## Congress of the United States Washington, DC 20515

April 5, 2017

Hon. Tom Cole, Chairman Subcommittee on Labor, HHS & Education Committee on Appropriations 2358-B Rayburn House Office Building Washington, DC 20515 Hon. Rosa DeLauro, Ranking Member Subcommittee on Labor, HHS & Education Committee on Appropriations 1016 Longworth House Office Building Washington, DC 20515

Dear Chairman Cole and Ranking Member DeLauro,

As you consider Fiscal Year 2018 Labor, Health and Human Services, and Education appropriations legislation, we urge you to include language to protect small businesses from the National Labor Relations Board's (NLRB) harmful and confusing new definition of joint employers.

Behind many familiar brands across various industries – child care, home care services like plumbing or landscaping, moving services, restaurants and hotels, and many other industries – are hundreds of thousands of local, small business owners who operate their small business as a franchisee of a larger brand. Franchising has created 733,000 businesses that account for over 13 million direct and indirect jobs and contribute \$1.6 trillion in output, or more than 10 percent of our economy each year. Through franchising, national companies are able to expand the reach of their products and services, and local entrepreneurs are able to start their own small businesses.

Unfortunately, entrepreneurs in each of our districts have been frustrated and confused since the NLRB issued its 2015 decision in *Browning-Ferris Industries of California*, *Inc* (BFI). The decision overruled more than thirty years of bipartisan precedent and eliminated long-standing clarity on the federal employment law obligations of employers. This new joint-employer standard would hold businesses liable for the management and actions of workers they do business with, but don't actually employ or control. The new standard could extend liability from individual franchisees to brand companies, from subcontractors to larger employers, and even from a vendor or supplier to the company purchasing their products or services.

According to a June 2016 report by the U.S. Chamber of Commerce and International Franchise Association, franchise and contract businesses are facing more operational and legal costs, decreased business values, less compliance assistance from franchisors, less growth and fewer jobs as consequences of the new joint employer policy.

Therefore, we urge you to include a one-year hold on the NLRB's harmful and confusing definition of joint employers in the FY18 Labor, Health and Human Services, Education, and Related Agencies Appropriations legislation.

Thank you for your attention to our request.

Sincerely,

Tom MacArthur

Member of Congress

Henry Cuellar

Member of Congress

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