

Mr. WEBER of Texas. Mr. Speaker, I will say all of our speakers today laid out an exact reason why Texans love freedom and why they are willing to fight for freedom at any cost.

We need to be teaching our children that freedom isn't free. I hope we are. Texans get it. Freedom isn't free.

I want to end by saying: May all the United States join us in reclaiming what the song says so eloquently: "God blessed Texas." I say amen and amen.

Congratulations, Texas.

Mr. Speaker, I yield back the balance of my time.

#### PRESIDENT BIDEN SHOULD NOT APPOINT JULIE SU

The SPEAKER pro tempore. Under the Speaker's announced policy of January 9, 2023, the Chair recognizes the gentleman from California (Mr. KILEY) for 30 minutes.

Mr. KILEY. Mr. Speaker, Secretary of Labor Marty Walsh has announced his intention to leave the Biden administration, and reports suggest Deputy Secretary Julie Su is the leading candidate to replace him. As chair of the House Subcommittee on Workforce Protections, I am urging President Biden, in the strongest terms, not to appoint Julie Su to this important cabinet post.

Prior to joining the Biden Labor Department, Su was California's Secretary of Labor under Governor Gavin Newsom. To say she failed the people of California in that role would be an extreme understatement. I was serving in the State assembly during her tenure. I witnessed firsthand failures on a scale that no State in this country has ever experienced.

I have already sent a coalition letter from Members of the California Congressional delegation to President Biden urging him to nominate someone, anyone, other than Su. Today, I will expand on the points we raised in that letter.

The amount of suffering Su's labor department inflicted on my constituents and millions of Californians needs to be understood by the President and by every Senator who would be voting on her nomination.

□ 2030

Specifically, I will be discussing three main failures in her tenure in California, each of which is independently disqualifying.

First, under her supervision, California's unemployment office, known as the EDD, failed to deliver benefits to millions of Californians.

Second, at the same time, thanks to Su's gross negligence, the EDD allowed the largest fraud of taxpayer dollars in history.

Third, Su helped destroy the careers of thousands of California freelancers as an architect of a labor law that effectively bans independent work.

Let's start first by looking at the EDD's staggering failures under Su's

watch to perform its basic function of delivering benefits to the unemployed.

California had the highest or second-highest unemployment rate in the entire country through most of the COVID-19 era. This in itself could be seen as a significant failing of the State's secretary of labor. What was even worse is that those people who lost their paychecks on the government's orders, millions of Californians, had to wait weeks, months, or in some cases indefinitely for the unemployment benefits they were entitled to by law.

Now, in fairness, the COVID shutdown presented unemployment departments with unprecedented demands, and a number of States struggled to keep up. What happened in California under Su's management is simply without comparison.

An estimated 5 million claims were delayed, many for months on end. An estimated 1 million people were wrongfully denied benefits. As a result, many of my constituents were left helpless with no income, no ability to provide for their families. Many became dependent on food banks and had to cut back on basic necessities. They had to dip into their lifesavings or take on debt.

For example, in late April 2020, my office received a call from a woman named Emily, who was inconsolable, saying she was on the brink of giving up hope. She was out of work and her EDD claim had been pending for a month. She had no money, no way to pay her bills or put food on the table. I just can't do this anymore, she said, adding that she couldn't hang on the Governor's promises anymore. We later learned the agency had made a basic processing error, denying her claim and not even telling her.

I could provide hundreds of other stories just like this. At times, during 2020, my office would open dozens of new cases every day from constituents who could not get their benefits. We heard from folks who would call the EDD hundreds of times with no answer, who received notices with someone else's Social Security number, someone else's employer, someone else's earnings, who would wait weeks, months, or forever for their benefits.

The level of service was worse than anything I had ever seen in government, eclipsing the very worst horror stories of bureaucratic ineptitude. By one estimate, only one in a thousand people would reach a live person when they tried to call the EDD.

Sometimes, after finally getting through, the caller would be abruptly hung up on. The callback option routinely failed with people requesting a call back and then not getting one.

