



**COALITION TO SAVE
LOCAL BUSINESSES**

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ARLINGTON, VIRGINIA**

**TESTIMONY BEFORE THE U.S. HOUSE SUBCOMMITTEE ON HEALTH,
EMPLOYMENT, LABOR, AND PENSIONS**

**HEARING ENTITLED ""RESTORING BALANCE AND FAIRNESS TO THE
NATIONAL LABOR RELATIONS BOARD"**

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Good morning, Chairman Walberg, Ranking Member Sablan, and distinguished members of the Subcommittee. My name is Reem Aloul, and I own a BrightStar Care homecare franchise in Arlington, Virginia. Thank you for the opportunity to appear before the Subcommittee to discuss some of the challenges facing my business today. While there are many issues before the National Labor Relations Board (NLRB) that should be discussed, I will focus my remarks on how the NLRB changed the fundamental definition of “employer,” and how that is directly affecting locally owned businesses like mine.

I appear before you today on behalf of the Coalition to Save Local Businesses, which is a diverse group of locally owned, independent small businesses, associations and organizations that is working to restore the common sense, traditional definition of “joint employer.” In addition to telling you about my path to entrepreneurship, I will also share with you some examples of how this is affecting my ability to operate and grow my business.

My Local Business Story as A Home Care Franchisee

Mr. Chairman, I was born in Jordan. My father was also an entrepreneur. Like I would many years later, he left a comfortable job to make it on his own and provide a better life for my mom and three siblings. My mom stayed at home and cared for all four of us. I finished high school in Jordan and went to the American University in Cairo where I got my Bachelor’s Degree in Economics. I've lived in Arlington, VA since 2004. And I’m pretty sure I got my "entrepreneurial bug" from my dad.

Prior to opening my business, I had more than 20 years of senior executive experience in management consulting and international economic and social development. I travelled the world supporting businesses and governments and helped them improve their operations and service delivery.

In 2013 – as many entrepreneurs have done before me – I made a bold decision to quit my job at a Fortune 500 company and pursue my dream of owning a business. I knew I wanted to be in health or education. I did my homework and decided to pursue a franchise business where I would have the support I needed to get off the ground and still be in control of my own business.

I decided to focus on helping people in my local community remain in the comfort and familiarity of their homes and founded BrightStar Care of Arlington, VA. We provide medical and non-medical services to our clients so they can stay in their homes, safely.

I established my business with two goals: 1) provide peace of mind for client and their family members, and 2) provide job opportunities in our community. We find ourselves providing job opportunities for those who need more flexibility to be able to succeed. We employ single moms, students, military spouses, and those who provide care to their own families. We are as flexible as we need with their unique schedules, and they seem to greatly appreciate that. Our independent monthly employee satisfaction surveys averaged at 92 percent in the last sixteen months. We are in our fourth year of business, and have around 90 employees; in any given week, we have 55-60 people on the payroll.

Mr. Chairman, I’m a home health care franchisee. The franchise business model has enabled me to achieve the American Dream of business ownership. And it has helped hundreds of thousands of others become entrepreneurs to serve their local communities too. According to the International Franchise Association, there are 733,000 franchise establishments that

support nearly 7.6 million direct jobs, \$674.3 billion of economic output for the U.S. economy and account for 2.5 percent of the Gross Domestic Product. Franchise companies operate in over 300 different business format categories, from early childhood education to fitness clubs, and from professional services to home health care.

I'm also proud to be a home care business owner. Home care provides seniors with the choice to age at home – where most would prefer to be – and promotes peace of mind and wellness for family caregivers.

Home care is a critical industry today because America's population is aging rapidly. The Home Care Association of America revealed that there will be 56 million Americans age 65 or older by 2020. And nearly 70 percent of Americans who reach 65 will be unable to care for themselves at some point without assistance. That's a lot of important health care needs to be met around the country, and I hope to continue to meet these needs in northern Virginia.

How Joint Employment Liability Threatens Locally Owned Businesses

It seems that some government officials do not want us to continue operating our franchise business. We have been concerned with regulatory issues for the last few years. This apprehension certainly distracts any business owner, especially small ones, from running and growing our business.

The decision by government officials here in Washington to change the "joint employer" standard is a baffling one. The new joint employer standard created by the NLRB in August 2015 is based on "indirect control" and even "reserved, unexercised control." The policy is so broad and unpredictable; it could be applied to nearly any conceivable business relationship. Under this joint employer policy, it's a wonder why franchisors provide any guidance or support to, or even communicate in any way with their franchisees, out of fear of joint employment lawsuits.

Fortunately, I have partnered with a wonderful franchisor – BrightStar Care based in Illinois. The company provides franchisees with a technology platform that our franchisees use for billing, payroll, quality assurance, and other functions. It is a cutting-edge technology, and such resources are a big reason why entrepreneurs go into franchising rather than open a standalone business.

If the new joint employer standard is based on "indirect" or even "unexercised" control, why would franchisors continue to provide such resources? Out of fear of liability risk created by this new policy, the safest thing for franchisors to do may be to simply discontinue supporting franchisees. My clients will certainly experience inferior quality and higher costs. Please put yourself in their shoes. We all will need homecare services sooner or later and we deserve a high standard of care.

As a franchisee, one of many, joint employer unfairly changes the rules of business in the middle of the game. I invested a career's worth of savings in this business. And now joint employer liability threatens everything I've worked for.

The Harmful Joint Employer Policy Requires Legislation

Joint employer is certainly one of the regulatory outrages of the last several years. The government issued a case decision – not even a regulation or formal rulemaking – that deeply changes the definition of what is an "employer." This uncertainty disrupts business relationships, and the government clearly doesn't care. The NLRB has not come out with any

guidance, it has provided no direction whatsoever on their policy, which is based on ambiguous "indirect" or "unexercised" control.

This is a small business issue. I presume every member on this Subcommittee wants to support small businesses. The big corporations have the resources, the attorneys, and the economies of scale to adapt to joint employer. It's the small employers like myself that may run out of business partners.

While government agencies may not care, I hope this Subcommittee does. You all have small businesses in your districts who care about this too. We need Congress to enact legislation that clears up the basic question of what is an employer. This cannot be left to the maddening ping-pong from Federal administration to another. While some regulations may be quickly rolled back by the new administration, the actions of the NLRB require legislation to permanently fix this problem.

Every member should think about what they really do to help small businesses. Too few politicians are actually helping us today, and far more are making it harder to start a business, harder to thrive as an entrepreneur, harder to provide livelihoods to our employees and serve our communities. Globalization, technology and regulations make it awfully difficult to compete as a small business owner. At the very least, we need your help to make clear what constitutes an employer.

Conclusion

Mr. Chairman, the joint employer standard doesn't make any sense. It makes things worse – for entrepreneurs, employees, consumers and communities – and it doesn't make anyone's lives better. Franchise businesses feel particularly in the crosshairs of joint employer policy. You see, in our industry there's a saying: "franchising allows you to be in business for yourself, but not by yourself." The new joint employer standard puts franchisees back out by ourselves.

I am in the business of making the tough times in life a little better for people. I am here today asking Congress to make the lives of small business owners a little easier, a little more certain, by providing a fair legislative fix to the harmful joint employer standard.

Thank you, Mr. Chairman, for your work on behalf of locally owned businesses everywhere. I would be happy to answer any questions.