



July 31, 2017

Dear Chairwoman Foxx, Chairmen Byrne and Walberg, and Representatives Cuellar and Correa,

On behalf of the Society for Human Resource Management (SHRM) and our 285,000 members, I am writing in strong support of H.R. 3441, the Save Local Business Act. We commend you for your leadership for introducing this bipartisan legislation.

The Save Local Business Act would overturn the National Labor Relations Board's (NLRB) *Browning-Ferris Industries (BFI)* decision which fundamentally changed the joint employer standard that had been in place for more than 30 years. In its ruling, the Board overturned a long-standing test that said a company should be considered to jointly employ another company's employees if they have direct and immediate control over them. The *BFI* case expanded the definition to find joint employment where there was only the right to exert indirect or potential control. SHRM urges a return to the direct control standard.

Changing the joint employer standard disadvantaged employers in significant ways. Under the NLRB standard, multiple employers must jointly negotiate working conditions and are now held liable under the National Labor Relations Act for labor violations. An employer who contracts out services, or an employer that accepts them, or who is a franchisee is greatly impacted by this standard. If this legislation is not enacted, employers that rely on either independent contractors, third party service providers, or who are franchisors will continue to be forced to extend greater oversight of these employee/employer relationships, limiting the flexibility and autonomy of employers and individuals.

SHRM looks forward to working with members of the U.S. House Education and the Workforce Committee to advance H.R. 344, which will restore the 30-year standard that was well understood and widely applied by employers. SHRM strongly supports this legislation and recommends its swift passage.

Sincerely,

Mike P. Aitken  
Vice President, Government Affairs

CC: Members of the U.S. House Education and the Workforce Committee