Often, no reason was given for benefit denials, and when one was given, it often didn't make sense. One claimant had an electronic application denied as illegible—an electronic application.

San Francisco Assemblyman David Chiu, a Democrat, started a hashtag

featuring the worst of these incidents. He called it #EDDfailoftheday.

Months went by with no progress made. You don't need to take my word for it. In July 2020, 61 of the 80 members of the California Assembly, mostly Democrats, wrote as follows:

"In our fifth month of the pandemic, with so many constituents yet to receive a single unemployment payment, it is clear that EDD is failing California. Millions of our constituents have had no income for months. As Californians wait for answers from EDD, they have depleted their lifesavings, have gone into extreme debt, and are in deep panic as they figure out how to put food on the table and a roof over their heads."

The lawmakers went on to explain how the EDD, time and again, failed to take responsibility and failed to correct its mistakes. They wrote that they had been met with longwinded excuses, fumbling non-answers, or unclear and inconsistent data, along with a "lack of transparency and accountability," even "obfuscation and dishonesty" in their dealings with the agency.

We have exhausted all avenues at our disposal, they said, as the agency had addressed only a few of the many issues we have highlighted for months and was only scratching the surface of the disaster that is the EDD.

Those are the words of the Democrat supermajority in the legislature: the disaster that is the EDD. The legislators lamented "how little has improved at EDD over the course of the pandemic."

Independent reports would soon confirm the extent of the agency's mismanagement and deception. While the EDD had said in July 2020 that its claims backlog would be cleared by September, a report found 1.5 million claims remained unresolved and the backlog was increasing by 10,000 each week.

The independent Legislative Analyst's Office found the EDD mischaracterized the crisis repeatedly to the legislature. For instance, the EDD claimed that 705,000 claims were denied when the real number was 3.4 million.

Under Julie Su, California's unemployment office became the national poster child for government failure. Su failed to prevent avoidable problems, failed to address the crisis as it spiraled out of control, and failed to honestly acknowledge problems after the fact.

Millions of Californians paid the price. It bears emphasizing that these were people who had lost their jobs on the government's orders and had been paying into the very system that was now failing them.

Even allies of the Governor and Secretary Su concluded that she was responsible. Democrat Assemblymember Cottie Petrie-Norris, who is chairwoman of the Assembly Accountability and Administrative Review Committee, said that Su has not done a

good job at running the Employment Development Department, saying that Su's mismanagement caused heartache for millions of Californians.

That is the first reason, that heartbreak for millions, why President Biden should not even consider elevating Deputy Secretary Su. The second independent basis for disqualification is the historic fraud of taxpayer dollars that occurred on her watch.

As so many hardworking citizens waited in vain for the checks that they were owed by the EDD, there was one group of claimants for whom the delivery of benefits was swift and seamless: prisoners and fraudsters who were not entitled to them.

In the largest fraud of taxpayer dollars in history, an estimated \$32 billion was wrongfully paid out from the EDD to State prison inmates and international crime syndicates. Payments were made to murderers, rapists, and child molesters, and 133 death row inmates collected over \$400,000. These hardened criminals didn't have to try hard. They used names like DIANNE FEINSTEIN and John Doe without raising an eyebrow. The district attorney of Sacramento County called the scheme "relatively easy."

The scale of this fraud boggles the mind. It equates to over \$800 per person in California. The amount of money wasted was enough to pay the annual salary of 330,000 teachers in California. You could end world hunger with this kind of money.

Where did the money go? It went to the worst of the worst, funding organized crime both domestically and internationally. This \$32 billion was used not to help citizens who had lost their jobs or to pay teachers or to end hunger but to fund further criminal activities.

It was easily preventable. Nothing even close to this happened in any other State. The reason it happened in California was Secretary Julie Su. She made the inexplicable decision to forgo a basic fraud prevention system. She ignored the Federal Government's guidance that claims be crosschecked against the prison rolls, which was standard practice in other States. The agency sent hundreds of benefit cards to the same address, sent cards directly to correctional facilities, and issued benefits to infants and centenarians.

