted federal exemption; and
- A one-time forgiveness for unemployment overpayments, which the state Department of Labor is currently trying to claw back from struggling New Yorkers.

In the last COVID stimulus package, the federal government waived federal tax on up to \$10,200 of 2020 unemployment benefits for households earning up to \$150,000. Although states were afforded the same option to exclude unemployment benefits from taxable income, New York has so far declined, and is one of only 11 states to not take advantage of this significant tax break as the May 17 filing date fast approaches.

To add to the uncertainty of many New Yorkers who collected unemployment, recent reports and constituent calls from around the state signify the state Department of Labor is in the process of clawing back thousands of dollars in “overpayments.” One email provided by a constituent suggested the Department of Labor’s “internal review process identified a group of roughly 166,000 New Yorkers who received one or two duplicate payments, which total approximately \$145 million.”

“Those who faced unemployment because of the pandemic have been struggling to pay their mortgages, put food on the table and provide for their families. Many have no job to return to because their businesses went belly-up. They should not have to pay state taxes on the first \$10,200 of their unemployment insurance when the federal government is giving them an income tax exemption on the same benefit. There are currently 38 bi-partisan sponsors on Senate Bill S.5125A to provide jobless citizens with that tax exemption, which is well over the 32 votes needed to pass the bill. This tax break should be brought to the Senate Floor for a vote this week in advance of the May 17th tax filing deadline to provide relief to these

beleaguered workers,” said Senator Jim Tedisco.

“From the day New York went on ‘PAUSE’, the state’s unemployment system has been an unmitigated disaster. New York is supposed to be one of the technology capitals of the world and over one year after the pandemic first began, there is absolutely no excuse for these ongoing problems to continue plaguing those we serve. This is bureaucracy at its absolute worst. Thousands of New Yorkers remain out of work as a direct result of state actions, and it is the state’s responsibility to ensure that fixing these issues is at the top of the priority list,” said Senator Sue Serino.

New York’s broken unemployment system has also negatively affected the small business community throughout the state, as the current \$10 billion hole in the unemployment insurance fund has already sent premiums skyrocketing, furthering the closure and/or relocation of even more jobs and job creators. The substantial increase in unemployment insurance rate hikes for New York businesses comes after the State Legislature and Governor passed into law a measure that was supposed to keep COVID-related closures from affecting a business owner’s experience rating. Unfortunately, the bill did not prevent the state from raising rates to replenish the fund.