House Republicans and Advocacy Organizations Pull out Bigger Guns to Stop the Nomination of Julie Su

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By Jennifer Oliver O'Connell | 5:20 PM on April 12, 2023

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AP Photo/Susan Walsh

Finally, the national media is paying attention to the damage wrought by California's <u>AB5 law</u>. Welcome to the party, boys and girls, albeit two years too late. Democrats are attempting to take the evils of the law national, not only via the <u>PRO Act</u> and the changes to U.S. Department of Labor rules for <u>independent contractors</u> and franchisers, but in the nomination of Julie Su as the Secretary of the United States Department of Labor. California Congressional lawmakers and the House Subcommittee on Workforce Protections have written to President Joe Biden to oppose the nomination of Su, who was not only one of the architects and enforcers of AB5, but oversaw the \$40 billion in fraud perpetrated by the California Employment Development Department (EDD). Fraud that California Governor <u>Gavin Newsom</u> has now foisted upon California small businesses.

Newsom shuts down businesses \rightarrow Julie Su lets criminals empty the unemployment fund \rightarrow the state takes a federal loan to make up for it \rightarrow Newsom neglects to pay it back \rightarrow small businesses get taxed to pay off the debt.<u>https://t.co/kmxFSQ6QAO</u>

— Kevin Kiley (@KevinKileyCA) April 3, 2023

California Business and Industrial Alliance (CABIA) president and founder Tom Manzo, and Freelancers Against AB5 founder Karen Anderson discussed Su's horrific track record in the <u>Orange County Register</u>:

People who say "don't California my state" will soon be saying "don't California my country" thanks to Julie Su – the most radical and flawed nominee for U.S. Labor Secretary in recent memory.

During her tenure in California, Su oversaw several programs and initiatives aimed at "protecting" workers' rights and improving workplace conditions. But in reality, Su's policies harmed tens of thousands of working families while crippling California's small businesses.

When she served as California's labor secretary under Governor Gavin Newson, one of Su's most notable failures was her mismanagement of the state's Employment Development Department (EDD) – a state agency charged with providing unemployment benefits. During her watch, Su bungled millions of pandemic-related unemployment claims, resulting in a backlog that left many struggling to make ends meet, while criminals – including death row inmates – and others received billions of dollars in fraudulent payments from the state.

As a result, nearly <u>\$40 billion</u> in taxpayer dollars were wasted through fraudulent unemployment claims – the largest case of unemployment fraud in state history. Even Su <u>admitted</u> she "did not have sufficient security measures in place to prevent this level of fraud, and criminals took advantage of the situation."

<u>#AB5</u> architect Julie Su destroyed thousands of CA jobs.<u>#AB5</u> forced Jared to shut down his home services business. He went from making \$80k/year to minimum wage.

Su's response to Jared and other freelancers: "That's not the kind of economy we want in CA."

- Rep. Kevin Kiley (@RepKiley) April 6, 2023

The Orange County Register aside, had any of these other California state and national legacy media outlets paid attention in 2020 and accurately reported on the outcry by the independent professionals, truckers, and self-employed when AB5 was signed into law by Newsom, as well as the EDD fraud Su oversaw, this national attack on small businesses,

professionals, and right to work states could have been cut off at the pass. But it is not just the House Republicans, it is concerned independents who have mounted advertising and <u>billboard campaigns</u> to stop the nomination of Su for Secretary of Labor.

"Biden nominee Julie Su wants to turn the lights off" reads a billboard in West Virginia; another in Montana warns that Su, U.S. President Joe Biden's nominee for labor secretary, will turn the state into California; in Arizona, the message is, "Su's gig could be destroying your gig."

In addition to these, newspaper and digital advertisements will start appearing with more frequency in these states as her confirmation hearing date set for April 20 approaches. The White House and the administration have been touting <u>Su's history</u> of fighting for underpaid workers, while industry groups against her policies have begun to aggressively oppose her.

