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MUNICIPAL LAW ALERT

Unemployment Insurance Reform in New York

Last year, Governor Cuomo signed legislation to reform the unemployment insurance system in New York. The changes were enacted as a result of the insolvency of the Unemployment Insurance Trust Fund and New York's need to repay the \$3.5 billion it borrowed from the federal government to cover increased costs during the recession. In an effort to provide guidance on the new changes to the unemployment insurance system, the New York State Department of Labor (NYSDOL) recently issued separate fact sheets for employers and claimants. The fact sheets are available on the NYSDOL's website, at www.labor.ny.gov.

One change in the law, enacted pursuant to a federal requirement, states that an employer will not be relieved of charges to its account if the employer or their representative failed to timely respond to NYSDOL inquiries or submitted insufficient information. Employers will no longer receive leeway for late responses, and their account may be charged even if the NYSDOL subsequently determines that the claimant was ineligible to receive benefits. The amendments also increase the maximum weekly benefit rate from \$405 to \$420, beginning October 6, 2014.

The new law is not all bad news for employers, however, as it provides for new fraud detection and prevention measures, and imposes a new penalty (15% penalty or \$100 fine) on claimants found to have misstated information about their claim for benefits. It also significantly increases the work search requirements for claimants, thereby encouraging claimants to return to work quickly. The amendments also provide that claimants will not be able to collect unemployment benefits if they received severance payments that exceed the maximum weekly unemployment benefit or if the claimant is collecting a pension from an employer that is chargeable on the claim.

This alert can also be read on our Municipal Law blog: <http://www.hancocklaw.com/municipal-law-blog/>

If you have any questions or would like more information on the issues discussed in this communication, please contact any of the following Hancock Estabrook attorneys:

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