



**2024 Joint Legislative Budget Hearing
Economic Development & Workforce Development
January 30, 2024**

My name is Olivia Leirer. I am the Co-Executive Director of New York Communities for Change in Brooklyn, New York. We are a community-based organization representing 20,000 members across NYC and Long Island, bringing neighbors together to build community power to improve our communities through direct action, legislative advocacy, and community organizing. Since our founding in 2010, we've worked on some of the most impactful campaigns in the history of New York State. Thousands of our members through the years have been exploited and abused while doing the essential labor that sustains our local economies, especially our undocumented members. They've encountered it all, from having to work multiple jobs to blatant wage theft and widespread labor law violations. Considering this, I would like to bring to your attention two critical measures that should be incorporated into the 2024-2025 state budget in the interest of worker protection.

- 1. Unemployment Bridge Program (S3192 Senator Ramos / A4821 Assemblymember Reyes)** for the 2024-2025 New York State budget would provide unemployment coverage to 750,000 workers excluded from traditional insurance, with 30,000 people expected to get benefits at any time. This includes low-income New Yorkers - freelancers, self-employed workers, undocumented workers, people released from prison or immigrant detention, and those in the cash economy. The program cost is estimated to be \$500 million, of which \$75 million will go towards the Department of Labor for administrative purposes and labor.

Excluded workers will always face a crisis because they are systematically excluded from our unemployment insurance system and other social safety nets. This program must be included in this year's budget because it would favor people like Veronica Leal, a domestic worker who lost her job during the COVID-19 pandemic and was excluded from traditional unemployment and federal stimulus funds. With no income and little savings to fall back on, Veronica had to rely on what she could get from food pantries to



survive, sometimes waiting for hours in long lines just to find out that the pantry had run out of food.

The current UI system doesn't reflect today's economic realities, where freelance workers make up an ever-greater part of the workforce, and it disproportionately locks out the most vulnerable workers in our economy - Black and brown low-income workers in precarious industries. While UBP legislation does not directly aim to reform the unemployment insurance system, its passage is critical to broaden UI reform efforts.

There are numerous reasons why the legislature should push for UBP's inclusion in the budget.

- **This is an immigrant justice issue.** Immigrant workers pay over \$100 million a year into the Unemployment Insurance system in New York - but cannot access a cent. Undocumented workers pay \$1.1 billion every year in New York state and local sales, property, and income taxes.
- **The UBP is a lifeline for the self-employed.** Freelancers are often denied or exempt from critical labor protections, but UBP would cover 180,000 self-employed workers, from street vendors to digital media artists, business consultants, farm owners, and more.
- **This is a public safety issue.** 20,000 workers re-entering the labor force after prison or detention would be covered during their first year post-release. Providing recently incarcerated people access to UI is cost-effective. Recidivism can cost the state upwards of \$50,000 per person per incident; this fund would provide a maximum of \$7,200 per year in benefits (6 months times \$1,200) and would give everyone the security of knowing they could be covered if they needed it.
- **It protects workers in the informal sector.** For those in the shadows of the cash economy - domestic workers, nannies, and day laborers are often exploited in informal industries, and because they are paid in cash, there is no record of their wages to collect UI. Our program would provide critical support during joblessness for these workers.
- **This is a racial and economic justice issue.** The Immigration Research Initiative has found that 73% of the New Yorkers who would benefit from the



Unemployment Bridge Program are non-white. Black and brown workers are disproportionately impacted by unemployment, with, for example, Black unemployment rates typically running nearly twice as high as the rate for whites.

UBP raises the overall working standards for all workers. Investing in the safety net isn't just good for the workers who are directly impacted, it's good for all workers. With a safety net to fall back on, workers are more likely to stand up against abusive employers. We can hold bad employers accountable, making workplace conditions safer and better for everyone.

It's a good return on investment. Investing in excluded workers also reaps benefits for NY's economy. The Immigration Research Initiative estimates upwards of millions to be re-invested right back into New York.

