

Owner-Operator Independent Drivers Association

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The Honorable Bernie Sanders Chairman Committee on Health, Education, Labor, & Pensions U.S. Senate Washington, DC 20510 The Honorable Bill Cassidy Ranking Member Committee on Health, Education, Labor, & Pensions U.S. Senate Washington, DC 20510

Dear Chairman Sanders and Ranking Member Cassidy:

The Owner-Operator Independent Drivers Association represents 150,000 owner-operators leased to motor carriers, small-business motor carriers with their own operating authority, and employee truck drivers. We oppose Ms. Julie Su's nomination to lead the Department of Labor and the Senate Committee on Health, Education, Labor, & Pensions must reject her nomination in order to protect the livelihoods and careers of the hard-working truckers we represent. Her record as California Labor Commissioner and Secretary for the California Labor and Workforce Development Agency, including her support for AB5 and overseeing its disastrous implementation, demonstrates she would pursue policies that threaten our members' ability to use a business model they have properly and beneficially used for decades.

AB5 in California, which implements the ABC Test to classify workers, essentially requires that an owner-operator working with a carrier through a lease agreement must be classified as an employee. This is contrary to decades of practice as well as federal laws and regulations that allow for owner-operators to be independent contractors. This is the most disruptive worker classification policy to be enacted anywhere at the state or federal level.

When asked about AB5 in an interview, Ms. Su responded that it was meant to address misclassification that has "resulted in the day labor-ization of our economy." She continued, "Instead of the steady, consistent, reliable work, people end up basically in odd jobs and you're hustling all the time, right? So AB 5 is meant to address that kind of misclassification so that we can bring more people who should be under the protection of our labor laws back on that floor."

These comments demonstrate either an ignorance of the owner-operator model in trucking or an overly broad generalization of how different workers operate as independent contractors. For the tens

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¹ Judy Lin, "CA's Labor Chief Wants the Jobs of the Future - and She Wants Them to Cut Inequality," CalMatters, October 16, 2019, https://calmatters.org/economy/2019/10/california-labor-chief-jobs-future-income-inequality-julie-su-ab5-gig-economy-unions/.

of thousands of truckers who have enjoyed a successful career as an owner-operator, it would come as a surprise to learn that their business represents an "odd job" in need of fixing.

It has been frustrating enough for small-business truckers that the California legislature ignored their concerns when enacting AB5. But the implementation of the law has been just as, if not more, disappointing. For months after the law was enacted, OOIDA sought guidance about how the law would apply in the trucking industry and how small businesses and independent contractors could potentially comply. Despite our efforts, we were left with essentially no guidance before the law took effect. The law and its haphazard rollout has forced independent contractor truckers to leave the state of California, become an employee, attempt to reconfigure their business, operate under a cloud of uncertainty, or abandon the trucking profession altogether.

For these reasons, we are concerned that Ms. Su would continue to pursue an ideologically-motivated agenda towards worker classification that ignores the thousands of small-business truckers that depend on the ability to work as an independent contractor. Make no mistake, if Ms. Su were to advance the same policies that she championed in California, it would force hundreds of thousands of truckers to change their business model and put their livelihood in jeopardy. We are especially concerned with her nomination at a time when the Department of Labor is working on an updated worker classification rule. There is the potential for this rule to make some improvements to worker classification at the federal level, but if Ms. Su is confirmed to lead the Department, we fear that we will see a repeat of what's happened in California.

Our association is in a unique position to offer an important perspective on labor issues because we are the only trade association dedicated to representing the interests of truckers who make their living out on the road. Unfortunately, these views have been left out of discussions involving worker classification. There is certainly misclassification in trucking, but there is no one-size-fits-all solution to address the problem. We have seen proposals that would implement a much too broad definition of employee and force owner-operators to work as employees, as well as proposals that would allow motor carriers to exert greater control over owner-operators while avoiding scrutiny on the classification issue.

We stand ready to work with Senators to address misclassification and improve working conditions in the trucking industry. But we believe that Ms. Su's confirmation would make it extremely difficult to fix these issues in a way that benefits America's truckers.

Thank you,

Todd Spencer President & CEO

Owner-Operator Independent Drivers Association, Inc.

cc: Members of the U.S. Senate

Todd Grenco