The district attorney of Sacramento County called the EDD's response to the fraud "slow and nonexistent" and advised to look to other States for solutions.

Fresno County's district attorney said the administration did nothing until the elected district attorneys brought it to the media, adding that she did not think the State "has a handle on it." Riverside County's district attorney said: "I don't know who was at the wheel."

The chairwoman of the State Assembly committee responsible for overseeing the EDD, a Democrat, decried the failure to follow "simple and obvi-

ous steps that are implemented across the country." She added: "It is absurd. This is outrageous."

Perhaps most outrageous of all, as the district attorneys who uncovered the fraud put it: "Fraudulent unemployment claims deny those who have lost their employment, many due to COVID-19, who are legally eligible for benefits and are truly in need from getting the financial assistance they need."

Assemblyman David Chiu, a Democrat from San Francisco, summed it up this way: "It is egregious that my constituents make a single typo that holds up their EDD benefits for months while an inmate on death row can use a fake name and still get benefits paid out."

As if these first two reasons were not enough—the heartbreak for millions and the waste of billions—Deputy Secretary Su should not be elevated to the Biden cabinet for a third independent reason. As California's secretary of labor, she championed and ruthlessly enforced a labor law that has been called one of the most destructive pieces of legislation in the past 20 years.

It wasn't me that called it that. This quote came from Gavin Newsom's own former deputy chief of staff, Yashar Ali, who added: "It is truly horrific how many people have been negatively impacted by the law."

That law, AB5, effectively bans independent work of any kind. While it was promoted as a way to convert rideshare drivers to the status of W-2 employees, the law has ensnared hundreds of professions: videographers and caricaturists, transcriptionists and interpreters, technicians and engineers, analysts and consultants, musicians and conductors, artists and dancers, writers and editors, coaches and trainers, teachers and tutors, nurses and doulas. Hardly an industry or trade is unscathed.

It is a law so bad that affected industries have had to lobby the legislature for exceptions, over 100 of which have been granted, but only to those with enough influence. Countless other Californians, spanning hundreds of professions, remain subject to the law and have lost their ability to earn a living in our State or had their professional options severely restricted.

In fact, many national companies now explicitly disclaim on their applications that they can no longer work with California freelancers. In many professions, independent contracting is the only viable business model. In others, it is much preferred, thanks to the flexibility and freedom it affords. Regardless, the blunt instrument of AB5 forbids it.

Most devastated by this law are the most vulnerable: seniors, caregivers, students, reformed convicts, single mothers, people with disabilities or health issues or mental health needs, all of whom rely on independent contracting to balance work with their personal life circumstances.

Consider just a few testimonials of Californians whose lives have been upended by the law.

A woman named Jodie said: "I worked years to gain my skill as an American Sign Language interpreter. It was my goal since I was 9 years old. After AB5, I lost all three of my agencies. The dream I worked for is lost. I can't provide for my family and thousands of California's deaf won't be serviced."

Andy said: "I work with underserved artists of color. None of my career as an artist, technician, designer, and producer would have been possible under AB5. Artists of color will be less able to create their own work."

Megan said: "I am a nurse practitioner. AB5 is widening the gap in healthcare as small rural practices that can only be staffed with contractors shut their doors. Setting my own schedule has allowed me to spend time with my children that I will no longer be able to."

Daniel said: "I am a chiropractor in California. I was just terminated from my wonderful independent contract, 10 hours per week job. The company cited AB5. I have had this job for 10 years. The job allowed me flexibility to take care of my three special needs kids. Now it is gone."

Jared said: "AB5 forced me to shut down my business. I went from making \$80,000 per year in home services to a minimum wage employee. My family trade is gone. I have gone from working 4 days a week to spend time with my kids to not knowing if I can make ends meet working 7 days."

Kathi said: "I am a 71-year-old transcriber. I raised six kids and went to work in my forties, but I had to retire at 62 due to health issues. I depend on my at-home transcription pay to survive and pay my bills. For 8 years I did okay, until AB5."

