

Testimony of John Smith on
How New York's Partial Unemployment Insurance Rules Are Hurting
Part-Time Workers Like Me During the COVID-19 Crisis

Before the Joint New York State Senate and Assembly Public Hearing on
the Impact of COVID-19 on the Workforce

Aug. 13, 2020

My name is John Smith. I live in Manhattan and for many years I have worked full-time in the development department of a university in the city earning a salary of about \$90,000 a year. I am also trained as a social worker and I supplement my income by working part-time as a therapist for an organization that provides counseling services.

In the spring of 2020, as the COVID-19 crisis hit, I was furloughed and then permanently laid off from my university job, causing me to lose the bulk of my income. The university has told me that in light of their budget problems resulting from COVID-19, I cannot expect to be called back.

After an initial interruption, I have been able to continue working at my part-time therapy job where I see five patients a week and am paid about \$140 total (\$28 a session).

I applied for unemployment and would have qualified for \$504 a week – plus the \$600 a week federal supplement. However, that's when New York's "partial unemployment insurance" or Partial UI rule kicked in. The \$504 a week New York unemployment benefit was reduced by 25% or \$126 because of I have continued my part-time therapy job one day a week, causing my New York unemployment benefit to drop to \$378 a week (before taxes). That means for working that one day, I end up netting just \$14 more a week.

And the only reason I net anything at all is because I have told my clients that I need to see them all on the same day of the week. They have been accommodating of that need, but it isn't always easy for them or for me. The reason I need to do that is because, under New York's Partial UI rule, if I see even just one client for a 45 minute session on another day of the week, I will lose 25% more of my state unemployment benefits or 50% total – causing my income to drop by \$126 more. That would mean that for working about 5 hours and earning \$140 I would be losing \$252 in unemployment benefits.

It's not easy for anyone who loses their job to live off of unemployment. My weekly pre-tax income has dropped by about 50% from \$1870 to \$978 (\$378 in state unemployment plus the \$600 federal supplement). And now the \$600 federal supplement has ended and, if it is extended, people say it likely will be lower.

New York's Partial UI rule makes all of that worse. As I've explained, it means that by working part-time, I barely net any additional income. And if I weren't able to squeeze all of my part-time hours into a single day, then I would actually be much worse off, losing a lot of income by working part-time.

My understanding is that most other states allow unemployed workers like me who return to work part-time to keep some or all of their unemployment benefits – and that in most states, my \$140 in part-time earnings would not cause me to lose any unemployment benefits at all, regardless how many days a week it was spread over. And that if I decided to try to expand my therapy practice into a full-time job by gradually working more hours on more days of the week, in most states my unemployment benefits would eventually start to phase out once I started earning \$300 or \$400 a week, but would do so gradually so that I would always keep more of the extra earnings than I would lose in unemployment benefits.

As New York’s economy continues to reopen, more and more unemployed workers are going to be hurt by the state’s Partial UI rule. If they squeeze all their part-time hours into a single day, they may like me break even. But I’m guessing that most part-time workers in New York work in jobs where they may not be able to control their schedules like that. Those workers will lose far more in unemployment benefits under the New York rule than they will earn from their part-time work – causing them extreme hardship.

At a time when it is uncertain whether the federal UI supplement will continue – and if it does, it will likely be cut back from \$600 a week – New York’s Partial UI rule makes a bad situation for New York’s unemployed workers even worse. I urge the legislature to change New York’s Partial UI rule to follow the approach that almost all of the other states take. With millions of New Yorkers out of work and the state’s economy reopening, the issue couldn’t be more urgent.

Thank you for the opportunity to submit this testimony.