On April 19, a day before Su's nomination hearing before the Senate, the Subcommittee on House Workforce Protections will do an examination of AB5. Subcommittee Chairman Kevin Kiley (R-CA), who as a California Assemblyman saw the damage firsthand and worked tirelessly to try to mitigate it for all Californians, will bring more necessary sunlight to Su's connection and complicity to the law and its enforcement.

I will never stop fighting for independent workers. This hearing will shine a light on <u>#AB5</u> architect Julie Su's destruction of workers' livelihoods in CA and the threat her policies and ruthless enforcement pose to millions of workers nationwide. <u>https://t.co/LqD7Z9UAHn</u>

- Rep. Kevin Kiley (@RepKiley) April 12, 2023

From Bloomberg Law:

House Republicans are holding a hearing on independent contractors and the state of California's approach to protecting their workplace rights in the wake of increased opposition to Julie Su's nomination to be US Secretary of Labor.

The House Workforce Protections subcommittee will examine California's Assembly Bill 5 on April 19, just a day before Su's <u>scheduled nomination hearing</u> in the Senate. Su—the state's former labor secretary—supported the measure, which codified the state's "ABC" worker <u>classification test</u> that made it more difficult to classify gig workers as contractors.

Republican lawmakers, truckers associations, and <u>app-based companies</u> like Uber Technologies Inc. and Lyft Inc. have cried foul over the law, which creates a presumption that workers are employees rather than independent contractors.

What a shock. Another legacy news outlet that gets it all wrong on AB5. This law destroyed independent professionals in the entire state. Yes, it targeted so-called "gig workers," particularly app drivers, as well as the trucking industry. However, the upward of 4.5 million freelancers, independent professionals, and self-employed, including translators and transcribers, writers, musicians, and artists, were the ones decimated by this union-crafted and funded power grab boondoggle.

"Julie Su is the most radical and flawed nominee for Labor Secretary in recent memory. In California, Su presided over wide-scale unemployment insurance fraud and threatened to put thousands of business owners out of work."<u>https://t.co/W40v3lCoyL</u>

— @cabia (@cabia_speakup) April 6, 2023

On April 6, California lawmakers signed a letter to President Joe Biden reiterating their opposition to Su's nomination and recommending the president remove her from consideration.

Julie Su is not fit to serve as Secretary of the Department of Labor. pic.twitter.com/jC3hD4Ug3y

— House Committee on Education & the Workforce (@EdWorkforceCmte) <u>April 6,</u> 2023

"At a time when American businesses are struggling with workforce shortages, high inflation, and supply chain disruptions, they need stability from the administration. American taxpayers also deserve accountability. Among the challenges facing DOL at this time is responding to widespread UI fraud across the country—the same challenge plaguing EDD in California. The Labor Department Inspector General recently estimated that improper payments in pandemic unemployment programs totaled at least \$191 billion, with a substantial portion due to fraud. Outside experts put the number much higher at \$400 billion. Yet, so far, only \$5 billion has been recovered.

"Because of her misguided record in California, we have major concerns about potential disastrous ramifications at the federal level if Ms. Su becomes Secretary. For these reasons, we request that you withdraw her nomination to serve as the next Secretary of Labor."

They soft-pedaled here. "Misguided" denotes someone who made a mistake or was deceived. Su knew full well what she was doing when she allowed fraud to run rampant through the EDD, and deliberately duped independent contractors into applying for unemployment benefits that they were ineligible for in order to cast a net for businesses to audit under AB5.

"Diabolical" would have been more appropriate.

A reminder that during the height of the pandemic, <u>@USDOL</u> nominee Julie Su used her office in California to encourage independent contractors to apply for unemployment *benefits they were not entitled to receive* so she could play classification politics with their lives. <u>pic.twitter.com/7XDe6RDN67</u>

- Kim Kavin (@thekimkavin) April 11, 2023

Yet, Bloomberg chooses to paint Su as some poor, put-upon public servant caught in the middle of a political maelstrom. Using terms like "targeted" and "all-out campaign" in relation to the Subcommittee hearing.

