

**Prepared Statement of Ranking Member Richard Burr
Nomination of Julie Su, U.S. Deputy Secretary of Labor**

March 16, 2021

Good morning, Chairman Murray. Thank you for scheduling this hearing to consider the nomination of Secretary Julie Su for Deputy Secretary of Labor.

Welcome, Secretary Su.

I congratulate you on your nomination.

Article 2, Section 2 of the United States Constitution gives the Senate the power of advice and consent to approve, or reject, nominations for executive offices made by the President.

The Senate is not a rubber stamp, but an equal partner in shaping the staff of the executive branch.

This is an important responsibility, and one I don't take lightly.

I have supported nominees of Presidents of both parties, even when I didn't agree with the President, or the nominee, if I thought that the nominee was qualified for the job and deserving of my support.

In fact, a month ago I supported the nomination of Marty Walsh to be Secretary of Labor.

I said then that Mayor Walsh has the background, the skills, and awareness of the need for balance in conversations between labor and management.

Mayor Walsh emphasized during his nomination hearing that he wanted to work with us, collaboratively, to help the American workers improve and expand opportunities.

Mayor Walsh committed to making sure commerce and labor work cooperatively.

So, I'm pleased to be able to support his nomination and provide my consent.

California is not a model to emulate for the country.

According to the Bureau of Labor Statistics, California's unemployment stands at 9%, the second highest in the country and has had one of the worst increases in unemployment over the last year during the pandemic.

California has imposed some of the most onerous restrictions on businesses and individuals and has been one of the slowest to recover.

The controversial AB 5 bill would have decimated many of the companies that have helped to give the state its reputation of innovation.

For example, Uber and Lyft were both born in California and have revolutionized how people around the world get from place to place.

Both companies would have had to cease operations in the very state in which they're headquartered if the AB 5 bill would have been implemented as passed.

The law was so radical that even the same California voters who overwhelmingly voted for President Biden overturned the core of AB 5 by a whopping 17 percentage points.

California is also known for high taxes, and that applies both to individuals as well as businesses, and those rates aren't likely to go down anytime soon considering the staggering amount of state liabilities on the state's balance sheet.

The Tax Foundation ranked California 49th out of the 50 states in terms of business climate. The classic idea of "if you want less of something, make it more expensive" applies to employing people in California.

The Mercatus Center has also found that California has the most state-level regulatory restrictions in the country, nearly 30% more than the state with the second most.

The tax and regulatory burden weigh heavily on employers, and it is another reason why we are seeing businesses flee California in favor of states with more reasonable policies.

Maybe that explains why so many companies are moving from California and bringing their jobs with them to North Carolina, Texas, and elsewhere.

I see a lot of moving trucks with California plates in Charlotte and Raleigh, and as long as they don't bring their politics with them, or forget why their state's politics made them leave, I'm happy to welcome them to the Tarheel State.

Turning to our nominee, you have a few challenges to gaining support for your nomination.

First, some of your friends have made it clear that they think you will be a shadow Secretary, when the role of Deputy Secretary is really that of a Chief Operating Officer.

Your friends may have thought they were helping you, but some of what they have said raises some concerns.

So, Secretary Su, we discussed this yesterday in my office, and I hope you can convince the Committee that you understand the job you've been nominated for.

I also hope you can demonstrate that you aren't aiming to drag Mayor Walsh away from the sensible agenda he committed to pursuing when he was sitting where you now sit.

Second, and more importantly, I'm even more concerned about the failures and fraud in the California Unemployment Insurance system.

California has suffered from some of the largest fraud in our nation's history.

Over \$11 billion, perhaps as much as \$30 billion, in fraud occurred in California's unemployment system. Even death row inmates received unemployment checks.

I'm sure there is a reasonable debate to be had about the death penalty, but I can't imagine one that involves paying people on death row for being unemployed.

What's worse about the fraud committed on California and U.S. taxpayers is that it was entirely preventable.

It's my understanding that an auditor made a series of recommendations just as you took office, specifically recommending that California exclude sensitive information, including Social Security numbers, from its identification system.

But nothing changed.

In fact, when the fraud was ramping up, and billions being stolen from taxpayers, California actually made things worse. You ordered the agency to eliminate some important safeguards to speed up payments, which led to even more fraud.

Additionally, people waited months for their benefits and a state audit showed that call centers only answered 1% of their calls.

These are operational failures of extreme proportions.

What's worse is that California has received hundreds of millions a year, every year, over the past decade, in federal funds for administration of their unemployment systems, but no changes or improvements to those systems were made.

It's not Washington's fault that California systems still use COBOL. You'd think with all of those tech companies still in Silicon Valley, that one or two of them would be able to sell you new technology and systems.

As we discussed yesterday, it is true that all states struggled, but California's struggles swamp everyone. And none of their Secretaries of Labor are here today seeking a promotion.

So, while you may not be personally responsible for every case of fraud that happened, the fraud did happen on your watch.

Please help this Committee understand why that is an experience the Senate should reward with a promotion.

I'll keep an open mind as we go through this hearing, and I appreciate you being willing to discuss these issues with us today.

I thank the Chair.