

THE SENATE
STATE OF NEW YORK



GEORGE M. BORRELLO
SENATOR
57TH DISTRICT

RANKING MINORITY MEMBER

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December 5, 2022

The Honorable Kathy Hochul
Governor of New York State
New York State Capitol Building
Albany, NY 12248

Dear Governor Hochul,

The recent Comptroller's report regarding the Department of Labor's mishandling of unemployment insurance claims during the pandemic tells an alarming story of the gross negligence from New York State under your predecessor.

As you know, the COVID pandemic caused significant layoffs across multiple sectors at no fault to the employers. Due to mandates put in place by New York State, these businesses were forced to close their doors and/or restrict staffing for an indefinite period. This circumstance alone should be reason enough for the state to take responsibility for the UI payments.

To add insult to injury, the comptroller's report shows that nearly 30% of unemployment payments made by New York State were incorrect or the result of fraud. In fact, the report estimates that at least \$11 billion was lost to fraud because of DOL leadership failures. The agency was warned as far back as 2010 that its outdated system was compromising its operations and lacked appropriate security. Yet, it failed to make recommended updates in the decade leading up to the COVID crisis.

Additionally, 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.

It is unconscionable that state leaders are expecting New York employers to foot the bill for their failures. We urge you to include unemployment insurance relief for our small businesses in the upcoming budget. The state should not be balancing its mistakes on the backs of our hardworking businesses who employ millions of people across New York. The state received billions of dollars of funding from the federal government. Other states used this funding to pay down their UI Trust Fund debt. We are asking New York State to do that as well. It's simply the right thing to do.

Thank you for your consideration of our comments. We ask you to take swift action to address the remaining \$7.8 billion in UI debt created by the state's policy and operational failures. We must show our business community that they will not be responsible for bailing out New York State.

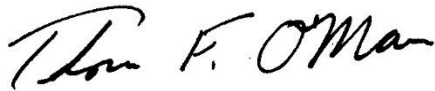
Sincerely,



Senator George M. Borrello
57th Senate District



Senator Robert G. Ort
NYS Senate Minority Leader
62nd District



Senator Thomas F. O'Mara
58th Senator District



Senator Alexis Weik
3rd Senate District



Senator Peter Oberacker
51st Senate District



Senator Patty Ritchie
48th Senate District



Senator Daphne Jordan
43rd Senate District



Senator Andrew Lanza
24th Senate District



Senator Anthony H. Palumbo
1st Senate District



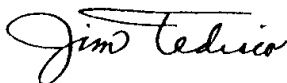
Senator Pam Helming
54th Senate District



Senator Joe Griffo
47th Senate District



Senator Sue Serino
41st Senate District



Senator Jim Tedisco
49th Senate District



Senator Mario R. Mattera
2nd Senate District



Senator-Elect Dean Murray
3rd Senate District



Senator-Elect Mark Walczyk
49th Senate District



Senator-Elect William Weber
38th Senate District

Senator-Elect Rob Rolison
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