

February 3, 2021

The Honorable Mitch McConnell
Russell Senate Office Building, 317
Washington, DC 20510

Dear Senator McConnell,

Tomorrow, the Senate Health, Education, Labor and Pensions Committee will hold a hearing to determine whether current Boston Mayor Marty Walsh should be confirmed as Labor Secretary. As the Senate's "advice and consent" process is often compared to a job interview, the California Business and Industrial Alliance (CABIA) believes it's only fitting that the Committee address the track record of one of Mayor Walsh's potential co-workers -- California Labor Chief Julie Su, who is expected to land an appointment as Deputy Labor Secretary.

As the top labor official in California, Su oversaw a massive failure of California's unemployment insurance (UI) system. The Employment Development Department (EDD), a department Su oversaw that handles UI claims, struggled to keep up with claims as Californians lost their jobs at the beginning of the pandemic. Tens of thousands of Californians struggled to stay afloat as the backlog of unpaid claims continued to grow.

The disaster triggered an emergency audit of the EDD which found rampant fraud throughout the system. While hard-working Californians waited in an endless unemployment backlog, criminals, including death row inmates, raked in money from the state. As much as \$1 billion in fraudulent payments was distributed to inmates, including convicted murderer Scott Peterson. Sen. Dianne Feinstein even had a fraudulent claim made in her name.

In total, Su admitted that roughly 1.4 million claims were flagged as fraudulent and up to \$30 billion was wrongly distributed while she oversaw the department. Su was named in the state audit for her failed leadership.

"In spring of 2020, the secretary of the Labor and Workforce Development Agency directed EDD to pay certain claimants UI benefits without making key eligibility determinations and to temporarily stop collecting biweekly eligibility certifications...consequently, EDD now faces a very large impending workload of eligibility certifications that threatens its ability to operate effectively."

In response to the scandal, CABIA recently took out a full-page ad in *USA Today* condemning President Biden's expected decision to tap California Labor Chief Julie Su for the number two role at the Department of Labor. The ad -- a copy of which is included with this letter -- asked viewers "Would You Hire Julie Su?" and listed the most recent "accomplishments" on her resume.



Beyond fraudulent unemployment claims, Su failed to address harmful labor laws on the books in California, including the Private Attorneys General Act (PAGA). For years, PAGA has allowed employees to file frivolous lawsuits against employers for any perceived infraction -- even minor or accidental -- of California's 1,100-page Labor Law Digest. Under Su, the policy continues to be weaponized by attorneys who often make millions at the expense of the state's small business owners.

As the potential Secretary of Labor, CABIA believes it is not only appropriate, but paramount that Mayor Walsh be asked to weigh in on the track record of the person who could soon be his second in command.

Sincerely,

Tom Manzo
President and Founder
California Business and Industrial Alliance

Would You Hire Julie Su?



JULIE SU
CALIFORNIA LABOR SECRETARY

RESUME

- Oversaw massive failure of California's unemployment insurance (UI) system
- Estimated \$30 billion in UI fraud on her watch, including checks sent to death row inmates
- Called out in a state audit for bad decisions that led to these failures
- Failed to fix harmful laws like PAGA, encouraging frivolous lawsuits

President Biden is expected to nominate Su to the number two role at the Department of Labor. But her abysmal track record in California shows she's not up for the task.

Learn more about Julie Su's
record at CABIA.org

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