



NEW YORK STATE SENATOR

George M. Borrello

Senator Borrello Calls on Department of Labor to Release Unemployment Fraud Figures

GEORGE M. BORRELLO April 20, 2021

| ISSUE: **UNEMPLOYMENT INSURANCE TRUST FUND, COVID-19, FRAUD, SMALL BUSINESS**



ALBANY – With the state’s unemployment fund depleted, more than \$10 billion in debt and plagued by reports of rampant unemployment fraud, Senator George Borrello called on the Commissioner of New York State’s Department of Labor (DOL) to release figures on the amount of confirmed and suspected fraudulent claims paid out over the past year.

“As we emerge from the pandemic, it is crucial that we have full transparency in all aspects of state operations that have been integral to our crisis response. Our unemployment insurance (UI) system clearly falls in that category,” said Senator Borrello.

“This crucial safety net is facing its own crisis right now, with its reserves depleted by a ‘perfect storm’ of overwhelming demand and insufficient security protocols as well as fraud and abuse. Greatly relaxed eligibility, combined with generous federal supplemental benefits, encouraged countless people to collect unemployment rather than work,” he said. “The extra stress these claims placed on the system resulted in benefit delays for truly needy New Yorkers.”

Senator Borrello noted that a [September 13 Times Union](#) report revealed the state Department of Labor (DOL) suspended certain verification protocols in order to expedite claims and clear backlogs. So far, DOL has acknowledged that 166,000 New Yorkers received overpayments totaling approximately \$145 million. However, the amount of funds lost to fraudulent claims is unknown, as the agency has refused to answer [media requests](#) for the information, despite widespread acknowledgement that it is at epidemic levels.

Numerous states have reported on the amount of funds they’ve lost to fraud and scams, including California, which confirmed [it has lost over \\$11 billion in fraud](#) and is investigating another \$20 billion.

“In addition to policies that helped fuel a flood of claims, there has also been a well-documented surge in New York and states across the country in unemployment fraud, on a massive scale. There are countless reports of New Yorkers employed by school districts, state and local governments and companies having their identities stolen by thieves who used them to apply for benefits. Last month, one man from the Bronx was charged with submitting over 250 fraudulent unemployment benefit applications that resulted in the loss

of more than \$1.4 million. I was even a victim of UI fraud recently.”

Senator Borrello noted that in light of all these external factors which have drained the state’s UI resources, it is unfair that employers are being left to shoulder the burden of replenishing the fund, through exorbitant rate increases.

“I am hearing from small businesses in my district who did not lay off any employees in the past year, who have been shocked to receive unemployment insurance tax bills that have increased 200 percent or more,” Borrello said. “It is incomprehensible that employers are being asked to fix this problem, which was caused by a once-in-a-century pandemic and made truly disastrous by bad policy decisions.”

“New York employers and taxpayers deserve a full accounting of all the factors that led to this predicament, starting with how much of the fund’s resources have been expended to pay confirmed and suspected fraudulent claims,” he continued. “Other states have released this data and it’s time for New York to do the same.

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