

Businesses are unhappy with new fee on unemployment insurance expenses



Written by

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A sudden, unexpected bill of \$1,000 can be a disaster for a household. It can be a burden on a small company as well.

A new \$1,000 bill American Aerogel Corp. owes for unemployment insurance-related costs is emblematic of the regulatory headaches of running a business, founder Robert Mendenhall said Tuesday.

"Dealing with these changes requires a significant amount of time, effort and money, and this work does not contribute to the bottom line or creating jobs," Mendenhall said. "Minimize change or uncertainty and we will create the jobs."

American Aerogel and businesses across the state are on the hook for a small government surcharge of approximately \$20 per worker.

"It's not a high amount of money, but it matters," U.S. Sen. Charles Schumer, D-N.Y., said as he stood on the production floor of the Rochester maker of thermal insulation. "We should not be taking money away from small employers."

At issue are no-interest loans the federal government began providing in 2009 to state unemployment insurance funds as the numbers of jobless people skyrocketed nationwide. But Congress didn't extend the interest-free provision, meaning states such as New York now are having to institute fees on all their employers to cover the interest on the borrowed money.

In the Empire State, Schumer said, that amounts to roughly \$95 million a year suddenly being levied on all companies.

"It may be \$1,000 (for American Aerogel), but it's an indicator of many thousands of dollars" in unexpected costs that could come the company's way, said Rochester Business Alliance President Sandy Parker.

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Schumer is proposing legislation to continue the loans interest-free through 2012.

Mendenhall said American Aerogel, which employs 42 people and has eight contract workers, expects to grow to as many as 150 employees within the next year or so.

The senator on Tuesday also was in Mount Morris, Livingston County, to announce that the village still potentially could qualify for federal Housing and Urban Development grants like the \$400,000 previously awarded that helped with renovations of 12 commercial buildings and 17 apartments.

Behind the downtown Mount Morris work was Brooklyn developer Greg O'Connell.

While HUD ended the grant program that helped Mount Morris, Schumer said, the federal agency has decided it will allow housing project money to be used for such downtown redevelopment projects.



Zoom

American Aerogel's Robert Mendenhall, left, talks with Sen. Charles Schumer on Tuesday. Carlos Ortiz/staff photographer