



Struggling Restaurants Hit Hard by Sudden Increase in New York State's Unemployment Insurance Rates

Small Business Owners Reporting Increases of Nearly 200%

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Albany - New York State's sudden change in unemployment insurance rates have imposed unanticipated financial burdens on an already struggling restaurant industry. Earlier this year, lawmakers passed [legislation](#) protecting businesses from rate increases due to changes in their experience rating from layoffs and furloughs during the COVID-19 pandemic. However, the bill did not preclude the Department of Labor from increasing rates on all businesses across New York, which they have decided to do.

"The restaurant industry has borne the brunt of economic hardships throughout the pandemic and cannot endure more financial challenges. The unilateral decision for the Department of Labor to balance unemployment insurance on the backs of struggling businesses, many of whom have not been able to operate at full capacity in over a year, is devastating. The solution to funding unemployment insurance cannot lie with gouging businesses that still remain hindered by state restrictions," said Melissa Fleischut, President and CEO of New York State Restaurant Association.

Traditionally, unemployment insurance premiums are informed by "experience ratings," where an employer starts at an initial tax rate that then fluctuates due to benefit charges made against an employer's account. Meaning, an employer with more unemployment claims issued against them would have a higher unemployment insurance premium. But COVID-19 caused unprecedented widespread layoffs across the industry due to public health safety restrictions. In order to prevent insurance premiums sky-rocketing due to actions beyond the control of business owners, the legislature restricted the ability to raise "experience ratings." But the Department of Labor ignored the desired intent of the legislature and raised the initial tax rate of unemployment insurance.

In March 2021, a notice of unemployment insurance rates issued to many small business owners revealed they will now have to pay substantially more in unemployment insurance. New York State restaurant owners are reporting that their latest unemployment insurance premiums have doubled in some situations, resulting in significant, unforeseen increases in costs. While rates have increased for all businesses in New York State, restaurants have been subjected to heightened restrictions from New York State that continue to hinder operations.

Specifically, in Western New York a weekly payment in 2021 increased 133% from last year's standard, going from \$201.45 to \$471.00, compounded with a \$2806.47 catch-up payment following COVID-19. In New York City, a local coffee shop saw their insurance rate more than double, rising from 1.025% to 2.425% and payments going from \$4117.49 to \$9833.33. These examples illustrate what is widely being reported throughout New York State from restaurant owners as they struggle to re-open.



“New York State has made great strides on the pathway to recovery. Vaccination efforts are underway, along with efforts to restart the economy. It is critical the Governor and Legislature address the unfair and substantial unemployment insurance rate increase on restaurants for our industry to be successful. If not, the burden on unemployment insurance will surely grow and restaurants will close,” added Fleischut.

New York State Department of Labor acknowledges the increase and provides information here: <https://dol.ny.gov/unemployment-insurance-rate-information>.

The New York State Restaurant Association has written a [letter](#) to Governor Cuomo, Majority Leader Andrea Stewart-Cousins, and Speaker Carl Heastie, calling for immediate action to rectify the situation.