Our bill is revenue-neutral. Last but not least, we're aware of the concerns about the massive deficit in the Unemployment Insurance Trust Fund that pays for NYS unemployment insurance, and we've often heard from legislators that the deficit needs to be restored before any action can be taken on expanding future UI programs.

However, **UBP has its own revenue stream through the Digital Ad Tax (S5551 Senator Gianaris / A5842 Walker)**, which is expected to raise up to \$750 million for NYS. This tax would collect a small portion of annual revenues of digital advertising services from companies with gross annual revenues of \$100 million from these services - leaving no burden on the state, small businesses, or individual taxpayers.

- 2. The EmPIRE Worker Protection Act (Hoylman S541 / Joyner A1893)** expands the capacity of the state to remedy wage theft, equal pay violations, and other employee exploitation, undermining recent New York labor policy accomplishments while raising \$103 million a year for the Department of Labor. In the past several years, New York has taken the lead in worker protections, including increases to the minimum wage, paid family leave, and protections against gender-based pay discrimination. Constraints on enforcement, however, have blocked many working families from experiencing the real benefits of these policies. Through our work, we see that employers bet on the state having



inadequate enforcement capacity; they steal wages from their workers and allow toxic workplaces to fester with the expectation that they will unlikely be caught. Our labor laws are rendered meaningless when workers do not have a reasonable expectation that employers who violate the law will be held accountable.

The EmPIRE Worker Protection Act introduces a mechanism for public enforcement, empowering affected workers and labor unions to enhance the authority of the Department of Labor (DOL) and the Attorney General. After a formal notification to the state, these stakeholders can initiate legal action to uphold state labor laws. A successful outcome in this action enables the recovery of penalties, the majority of which replenishes state funds dedicated to strengthening public worker protection enforcement. Additionally, a portion of the recovered penalties is allocated to the workers who initiated the legal proceedings. The EmPIRE Act stands as a practical piece of legislation, addressing the current shortcomings in New York's labor law enforcement and bolstering resources for public enforcement.

New York's Workplace Law Enforcement Crisis: Effective enforcement of labor law has historically depended on a combination of public enforcement by the New York Department of Labor and private enforcement by harmed individuals bringing private lawsuits. Limits on government resources mean that labor violations subject to enforcement inevitably outstrip public enforcement capacity. Private litigation supplements public enforcement, penalizing violations that public regulators are unable to prosecute due to issues such as resource constraints or insufficient knowledge of violations.

However, a crisis of enforcement has emerged over recent decades. On the public side, capacity constraints have been exacerbated as caseloads have risen and staffing levels have declined. Meanwhile, on the private litigation side, fear of retaliation and other hurdles have posed obstacles to workers trying to address violations of their rights. The EmPIRE Act expands the states' enforcement power and grows revenue without burdening public servants.



The EmPIRE Solution: The EmPIRE Act strengthens our labor laws. Claims brought under EmPIRE are public in nature. The people or labor organizations filing claim(s) do so on behalf of the state government, not in the name of any private party.

EmPIRE encourages robust enforcement of state labor law by awarding those who enforce civil penalties a share of those penalties. Where the state chooses not to intervene, relators (i.e., those filing EmPIRE claims) who succeed are awarded 40% of all civil penalties they enforce. The remaining 60% is distributed to the state Department of Labor to fund public enforcement efforts. This incentivizes more workers to play an active role in labor law enforcement and, in so doing, generate revenue for the state Department of Labor. Prevailing relators would also be able to win injunctive and declaratory relief that brings lawbreaking employers into compliance with the Labor Law, as well as reasonable attorney's fees and costs for bringing the EmPIRE action.

This legislation would significantly increase the state's capacity to enforce labor standards and critical workers' rights protections. **By passing EmPIRE, New York could reaffirm its position as a leader in workers' rights protection and make the promise of the minimum wage law and Equal Pay Act real for New York workers.**

We urge the state legislature to invest in these critical social safety net programs that prepare us for future crises, safeguards our communities, and sustains our economy. New York's excluded workers' ability to survive and put food on the table depends on it.

Thank you for your time and attention.