



October 28, 2015

The Honorable John Kline

Chairman, Committee on the Education and the Workforce

The Honorable Robert C. Scott

Ranking Member

Committee on the Education and the Workforce

U.S. House of Representatives

2176 Rayburn House Office Building

Washington, DC 20515

Dear Chairman Kline, Ranking Member Scott, and members of the Committee,

On behalf of the Competitive Enterprise Institute, I am writing to express our support of H.R. 3459, the *Protecting Local Business Opportunity Act*. The bill restores the traditional joint employer standard, which fostered the creation of thousands of beneficial business relationships including franchise businesses, contractors and temporary staffing agencies.

In August, the National Labor Relations Board unilaterally changed what it means to be an employer by redefining the concept of joint employment. Under its new definition, companies may be held liable for labor violations committed by other employers with whom they contract — even if they do not exercise direct control over that company or its employees.

By making employers liable for the practices of contractors, franchises, and temporary staffing agencies, companies will likely bring many functions in-house, take greater control of operations, or eliminate jobs. Defining companies, which merely contract with each other, as joint employers, the NLRB threatens entrepreneurship and the ability of American businesses to grow and create jobs. It would jeopardize the future of franchise businesses, which have created jobs faster than other businesses in the last seven years, and endanger the jobs of the three million people who work for temporary staffing agencies.

Without the passage of the *Protecting Local Business Opportunity Act*, many of the incentives to go into business for yourself will vanish. Many independent small business

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owners and entrepreneurs have expressed fears about losing workplace flexibility and the autonomy that made them want to start a business due to the new joint-employer rule.

At a time of meager economic growth and 94 million Americans who are out of the workforce, now is not the time for a group of unelected bureaucrats at the NLRB to erect roadblocks that make operating or starting a business more difficult than necessary.

The traditional joint employer standard has served all stakeholders well—workers, consumers and employers—for decades. We urge Congress to reverse the NLRB’s new joint employer standard that hinders innovation, prohibits flexible work arrangements, and makes it much harder for entrepreneurs to start new businesses.

Thank you for your time. We hope you take our thoughts into consideration.