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April 19, 2021

Commissioner Roberta Reardon  
New York State Department of Labor  
Bldg. 12, W.A. Harriman Campus  
Albany, N.Y. 12240

Dear Commissioner Reardon,

After the difficulties of the past year, we are all encouraged by New York State's steps forward.

However, as you know, the economic damage caused by the pandemic remains extensive. Among those issues is the pandemic-driven depletion of the state's Unemployment Insurance (UI) fund, which is approximately \$10 billion in debt as a result of the unprecedented demand for benefits caused by our economic shutdown.

This debt would be significantly lower if New York hadn't adopted policies that invited more waste, fraud and abuse. Greatly relaxed eligibility, combined with generous federal supplemental benefits, encouraged countless people to collect unemployment rather than work. The extra stress these claims placed on the system resulted in benefit delays for truly needy New Yorkers.

Additionally, a September 13 Times Union report revealed the Department of Labor (DOL) suspended certain verification protocols in order to expedite claims and clear the backlog. The department has acknowledged that 166,000 New Yorkers received overpayments totaling approximately \$145 million and is working to recover those payments. However, it is concerning that DOL has refused to answer media requests on the funds lost to fraud, despite widespread acknowledgement that it is rampant, both statewide and nationally.

Unfortunately, the consequences of the fund's troubles have fallen on our small and medium size businesses. These employers – even those who did not lay off a single employee – are finding themselves hit with staggering unemployment insurance tax rate increases. We are hearing from business owners in our district of unemployment tax rate increases of 200 percent and more, which is unconscionable.

As we emerge from the pandemic, it is crucial that we fully and transparently examine the shortcomings of our state's response so we can learn from our mistakes and prevent similar problems in the future.

**To that end, I am requesting data outlining the amount of confirmed fraudulent claims paid by the state as well as those identified as potentially fraudulent and still being investigated.** California is among the states that have reported their fraud losses, confirming that at least \$11 billion in payments were fraudulent and another \$20 billion are under investigation. In the interest of transparency, it is crucial that New York State follow suit.

Please know that I recognize the extreme efforts that you and your Department of Labor employees expended in addressing the crisis that overwhelmed the unemployment insurance system. Policies enacted in haste at both the state and federal levels exacerbated the crisis. Taxpayers deserve an accounting of the consequences that resulted from those decisions.

Thank you for your consideration of my request.

Sincerely,



George M. Borrello  
57<sup>th</sup> Senate District

GMB/lh