



NEW YORK STATE SENATOR

George M. Borrello

Senator Borrello and Republican Colleagues Call on Governor to Repay Unemployment Insurance (UI) Debt

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ALBANY – In the wake of a damning State Comptroller’s [audit](#) that found significant fraud and failures in the New York State Department of Labor’s administration of pandemic unemployment claims, Senator George Borrello and his Republican colleagues today called on Governor Hochul to include funding in the upcoming state budget to pay down the \$7.8 billion in unemployment system debt accumulated during the crisis.

“In the early days of the pandemic when the state shut down our economy, I recognized immediately that New York’s businesses were going to be financially devastated, particularly our small businesses as they were disproportionately harmed by the mandates,” said Senator Borrello. “However, I believed that state leaders would ultimately take responsibility for their actions, recognizing that the surge in claims was not the fault of employers, but the result of the forced closures.”

“Yet, over the past year it became clear that I was wrong; state leaders had no intention of repaying the billions they borrowed from the federal government to cover the claims. Instead, their plan was to allow New York’s businesses to bail them out,” Sen. Borrello continued. “Even as most other states used their federal pandemic relief funds to pay off their UI debt, New York State leaders took another route: they went on a reckless state budget spending spree and allocated zero state or federal funds to pay off the debt they created.”

Senator Borrello noted that while the government-mandated closures alone should have been enough justification for the state to take responsibility, the Comptroller’s findings of at least \$11 billion lost to fraud due to the Department’s lax oversight and mismanagement has only added fuel to demands by legislators and business groups that the state be held accountable for the UI debt.

“The Department was warned as far back as 2010 that its outdated system was inadequate and lacked appropriate security. Yet, the agency failed to make recommended updates in the decade leading up to the COVID crisis. They also overrode existing controls and failed to adapt their processes even once they realized the problems that were occurring. This all set the stage for the catastrophe that occurred,” said Sen. Borrello.

“Even after the peak of the COVID crisis had passed, the Labor Department allowed anyone to claim and receive unemployment benefits for any reason, while ignoring challenges to these claims from employers who were desperately trying to get their workers to return to work. This unemployment benefits ‘free-for-all’ fueled more fraud and abuse,” he said. “The administration owns this fiasco and the debt that resulted.”

“It is unfair and unreasonable to expect New York employers to pick up the tab for the state’s mistakes. We urge the Governor and legislative leaders to accept responsibility and allocate funding in the upcoming budget to repay the federal government. It is simply the right thing to do,” he concluded.

The letter sent to Governor Hochul by Senator Borrello and his colleagues is attached.

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