□ 2045

Barbara said: "I am a proofreader. Competition is fierce, and it is hard to get clients, but I did it. I was thrilled to choose jobs I was best suited for and to work when I wanted. After AB 5, Californians need not apply."

Julie Su has been called an "architect" of this law. After its enactment, she used her position as California Secretary of Labor to ruthlessly enforce it.

Here is what Su said in her own words: "The way to enforce AB 5 is just doing investigations and audits. That will be on both wages and tax. So we will be doing investigations and audits so that those who want to comply with the need to reclassify can do so, and those who don't will understand that is not the kind of economy we want in California."

Think about how callous those words are, Mr. Speaker.

Just wiping out hundreds of professions of countless people, "that is not the kind of economy we want in California," she said.

She went on to say: “So we can issue citations and demand both wages and taxes and other kinds of penalties.”

Su shamelessly kicked this harassment strategy into high gear after the COVID shutdowns began. She even defied the will of Congress in the process. It was one of the most disgraceful episodes of the COVID era in California. Congress had provided benefits to independent contractors through the CARES Act and put States in charge of distributing those benefits. Yet under Julie Su, the EDD wrongfully withheld those benefits as she aimed to exploit this sudden need that independent contractors had to interface with her department.

A website called *The People v. AB 5*, run by four self-described “Democrats who support unions” but were opponents of the law, explained Su’s scheme. They wrote that EDD “attempted to weaponize the COVID-19 crisis by leading out-of-work Californians into a trap.”

Instead of giving them access to the benefits Congress had included for independent contractors in the CARES Act, the EDD tried to shoehorn them into the regular unemployment system where they would then have to name the names of their business partners. Then, once it had that list, EDD would pounce, launching audits of the named businesses for allegedly violating AB 5 and hitting them with fines ranging from \$5,000 to \$25,000 per “misclassification.” This would be applied retroactively to before the law even existed.

The website gave an example of a small “princess for your little girl’s birthday party,” business whose owner was audited and fined \$60,000 dating back several years.

Incredibly, as small businesses were on their last legs, the EDD plowed ahead with these harassing audits using personnel that could have been processing unemployment claims or detecting fraud. The worst consequence of all this was that countless freelancers who were forced out of work by AB 5, COVID, or some combination of the two, had to wait weeks or months for benefits as Su’s department played its political games.

You don’t need to take my word for this, Mr. Speaker. California Congressman ADAM SCHIFF wrote a letter to Secretary Su in April of 2020 rebuking her for failing to release the benefits independent contractors were owed under the CARES Act.

Schiff wrote as follows:

I represent thousands of independent, freelance contract, and gig workers, including many in the entertainment industry, who often do not qualify for standard unemployment benefits. The CARES Act, which was signed into law 2 weeks ago, dramatically expands unemployment coverage, and I led an effort in the House to extend this coverage to nontraditional and independent workers.

As States are now working to implement these expanded benefits, I am hearing from many of my newly eligible constituents who are concerned because they are not yet able

to apply and are increasingly worried as their financial responsibilities continue to mount without anticipated income.

It is little wonder that the coalition behind AB 5 has issued a letter endorsing Su to be President Biden’s new Secretary of Labor. The letter signed by the California Labor Federation, SEIU California, and the California Teachers Association, among others, begins: “There is no one more qualified to help lead.”

They know exactly where she would lead the country: down the same disastrous path as California—something her former boss, Gavin Newsom, has explicitly called for, saying that California is a model for the Nation and promising to highlight California’s “policy innovations” so they can be scaled up nationally.

Given Julie Su’s role as an architect and enforcer of AB 5, there is no doubt that as U.S. Secretary of Labor she would do everything in her power—and likely things not properly in her power—to nationalize the law and its destructive consequences.

In fact, there are already two vehicles for doing so. The PRO Act, which passed the House last year would cost at least 350,000 freelance workers their ability to earn a living, and at this moment, the Department of Labor has a proposed rule that would similarly threaten the livelihoods of independent contractors nationwide.

