

**February 2, 2021**

**Testimony of The New York Partial Unemployment Insurance Coalition on the Passage of Partial Unemployment Insurance Reform, presented before the Joint Legislative Public Hearing on Executive Budget Proposal: Workforce Development**

**Submitted by the New York Partial Unemployment Insurance Coalition**

Good afternoon. My name is Katherine Stanton, and I am a paralegal casehandler in the Employment Law Unit of The Legal Aid Society. This testimony is submitted on behalf of The New York Partial Unemployment Insurance Coalition, a group of legal and policy advocates from across New York State advocating for a more reasonable and fair partial unemployment insurance benefits system. The coalition consists of advocates from the following organizations: The Center for New York City Affairs at The New School, The National Employment Law Project, The Center for Popular Democracy, The National Center for Law and Economic Justice, Empire Justice Center, Legal Services NYC, Robin Hood, Community Voices Heard, RWDSU International Union, and The Legal Aid Society of New York City.

Our testimony focuses on problems with New York partial unemployment assistance program and a proposed legislative solution to this problem.

**Partial Unemployment Assistance for Part-Time Workers**

**The Problem**

New York State's outdated unemployment insurance law has long been an issue for low-income New Yorkers. Previously, a worker had to be totally unemployed on a day to receive for unemployment insurance benefits for that day. Any amount of work on a day, even if it generated no income, would completely disqualify the worker from benefits for that day. As it did not take into account actual earnings per week, the unemployment system failed to provide a reasonable and adequate benefit rate to workers.

In contrast, every other state incorporates some form of test that considers a claimant's actual earned wages for a week to determine the level of unemployment insurance benefits. Most states allow their workers to return to work part-time and earn up to a certain amount of wages without decreasing their unemployment insurance benefits.

Reform to the partial unemployment system is crucial in the midst of this economic devastation. New York State has experienced more job loss than the rest of the nation. More than 2.4 million New Yorkers had lost employment and begin receiving unemployment assistance as of early January 2021.

Moreover, as New York continues its slow economic recovery, a significant number of those returning to work are doing so at reduced hours. As compared to 9% in October-December 2019, 25% of total unemployment insurance claimants are now receiving partial unemployment benefits as of October-December 2020. That totals more than 500,000 partially-unemployed

workers in New York State who are drowning without adequate assistance.<sup>1</sup> And the number of unemployed workers is likely even greater than that, given that workers who perform even a small amount of work on 4 days per week are disqualified from receiving any benefits at all. As New Yorkers are called back to work at reduced hours or forced to find part-time jobs, the number of partially unemployed workers will likely grow even larger.

Further, as 70% of unemployment insurance claimants are workers of color, the current partial unemployment system has a disproportionate impact on those communities.<sup>2</sup> As has been well-documented, workers of color have shouldered a larger share of the burden of frontline work, have experienced disproportionate loss of life from the coronavirus pandemic, and have the most to lose from New York's current unemployment insurance system law.

Low-wage workers are also hit the hardest by the punitive partial unemployment system. Two out of three regular unemployment insurance claimants lost work from low-to-moderate paying jobs such as within the restaurant, hotel, healthcare, social assistance, and retail industries.<sup>3</sup> This means that many workers who already the worst situated to weather an economic disaster have the most to lose if future reforms are not adequate.

## **2. Current Proposals**

Governor Cuomo's January 2021 Executive Order modifying the partial unemployment insurance system was a much-needed, albeit temporary, fix. While this fix does create a fairer provision of benefits until a permanent solution, which will require technological updates to New York State's outdated computer system, can be implemented, it does not go far enough. The temporary fix does not take into consideration actual wages earned in a week, resulting in benefit rates that are not adequate. As workers are being called back to work for wages significantly less than they were pre-pandemic, New York State needs a fix that to ensure that unemployment insurance benefits are fair, sufficient, and reasonable.

Governor Cuomo has also proposed a permanent reform to the partial unemployment insurance system that would use an earnings disregard method to determine eligibility for UI benefits for claimants with part-time work. This bill would allow workers to earn up to 40% of their unemployment insurance benefit before experiencing a reduction in benefits. We are deeply appreciative of the Governor's efforts to reform a longstanding problem for low income New Yorkers. We feel confident that the state is on the right track to finally establishing a fair and equitable unemployment insurance system. However, while this bill is an improvement over both the existing unemployment insurance system and the temporary fix, it still does not go far enough.

