



November 22, 2022

Senator James Skoufis,
Chairman of Committee on Investigations and Government Operations
188 State Street, Legislative Office Building, Room 815
Albany, New York 12247

Assemblyman John McDonald,
Chairman of Committee on Oversight, Analysis and Investigation
198 State Street, Legislative Office Building, Room 417
Albany, New York 12248

Chairmen Skoufis and McDonald,

In light of the bombshell report from Comptroller Thomas DiNapoli regarding the Department of Labor's failures involving unemployment insurance (UI) claims during the COVID-19 pandemic¹, we formally request your respective investigative committees conduct hearings on the matter immediately.

As detailed in the Comptroller's audit, the Department of Labor was deficient in its oversight and management of its UI system. The Department's staggering incompetence not only led to significant delays in processing valid UI claims but it also led to an estimated \$11 billion in fraudulent UI payments.

That staggering sum is \$3.2 billion larger than what New York State currently owes the federal government for its own unemployment insurance debt².

In addition to the Department of Labor's extraordinary failings, the Comptroller's audit found that the Department was slow to respond to certain requests and in many instances, could not provide specific data or analyses. For a state agency with more than 4,600 employees and a payroll exceeding \$254 million, we hope you would agree that this staggering level of incompetence is simply unbelievable and unacceptable.

Ultimately, the Department of Labor must be held accountable for its mismanagement of the state's UI system and the massive fraud that followed. It is also important to ensure that systemic improvements are fully implemented and monitored so a crisis of this

1 <https://www.osc.state.ny.us/press/releases/2022/11/dinapoli-problems-caused-outdated-system-left-states-unemployment-insurance-program-vulnerable-fraud>

2 <https://fiscaldata.treasury.gov/datasets/ssa-title-xii-advance-activities/advances-to-state-unemployment-funds-social-security-act-title-xii>

magnitude does not happen again. Employers who pay into the state's UI system and are currently bearing the burden of the state's \$7.8 billion debt deserve answers. We believe legislative hearings will provide those answers and more.

We appreciate your time and attention and look forward to your response.

Sincerely,



Justin Wilcox,
Executive Director, Upstate United

CC: Governor Kathy Hochul
Senate Majority Leader Andrea Stewart-Cousins
Assembly Speaker Carl Heastie
New York State Inspector Lucy Lang
New York State Comptroller Thomas DiNapoli

1 <https://www.osc.state.ny.us/press/releases/2022/11/dinapoli-problems-caused-outdated-system-left-states-unemployment-insurance-program-vulnerable-fraud>

2 <https://fiscaldata.treasury.gov/datasets/ssa-title-xii-advance-activities/advances-to-state-unemployment-funds-social-security-act-title-xii>