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# Julie Su prepares to forgive herself for Julie Su’s mistakes

- Will Swaim
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*FILE -Julie Su, Acting Labor Secretary, speaks during an impromptu appearance at the “Democracy for the People” tour, a race and democracy summit sponsored by the Congressional Black Caucus, Wednesday, July 28, 2023, in Houston. (AP Photo/Michael Wyke, File)*

Julie Su is giving herself a gift. Now serving as Joe Biden’s acting U.S. Secretary of Labor, Su is prepared to force U.S. taxpayers to pay off California’s loss of some $30 billion in federal COVID-relief funds.

Those staggering losses occurred while Su was California’s secretary of labor.

That news is buried in California’s 2022 annual comprehensive financial report, an otherwise obscure document filed on March 15. In the very last paragraph, on page 186 of the sprawling report, just before anaphrodisiac spreadsheets included as “Required Supplementary Information,” California’s state controller notes that Su’s U.S.

Department of Labor has issued helpful "guidance" for state finance officials in "Unemployment Insurance Program Letter 05-24."

The U.S. Department of Labor's DOL 05-24 memo notes that a COVID-era agreement between the feds and state unemployment departments "required states to use the CARES Act funds 'for the purpose for which the money was paid to the state' and to 'take such action as reasonably may be necessary to recover for the account of the United States all benefit amounts erroneously paid and restore any lost or misapplied funds paid to the state for benefits or the administration of the Agreement." Do that, "and, in many instances, the state will not need to take retroactive action to resolve monitoring findings."

Under Su, California lost most of the CARES Act money to fraudsters, including international crime gangs. And how will federal DOL officials know whether California took "such action as reasonably necessary to recover" those stolen billions?

Because California officials have told them so. Today, the state controller notes, California "is waiting on final federal approval of EDD's request as indicated in the February 2024 letter before the event can be recognized in the financial statements as a forgiveness of debt."

What's the price of such "forgiveness"? Of "finality"?

California's auditor calculates it this way: "Once federal approval is received, approximately $29.0 billion in federal liabilities will be removed from future financial statements in addition to a portion of the remaining $26.0 billion in federal liabilities, which would also be subject to state finality laws."

When COVID struck in March 2020, Su was serving as Gov. Gavin Newsom's labor secretary. Like most governors, but with more enthusiasm, Newsom shut down the state economy – its schools, churches, offices, stores and even parks and beaches. With the U.S. economy suddenly frozen and millions out of work, President Trump signed the Coronavirus Aid, Relief and Economic Security (CARES) Act, lending billions of dollars to backstop overwhelmed state employment offices.

In California, that office, the state Employment Development Division (EDD), is run by the secretary of labor, then Julie Su. Blinded by her ideology and her incompetence, Su allowed international crime gangs, small-scale operators locked in prisons, and other scammers to tap California's online unemployment-benefits system for about $33 billion in federal COVID loans.

Su has said that no one could have seen the fraud coming. In reality, for more than a decade, California's independent auditor had issued warnings about the unemployment office's vulnerabilities. No one, certainly not Su, acted on that intelligence.

“Despite knowing for years that it had problems with call center performance, EDD has not yet adopted best practices for managing the call center, leaving it ill prepared to assist Californians effectively,” the auditor declared in January 2021.

“There is no sugarcoating the reality,” Su told a news conference after the collapse. “California did not have enough security measures in place.”

But that is sugarcoating reality, because it was Su, not the enormous entity she called “California,” who ignored warnings that a catastrophic breach was inevitable.

The proximate cause of the EDD’s sudden breakdown was Su’s determination that checking a beneficiary’s eligibility for unemployment payments would slow the quick release of cash and likely exacerbate social inequality. When federal COVID-relief cash poured into Sacramento, Su heedlessly shoveled it out to all claimants — or, no, not to all claimants: While inadvertently enriching bad guys, Su’s agency stiff-armed hundreds of thousands of legitimate benefits claims.

“EDD’s lack of preparation left it unable to manage two important fraud-related situations that arose during its 2020 pandemic response,” the auditor wrote in her postmortem. “In September 2020, because of fraud concerns, EDD directed Bank of America to freeze 344,000 debit cards (accounts) that it used to provide benefit payments to claimants. However, EDD did not have a plan in place to ensure that it could unfreeze those accounts found to belong to legitimate claimants, and it has been slow to acknowledge its role in freezing these accounts. EDD was also unprepared to prevent payment of fraudulent claims filed under the names of incarcerated individuals, the total of which is an estimated $810 million. Because it had not developed the capacity to regularly match data from its claims system with data from state and local correctional facilities, EDD did not detect fraudulent claims until after it had paid them.”