## **3. The Solution**

**S.1042 (Ramos):** The Partial Unemployment Insurance Coalition strongly supports Senator Ramos' bill to change the eligibility rules for UI for claimants with part-time work and to

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<sup>1</sup> <http://www.centrernyc.org/reports-briefs/2020/12/3/reforming-new-york-states-partial-unemployment-insurance-program-the-urgency-now-is-greater-than-ever-before>

<sup>2</sup> Ibid

<sup>3</sup> Ibid

establish a partial benefit credit equal to 50% of a worker's weekly unemployment insurance rate.

This bill, which recently passed in the legislature with strong bi-partisan support, would allow workers to earn up to 50% of their unemployment insurance benefit before experiencing a reduction in benefits. Compared to the Governor's proposal, which has a partial benefit credit of only 40%, Senator Ramos' bill goes further to ensure adequate benefits for part-time workers in this crucial time of need.

The proposed bill would bring New York into line with all other states in using an earnings disregard method to determine the eligibility of part-time workers for unemployment insurance. This would result in a fairer calculation of partial unemployment benefits based on a workers' actual earned part-time wages in a week.

Governor Cuomo's proposal also utilizes a partial benefit credit in setting unemployment insurance benefit rates. We applaud the Governor for his forward-thinking proposal which would institute a partial benefit credit system in line with the rest of the nation and which would have significant economic benefits for workers.

Yet, Governor Cuomo's proposal, while a significant improvement over existing law and the interim fix, does not go far enough in helping workers as compared to Senator Ramos' bill. While the difference of a 40% partial benefit credit as opposed to a 50% partial benefit credit may seem unsubstantial, that difference could amount to more than the cost of two month's worth of groceries for a family of four over the course of a year. As many workers unsuccessfully seek full-time employment and are forced to return to low-wage part-time work, this bill would ensure that families can continue to put food on the table during New York's gradual economic recovery.

Further, Senator Ramos' bill has an enactment timeframe that is more favorable for both workers as well as the state's economic institutions that rely on capital infusion for their recovery. While Senator Ramos' bill would be implemented after just thirty days, Governor Cuomo's proposal would take a full year to be put into place. As New York's slow recovery from the economic devastation continues, both workers and businesses need immediate relief. Workers who would receive a higher, adequate benefit rate, or who would newly qualify for benefits for the first time under this new system, cannot wait an additional 11 months for relief.

Moreover, under Governor Cuomo's proposal, every month of delay of enactment is another month in which capital infusion into the economy is withheld, further slowing New York's economic recovery. The 30-day timeframe of Senator Ramos' bill is crucial for the quick capital relief that economic institutions and businesses rely upon.

Additionally, to the extent that changes to the eligibility requirements would increase the number of workers eligible for current or future extensions of the federal PUA, PEUC, and Extended Benefits (EB) programs, enacting these changes sooner through Senator Ramos' bill would over the long-term bring a significantly larger amount of federal dollars into the New York State economy.

Any additional benefit payments under Senator Ramos' bill would not affect the state budget. During this economic disaster, 80% of unemployment insurance payments are federally funded, and only 20% are paid out from the UI State Trust Fund, which is funded by employer payroll taxes. Enhanced partial benefits from this reform will pump more federal dollars into the economy when this infusion is most critical, without any impact to the state budget.

## **Conclusion**

This pandemic has exacted a great toll in loss of life and the loss of many more livelihoods. As New Yorkers continue to struggle to afford even the most basic items, reform to the unemployment insurance system is needed now to provide immediate relief to these workers and to support the economic institutions that rely upon these dollars.

We are deeply appreciative of the Governor's interim fix, which has already benefitted part-time workers, as well as his forward-thinking proposal for a permanent fix. Yet, in this time of great hardship, we urge the passage of Senator Ramos' bill that would do more for part-time workers, in both the short-and-long-term.

Low-wage workers and workers of color largely compose the part-time workforce that has continued to keep our city running. These workers and those who will be asked to return to part-time work in the coming months deserve adequate and reasonable assistance. Committed action is needed now to support workers, as well as New York State's economic recovery.

The New York Partial Unemployment Insurance Coalition supports Senator Ramos's bill to establish a more reasonable and fair partial unemployment system and urge its passage.