This is not a trivial matter. Fifty-seven million Americans engage in freelance work. They deserve a Secretary of Labor who defends their freedom to work and respects them as professionals. Julie Su’s track record suggests she would be a Secretary who does just the opposite.

President Biden faces a very clear choice: Does he want a Secretary of Labor who will fight for workers, taxpayers, and citizens, or does he want the hand-selected rubberstamp of special interest groups?

This is a moment of vital importance for the American workforce. We are coming out of an era of unprecedented upheaval and heading toward an era of unpredictable transformation.

The position of Secretary of Labor cannot be treated as a gift to special interests. It cannot be occupied by someone who has harmed so many workers in so many ways. It cannot be consumed by the incompetence and corruption that Californians are all too familiar with.

Mr. Speaker, I urge President Biden to cease consideration of Julie Su for Labor Secretary and to appoint a new Secretary who is competent and qualified, who is pro-worker and pro-small businesses, who will work with Democrats and Republicans alike, who will unleash our economic potential rather than suppress it, and who understands that it is ingenuity and hard work—not the heavy hand of government—that has made the American workforce the greatest engine for progress the world has ever known.

Mr. Speaker, I yield back the balance of my time.

## PUBLICATION OF COMMITTEE RULES

RULES OF THE COMMITTEE ON FINANCIAL SERVICES FOR THE 118TH CONGRESS

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON FINANCIAL SERVICES,

Washington, DC, February 27, 2023.

Hon. KEVIN MCCARTHY,  
*Speaker, House of Representatives,*  
Washington, DC.

DEAR SPEAKER MCCARTHY: Please find attached a copy of the Rules of the Committee on Financial Services for submission into the Congressional Record. Pursuant to clause 2 of Rule XI of the House of Representatives, the Committee adopted the Rules of the Committee on February 1, 2023.

Sincerely,

PATRICK MCHENRY,  
*Chairman, Committee on Financial Services.*

### RULE 1—GENERAL PROVISIONS

(a) The rules of the House are the rules of the Committee on Financial Services (hereinafter in these rules referred to as the “Committee”) and its subcommittees so far as applicable, except that a motion to recess from day to day, and a motion to dispense with the first reading (in full) of a bill or resolution, if printed copies are available, are privileged motions in the Committee and shall be considered without debate. A proposed investigative or oversight report shall be considered as read if it has been available to the members of the Committee for at least 24 hours (excluding Saturdays, Sundays, or legal holidays except when the House is in session on such day).

(b) Each subcommittee is a part of the Committee and is subject to the authority and direction of the Committee and to its rules so far as applicable.

(c) The provisions of clause 2 of rule XI of the Rules of the House are incorporated by reference as the rules of the Committee to the extent applicable.

### RULE 2—MEETINGS

#### *Calling of Meetings*

(a)(1) The Committee shall regularly meet on the first Tuesday of each month when the House is in session.

(2) A regular meeting of the Committee may be dispensed with if, in the judgment of the Chair of the Committee, there is no need for the meeting.

(3) Additional regular meetings and hearings of the Committee may be called by the Chair, in accordance with clause 2(g)(3) of rule XI of the Rules of the House.

(4) Special meetings shall be called and convened by the Chair as provided in clause 2(c)(2) of rule XI of the Rules of the House.

#### *Notice for Meetings.*

(b)(1) The Chair shall notify each member of the Committee of the agenda of each regular meeting of the Committee at least three calendar days (excluding Saturdays, Sundays, and legal holidays except when the House is in session on any such day) before the time of the meeting.

(2) The Chair shall provide to each member of the Committee, at least three calendar days (excluding Saturdays, Sundays, and legal holidays except when the House is in session on any such day) before the time of each regular meeting for each measure or matter on the agenda a copy of—

(A) the measure or materials relating to the matter in question; and

(B) an explanation of the measure or matter to be considered, which, in the case of an explanation of a bill, resolution, or similar