The hearing comes as businesses and congressional Republicans wage an <u>all-out</u> <u>campaign</u> against Su ahead of her appearance before the Senate Health, Education, Labor and Pensions Committee, claiming her record in California is troubling for the US Department of Labor's pending rulemaking on independent contractors and overtime pay.

But it's not just the Republicans on a campaign, Bloomberg. It's the very people and businesses in California that AB5 helped destroy, and independent professionals in other states who are saying this will not happen again on their watch.

Julie Su's abysmal track record demonstrates that she is anti-business and anti-worker. Her promotion to Secretary of Labor would eliminate job opportunities for millions of hard-working Americans.

- Stand Against Su (@StandAgainstSu) April 4, 2023

CABIA's Manzo and Freelancers Against AB5's Anderson further wrote:

In addition to her mishandling of unemployment claims, millions of California workers suffered thanks to Su's anti-business agenda. Throughout her career, Su has made a habit of being hostile toward small businesses and independent contractors. The most egregious case was Su's support of California's Assembly Bill 5 (AB 5). This disastrous law attempts to reclassify independent contractors as employees, a sucker punch to the independent workforce across the state.

The wrecking ball of AB 5 threatens to destroy the livelihoods of hundreds of thousands of Californians across a vast swath of professions. Despite the fact that AB 5 was opposed by thousands of California's independent contractors, Su doubled down on her support for the bill, <u>saying AB 5</u> "will set a model for the country."

But the legacy shops continue to malign independent professionals and concerned workers, and attempt to run interference for Su and the Biden administration, like this milquetoast offering from <u>Reuters</u>.

Su, a civil rights lawyer, former California labor commissioner, head of the state's sprawling labor agency and child of Chinese immigrants, needs at least 50 votes in a Senate where Democrats have a slim 51-49 majority.

Support of all Democrats and Independents is not a given, and several industry officials told Reuters they believe Su will have a tough time getting confirmed.

Industry groups are focusing their campaign on Montana, Arizona and West Virginia, as they worry Su would push nationwide policies that are similar to what she oversaw in California where she supported laws such as the one that classified some gig workers as employees, which some businesses claim impacted their ability to rely on freelancers.

"Classified some gig workers," and "businesses claim" are outright falsehoods. But, water carriers gonna carry.

2. IC truck drivers also oppose her nomination. <u>https://t.co/Jw8p3BNp6M</u>

3. Franchisees oppose Julie Su: <u>https://t.co/MmpbFR5FI7</u>

4. Restauranteurs oppose her: <u>https://t.co/ubIZlopdIG</u>

Will <u>@MiamiHerald</u> run another article that balances who else opposes Su? <u>@Freelancers_USA</u>

- Lila Stromer (@LilaMStromer) April 10, 2023

Nevertheless, small business and worker advocacy organizations like CABIA and the Institute for the American Worker continue to go hard to derail Su's nomination. They were among the many who saw the told and untold damage AB5 did to the economic engine of the state and have been working the past three years to help sound the alarm about the naked attempts through the PRO Act and the Department of Labor to spread the ills of AB5 to every state in the union.

"As the chief enforcer of AB 5, Julie Su was a nightmare for freelancers and small businesses in California. She has no business being Labor Secretary after her track of failure," said Freelancers Against <u>#AB5</u> founder Karen Anderson.<u>https://t.co/FTsI9zT9Hf#FightForFreelancers</u>

- Institute For The American Worker (@Inst4AW) April 6, 2023

Protecting the tipping culture is imperative for tipped workers to remain making above a minimum stagnant wage. A reclassification of service workers by a Julie Su DOL would devastate our incomes. Read this Op-Ed from our Director <u>@ServiceSimone</u> and RWA President <u>@MrTipCredit</u>. <u>https://t.co/kEjvIAtApi</u>

- Full Service Workers Alliance (@FullServiceWkrs) April 10, 2023

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