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In fairness, Su was preoccupied throughout Covid, enthusiastically implementing California’s Assembly Bill 5. Crafted by organized labor, A.B. 5 was supposed to liberate independent contractors from the curses of casual labor — especially drivers for Uber, Lyft, and DoorDash. But shortly after Newsom signed the bill in 2019, those companies spent $200 million in a successful November 2020 statewide ballot initiative to exempt themselves.

When the electoral smoke cleared, after the tech firms declared victory, the only businesses still laboring under the burden of A.B. 5 were the hundreds of thousands too small to fight back. Today, according to the group Freelances Against AB 5, Californians operating in some 600 business categories — including truckers, speech pathologists, teachers of English as a second language, SAT proctors, translators, writers, and actors — watch helplessly as their own government destroys their piece of the American dream.

Just weeks later, in early 2021, President Biden announced that he had recruited Su to join his administration as deputy secretary of labor. Among those who cheered Su's nomination loudest was her former boss, California governor Gavin Newsom. Perhaps he was glad to see her go: Though she ran Newsom's labor department for just two years, from 2019 to 2021, she produced a record of chaos that would test any misery index.

When Marty Walsh, Su's boss at the U.S. Department of Labor, departed last year to run the National Hockey League Players Association, Biden immediately announced it was his "honor to nominate Julie Su to be our country's next Secretary of Labor."

Today, 13 months later, Su's nomination is stalled in the Senate, held there by Joe Manchin and Republicans who are determined to kill the nomination even deader. Refusing to back down, Biden has made Su his acting secretary of labor. She seems likely to keep that title until the Biden administration departs Washington.

The Senate's refusal to advance Su's nomination is fueled in part by the objections of Kevin Kiley, a freshman California congressman. While Su was Newsom's labor secretary, Kiley was in the California assembly, representing the rural Sacramento suburb of Placer County.

"Julie Su's tenure as Gavin Newsom's labor secretary was a disaster for California," Kiley says. "She was the architect and lead enforcer of A.B. 5, a malicious anti-worker law that destroyed countless livelihoods. And her extreme negligence cost taxpayers over $30 billion in fraudulent unemployment claims."

"Though the House plays no official role in the confirmation process, at least one senator echoed Kiley's concerns about Su's nomination," the San Francisco Chronicle recently noted. "Sen. Bill Cassidy, R-La., said one of his main concerns was that Su would force 'an AB5-like regulation on the rest of the country.'"

Ever helpful, the Chronicle reminded its readers that no matter what men like Kiley and Cassidy claimed about Su's part in bringing A.B. 5 to the entire country, Su herself had said that was something "she would not and could not do."

Would not, could not — and then did it anyhow: On March 11, Su's U.S. Department of Labor issued a new rule that took A.B. 5 national.

None of this — Representative Kevin Kiley's one-man campaign to raise the alarm around Su's nomination, the U.S. Senate's refusal to approve her, the evidence of her incompetence in California, her self-dealing as revealed in California's financial reports — has dented Biden's determination to leave Su in charge at DOL. On January 4, Kiley and House colleague Virginia Foxx (R., N.C.) begged Biden to find someone else. The president renominated Su four days later, underscoring her bona fides, but he left Senator Tammy Duckworth (D., Ill.) to add the applause.

“Since day one of the Biden Administration, Julie Su has been helping lead the Department of Labor and delivering for working families,” Duckworth said in a statement. “Now, after nearly a year as Acting Secretary, she’s proven her expertise and ability to serve as the Department’s highest-ranking official. Whether working to strengthen apprenticeship programs or helping to negotiate agreements in industries from rails to ports to auto companies, Julie Su is advancing workers’ rights and getting the job done.”

Su remains upbeat, telling Major Garrett (on his March 15 CBS podcast) that she won’t unilaterally withdraw her nomination and is “really honored by his [Biden’s] support.” And if you object to any of this? Lorena Gonzalez Fletcher, author of California’s A.B. 5 when she was a colleague of Kiley’s in the state assembly — and just before she returned to her lifelong career in organized labor — says you’re probably, like Kiley, a sexist.

“I think Kevin Kiley is highly offended by Julie Su’s intelligence, passion, dedication, honesty, ability to move an agenda,” Gonzalez Fletcher told the San Francisco Chronicle. “He’s a little man threatened by a very successful, intelligent woman. That is Kevin Kiley.”

But the phony optimism, the honored-to-be-honored vocal filler, the charges of sexism — or size-ism — are, for the White House at least, mere political theater. Lost in the scene-chewing and feigned outrage, are Su’s victims. They’re not actors. They’re not mimicking pain. Their suffering is anything but honorable.

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