



Northeast
Agribusiness
& Feed Alliance



Northeast Dairy Producers Association, Inc.



December 19, 2022

The Honorable Kathy Hochul
Governor of New York State
Executive Chamber
New York State Capitol
Albany, NY 12224

Re: Unemployment Insurance Fund

Dear Governor Hochul:

On behalf of New York State's agricultural and forestry organizations, we would like to strongly urge you to address New York State's outstanding federal Unemployment Insurance (UI) fund debt. Farmers and agricultural businesses are facing the highest UI taxes, an Interest Assessment Surcharge and increased federal UI taxes as well. In large, the issues employers are facing with UI are due to pandemic policy mandates, fraudulent unemployment payments, and a lack of paying down federal debt. We believe it is New York State's responsibility to address them and not employers.

It has now been almost three years since non-essential businesses were forced to shut down due to the COVID-19 pandemic, resulting in massive layoffs. Farms were not subject to the shutdowns but are still paying the price. This quickly overwhelmed the UI system and extraordinary amounts of money poured out of New York State's UI Trust Fund, depleting it. New York, like other states, was forced to borrow funds from the federal government in order to continue to satisfy claims. However, now New York is only one of four states that still owe money to the federal government and did not use any of the billions received in federal COVID relief to help pay off its federal UI debt. Last July, employers were notified that they would be responsible for the state's interest debt payment in the form of an annual Interest Assessment Surcharge. (IAS). Additionally, in 2023 employers in New York are facing a Federal Unemployment Tax Act (FUTA) offset credit reduction resulting in a FUTA tax increase. For most employers, unemployment insurance costs have increased by thousands and have become unaffordable.

Hon. Kathy Hochul

Page 2

December 19, 2022

These added costs are being shouldered by farmers and agricultural businesses that are already struggling even though state public positions and the UI fund mismanagement led to this crisis. In November, the New York State Comptroller's Office released an audit revealing at least \$11 billion in fraudulent unemployment payments made between January 2020 and March 2022. The report claims the New York State Department of Labor (NYSDOL) ignored warnings given in 2010 and 2015, that the system was outdated and lacked proper safeguards against fraud. During the pandemic, NYSDOL abandoned controls designed to prevent improper payments, instead using "stop gap measures" to mask issues related to the fast-tracking of UI benefit payments.

The agricultural community is strongly urging the state's immediate attention and action. We recommend New York State allocate two to three billion dollars to the UI system to fund employer relief measures that would:

- Pay any interest payments due on New York State's federal UI program advance for calendar years 2023 and 2024;
- Offset any increase in net FUTA taxes applicable to New York employers for calendar years 2023 and 2024;
- Make a substantial down payment towards the state's UI federal advance, and
- Recoup fraudulent UI payments and dedicate those funds to paying down New York's debt and providing much-needed UI tax relief to employers.

Farmers and agricultural businesses cannot and should not bear the weight of replenishing the UI trust fund and repaying the federal government alone, and NYSDOL should be held accountable for the negligence in overseeing the state's UI system that resulted in \$11 billion of fraudulent payments. Businesses are still recovering, and this is further hindering their ongoing recovery. The state must do more to avert a further crisis and potential loss of more farms. Thank you for your time and consideration of these comments.

Sincerely,

Empire State Forest Products Association
Hop Growers of New York
New York Apple Association
New York Farm Bureau
New York State Maple Producers Association
New York State Turfgrass Association
New York State Vegetable Growers Association
Northeast Agribusiness & Feed Alliance
Northeast Dairy Producers Association

cc. Richard Ball, Commissioner, NYS Department of Agriculture and Markets
New York State Senate Members
New York State Assembly Members