



NEW YORK STATE SENATOR

George M. Borrello

Statement from Senator Borrello on Comptroller Dinapoli's Report

GEORGE M. BORRELLO November 15, 2022

| ISSUE: **UNEMPLOYMENT INSURANCE, NEW YORK STATE DEPARTMENT OF LABOR, NEW YORK STATE COMPTROLLER**



Jamestown, NY – In the wake of a [report](#) released by New York State Comptroller Thomas DiNapoli that found negligence and mismanagement in the handling of unemployment claims at the New York State Department of Labor during the pandemic, State Senator George Borrello issued the following statement:

“The audit released today by Comptroller DiNapoli exposes the incompetence that characterized the Department of Labor’s response to the pandemic-driven demand for

benefits.

“The report confirms that there were red flags years before this crisis struck, which were ignored by leadership and allowed to worsen in the years leading up to the pandemic. Those of us whose office staffs fielded calls day and night from desperate New Yorkers who were frustrated with unending busy signals, system crashes, incorrect payments and ignored reports of fraud aren’t surprised at these findings. While the labor department’s front-line staff tried diligently to help us resolve claims, the failure of an outdated system and inept administration were constant obstacles.

“In 2021, I publicly questioned the labor commissioner on the amount of fraud that occurred in the system due to the pandemic and received only excuses, despite the fact that other states were reporting these figures. The comptroller’s estimate of \$11 billion in fraudulent claims is stunning and, as he notes, is likely even higher. Auditors were unable to get a fuller picture of the fraud losses because DOL staff were either unable or unwilling to provide more detailed data. Either scenario is deeply troubling.

“The bottom line is that it is outrageous and unacceptable for the governor and legislative leaders to pass the bill for these failures onto the backs of small businesses who had no role in creating this crisis. At last count, there is a remaining \$7.7 billion in UI debt that New York owes the federal government, which businesses should not be liable for paying. Additionally, employers were unfairly hit with an interest assessment surcharge in September, which should be refunded.

“I urge our newly-elected governor to demonstrate true leadership by acknowledging the state’s role in the unemployment insurance catastrophe and working with legislators on a plan for paying the state’s debt and restoring the UI fund to solvency. Passing the buck to New York businesses is not only grossly unjust, it will hurt New York’s economy, consumers

and recovery.”

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