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Contact: James Parrott, [parrottj@newschool.edu](mailto:parrottj@newschool.edu), 917-880-9931

## **New Report Documents Erosion in New York State Compensation for Injured Workers**

*Worker benefits lag all neighboring states*

**2007 and 2017 “reforms” did little to help workers**

**While worker benefits fall, profits for workers’ comp insurance companies top \$1 billion**

**New York**—Despite its early history as a national leader in safeguarding the interests of workers injured on the job, the focus of workers’ compensation in New York has shifted from fairly compensating injured workers to minimizing employer costs, according to a new report from the Center for New York City Affairs at The New School.

The report, *Time for a Real Look at How the New York State Workers’ Compensation System Treats Workers* highlights the need for enhancing worker benefits, improving access for low-wage and non-English speakers and for investments to reduce workplace injuries and illnesses.

The report found that over 200,000 workers are injured annually in New York State. About 115,000 injuries resulted in time lost from work, and three-fourths occurred in low-wage industries. Fatal workplace injuries in New York, particularly in construction, have soared to their highest level in 20 years. The incidence of workplace fatalities has risen sharply in New York over the past decade while it has been flat nationally.

“This report sounds the alarm that there is a need for a real look at workers’ compensation in New York following years of eroding benefits, high rates of workplace injuries and fatalities and skyrocketing workers’ comp insurance profits,” said **James A. Parrott, co-author of the report and Fiscal and Economic Policy Director at the Center for New York City Affairs at The New School.**

### **Key findings**

- New York’s \$150 minimum weekly benefit is less than half the \$339 average for five neighboring states. Despite the fact that New York has the highest statewide average weekly wage, its maximum benefit of \$871 in 2018 ranked 29<sup>th</sup> among all states.
- The actual dollar amount of worker benefits fell 15 percent from 2014-17 while insurance profits rose 92 percent. Benefits paid to (indemnity benefits) or on behalf of workers (medical costs) were only 55 percent of workers’ comp premiums in 2017. In that year, insurance profits exceeded \$1 billion.
- While changes in 2007 increased the maximum indemnity benefit (to compensate injured workers for lost worktime), a cap on permanent partial disability payments wiped out that increase for most long-term partially disabled workers.
- The 2017 two-and-a-half year cap on temporary disability payments reduced benefits for all workers not fully recovered within a few years.
- At best, New York provides an indemnity benefit to injured workers that is a maximum of two-thirds of the worker’s average wage in the year before injury (capped at a maximum of two-thirds of the state’s

average weekly wage) with no adjustment for inflation. National experts recommend that the wage base be adjusted annually to reflect a worker's earnings potential rather than the pre-injury wage. This would include periodic wage increases, and promotions workers usually receive over the course of their careers.

- Warehousing, nursing homes, food manufacturing, hotels, and hospitals have the highest incidence rates of lost workday injuries in the private sector. State and local government workers, particularly those in law enforcement, nursing homes, hospitals and public schools have injury rates higher than the state's overall rate. Retail trade accounts for the highest number of injuries with lost worktime.
- Employer costs for workers' compensation are a very small 0.7 percent share of total employee compensation. Eighteen states have higher employer costs than New York.

**The report recommends** that New York update income replacement benefit payments, improve access to benefits, particularly for low-wage workers, and ensure that businesses responsibly invest in enhancing workplace safety and assisting workers in safely return to work.

The complete report can be accessed [here](#).

"Getting injured on the job should not push a worker into poverty. This report shows that the worker's compensation benefit structure is broken and needs to be overhauled for all of New York's workers," said **Charlene Obernauer, Exec. Director of the New York Committee on Safety and Health (NYCOSH)**.

"Frances Perkins, who played such a pivotal role in establishing New York's leadership role in workers' compensation benefits a century ago, would be aghast at the situation this report describes," said **Patricia Smith, Senior Counsel, National Employment Law Project and former Commissioner, NYS Department of Labor**. "We need to ensure that all workers with work-related injuries and illnesses are provided the medical and wage replacement benefits they need. New York must do better in taking care of injured workers and their families."

"The findings in this study are disheartening, but certainly not surprising," said **William Turley, President of the Injured Workers' Bar Association**. "Why do we see record profits for insurance companies and, at the same time, a steady decline in benefits for injured workers? I hope that this will inspire our lawmakers to do more to protect the rights of the most vulnerable segment of our labor force."

"The numbers in this report are one measure of the human cost of what happens when a worker is injured on the job," said **Deborah Williams, Director for Quality of Work Life and Organizing Director for District Council 37**. "We see that every day in workers who can't meet the basic needs of their family on workers' compensation, or who come back to work while they're still injured. These are important problems that need to be addressed."

"32BJ applauds the Center for New York City Affairs for its groundbreaking work on the shortcomings of the workers' compensation insurance system," said **Hector Figueroa, President of 32BJ SEIU**, the largest property service union in the country with 80,000 members in New York. "When workers are safe on the job and adequately compensated if an accident does happen, those worker's families and their entire communities are more stable. That should be the goal for New York."

The report is available online at: <https://www.centernyc.org/real-look-nys-workers-comp>

*The Center for New York City Affairs at The New School is an applied policy research institute, providing analysis and solutions that drive innovation in social policy. See: [www.centernyc.org](http://www.centernyc.org)*