



NEW YORK STATE SENATOR

George M. Borrello

Senator Borrello Joined by Elected Officials and Employers to Underscore Economic Harm Caused by Labor Shortage

GEORGE M. BORRELLO May 21, 2021

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ELLICOTTVILLE – Senator George Borrello spoke out today on the crippling labor shortage that is hurting small businesses across the region as they strive to meet the spiking demand for goods and services that is occurring as our state emerges from the pandemic.

Citing the federal government’s supplemental unemployment benefits program as a major culprit for the shortage, he announced he is sponsoring legislation, [S.6788](#), that would

withdraw New York State from the enhanced benefit portion of the program, which provides claimants with an extra \$300 per week in addition to the standard state benefit.

Held in the heart of Ellicottville, a picturesque community that has long been one of the busiest tourist destinations in Western New York, he was joined at the event by regional business owners/operators from the manufacturing and restaurant/hospitality sectors who shared the hiring difficulties they've encountered and the lengths to which they've gone to attract and retain employees.

"After the challenges and losses of the past year, small businesses have been anxiously awaiting the day when they could move beyond the pandemic and resume full operations. What they didn't anticipate was the magnitude of the labor shortage they would face and that their competition would come, not from other employers, but from enhanced unemployment benefit checks," said Senator Borrello.

"While we are glad a strong safety net was available to state residents during the darkest days of the pandemic, we've turned the corner. There is tremendous pent-up demand on the part of the public to dine out, shop, travel, attend events and do all those things they haven't been able to do for over a year. However, to meet that demand, employers desperately need employees. They are offering premium pay, bonuses and perks and are still coming up short."

"Based on analysis from the U.S. Chamber of Commerce, one in four recipients is receiving more on unemployment than they earned working. It is just common sense to conclude that it is disincentivizing people from returning to the workforce," he added.

Senator Borrello explained that the legislation he is sponsoring will simply withdraw New York from the enhanced benefit portion of the federal pandemic unemployment compensation program. Withdrawal from the program would simply return benefits to their

pre-pandemic state rate, which is dependent on income, but averages about \$350 per week, with the maximum benefit capped at \$504 per week.

“New York isn’t alone in experiencing an unemployment-benefit driven labor shortage. Following April’s dismal jobs report, more than 20 states have announced they will end their states’ participation in the supplemental unemployment benefits program within the next month and a half, well before the scheduled September 6 expiration of the extra benefit,” Borrello said. “They have taken the step necessary to get their economies back up to speed and people back to work. It’s time for New York State to do the same.”

Senator Borrello underscored his longstanding advocacy for small businesses both employers and workers.

“As a small business owner myself, I have made it a priority to be a voice for our job creators. New York is the most difficult and costly place in the nation to do business, so I have spearheaded many measures aimed at easing some of these burdens. My efforts to tackle the labor shortage are part of that commitment. Without an adequate workforce, the success and viability of countless businesses will be in jeopardy and will ultimately erode the job opportunities and quality of life in our communities,” said Senator Borrello.

Senator Tom O'Mara (R,C,I-Big Flats) said, "The COVID-19 economic shutdown has taken an enormous toll on Upstate New York's local communities, economies, taxpayers, and workers. There was never a more critical time to ensure that unemployment insurance benefits were available to struggling families and we worked tirelessly to ensure that these benefits were available and adequate to help keep workers afloat. But the unemployment system was never intended to be a long-term replacement for a good job. Now that we are finding solid ground again and local economies are ready and able to fully reopen, it is time to rebuild and reenergize the workforce that will truly bring our regional economy back strong."

Ellicottville Mayor John Burrell said: “Ellicottville’s economy depends on strong tourism. After the restrictions and capacity limits of the past year, our resorts, shops and restaurants have been desperately hoping for a return to a ‘normal’ summer season this year, so that they could make up for pandemic-related shortfalls and challenges of the past year. However, those hopes have since been tempered by the very real and consequential shortage of workers. Unless something changes, many will have to scale back their plans because aren’t fully staffed.”

Peter Kreinheder, Founder/Managing Member of the Ellicottville Brewing Company said: “While I recognize that there are multiple reasons for the current labor shortage, the enhanced unemployment benefits are certainly a significant factor. We have great, hardworking employees at our restaurants and they have been terrific at picking up the slack caused by the labor shortage. However, unless things improve, we are going to have to adjust our expectations for the summer season downward.”

Bob Schmick, General Manager for FiberCel Packaging, said: “This is the most difficult hiring situation that I can remember. We are a green packaging manufacturer and our business is busy and growing. We need more workers and we need to retain the good employees we have, so we’ve implemented an extra \$2 per hour ‘COVID bonus’ over and above the negotiated union contract scale, to make sure other companies don’t poach our employees. It’s that ruthless out there.”

Randy Sprague, Owner of Sprague’s Maple Farms, said: “In all the decades we’ve been in business, I don’t ever recall a labor shortage this severe. It is discouraging that just as things are opening up, we may have to operate at reduced hours, simply because the staff we need are simply not available.”

Corey Wiktor, Executive Director of the Cattaraugus County IDA said: “Rewarding people who continue not to work, after our businesses had to literally survive the pandemic, only continues the perils businesses in New York State have to endure to keep their lights on. When will it be time to reward workers and business owners in the state?”

“Instead of creating an incentive for people not to work, the government should be using those funds to address some of the longstanding barriers to employment, such as childcare and transportation. Instead, they implemented a very costly, but short-term approach that has only replaced one economic problem with another,” Senator Borrello said. “At this juncture, we need to truly move forward and my legislation would be a big step in that direction.”

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Senator Borrello’s Legislative Efforts to Help Small Businesses, Support Workers

S. 6788 would require the governor to opt out of the enhanced benefit portion of the federal pandemic unemployment compensation program and the mixed earner unemployment compensation program to help alleviate the labor shortage.

S. 1799 would provide an employee payroll tax credit to incentivize and assist small businesses with the disproportionate rise in costs that results from hiring just one employee.

S. 4163 would provide relief to business owners and employers affected by COVID-19 by preventing increases in unemployment rates as a result of COVID-related layoffs, prevent surge pricing of food delivery, extend tax deadlines for small businesses, allow New York State Mortgage Agency to issue interest free loans, and wave renewal fees on liquor licenses to support closed restaurants.

In order to assist the economic recovery, **S. 5417** would prevent a minimum wage increase in upstate counties until 2024.

S.1755 would provide sick leave for workers subject to a Department of Health, local board of health, or any government mandatory quarantine.

Co-sponsored S. 2560 would limit the civil liability of employers or employees in the workplace for the potential spread of COVID-19, if they make a good faith effort to prevent transmission.

Co-Sponsored S.2722 which would offer a temporary early retirement incentive for certain public employees with at least 10 years of service.

Co-Sponsored S.4892A to make permanent, the Nourish NY program, which purchases farm products from New York farms for community food banks.

Co-Sponsored S.5629 to establish a rental assistance loan-to-grant program to assist small landlords.

S. 5479 allows for in-state suppliers to receive preference in certain situations when the state is awarding contracts.

S. 6566 amends the paid sick leave act to alleviate the front load of hours and spread the allocation by hours worked.