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**Opening Statement of Rep. Phil Roe (R-TN)  
Chairman, Subcommittee on Health, Employment, Labor, and Pensions  
Hearing on "Redefining 'Employer' and the Impact on Alabama's Workers and  
Small Business Owners"**

Good morning, everyone, and welcome to today's hearing. I'd first like to take a moment to thank our witnesses for joining us. I would also like to thank the staff here at the University of South Alabama for their hospitality.

I'm happy to be here and thankful for the opportunity to get out of Washington and hear directly from all of you about an issue that could have significant consequences for a lot of people in Alabama and across the country. That issue is an effort by a handful of unelected bureaucrats in Washington that are trying to fundamentally change the way franchise businesses operate.

This is a complicated issue, but before I get into what the board is trying to do, I want to say a little bit about what's at stake. More than 780,000 franchise businesses currently operate in the United States, employing nearly nine million workers. These small businesses, which are independently owned and managed, have helped create jobs and have allowed countless individuals to realize the dream of owning a business. Franchise businesses are vital to countless communities and working families.

A federal agency, known as the National Labor Relations Board, is trying to upend the franchise model by changing what it means to be an employer. The NLRB's general counsel is pushing the agency to blur the lines of responsibility between a franchisee – the person who owns and operates the business locally – and a franchisor – the entity that enables the small business owner to use an established brand to sell certain goods or services in a particular area. This effort would make both "joint employers" and give them equal responsibility for decisions affecting the day-to-day operations of the business – decisions like hiring, training, wages, and work schedules. What would this look like in the real world?

For starters, these small business owners, these franchisees, will have less freedom to operate their own businesses. If a franchisor is suddenly responsible for decisions affecting employees at each individual franchise, they will naturally assert more control over those decisions. More control for the franchisor, of course, means less control for the franchisee, and suddenly, that small business owner is no longer making decisions about the way his or

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her business is run. Individuals like Colonel Carey and Mr. Holmes who have worked hard to start their own businesses may no longer decide who their employees are, when they work, and how they are trained.

But the consequences of expanding the joint employer standard aren't just operational. Such a move will also lead to higher consumer costs, fewer small businesses, lost jobs, more litigation, and fewer opportunities for individuals to pursue the American Dream. To make matters worse, the NLRB might extend this flawed approach to businesses outside the franchise industry, like contractors and subcontractors. A change like that would disrupt countless businesses here in Mobile, all along the Gulf Coast, and across the country.

It's not easy starting a small business, let alone keeping a small business afloat in this economy. The last thing we need is for an unelected and unaccountable board of bureaucrats to make it more difficult to pursue the American Dream. By sharing your stories and concerns today, you are helping us to fight back against this misguided scheme and ensure policies are in place that promote – instead of discourage – economic growth and job creation.

I want to thank our witnesses again for being with us today and sharing their personal experiences with the committee. I look forward to hearing from each of you, so I'm going to yield to my distinguished colleague and our host today, Congressman Bradley Byrne, for his opening remarks.

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**U.S. House Committee on Education and the Workforce**