



Big Government Attacks Small Business: Redefining the Joint Employer Standard



Background: the Joint Employer Standard



- The term “joint employer” explains who is legally liable in business relationships
 - Franchisee – franchisor
 - Contractor – subcontractor
 - Lessee – lessor
 - Parent – subsidiary
- 30 year standard that clearly defined liability based on control over conditions of employment
 - wages, hours, schedule, etc.

NLRB Ruling



- NLRB claimed companies escaping liability on employment decisions and overturned rule
- August 2015, issued a ruling in *Browning Ferris Industries, Inc.*
- Creates new standard for liability: potential control, unexercised control, retain the right to control employment conditions

What does this mean for your Business?



- Franchisors with new liability will take active role in franchisee's decisions
- Franchisees will lose control of business
- Franchisees will become managers instead of owners
- Organized labor will try to unionize franchise businesses (collective bargaining with franchisor)

Recent Cases Involving Joint Employer Relationships

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- ***McDonald's***- NLRB complaints were filed under the old joint employer standard- case pending
- ***Freshii/Nutritionality***- Found no joint employer status under the old standard, and even if the standard were to change
- ***CNN***- Relying on traditional standards, majority found that CNN indirectly controlled the “hiring, supervision, and direction” of the subcontractor’s employees

Congressional Action

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- “Protecting Local Business Opportunity Act”

Reaffirming that two or more employers must have “actual, direct, and immediate” control over employees to be considered joint employers

H.R 3459 (9/25/15 Hearing)

S. 2015 (10/6/15 Hearing)

What is AAHOA Doing for You?



- Strongly advocating for the “Protecting Local Business Opportunity Act” to return to the appropriate standard
- Top priority in 2015 Fall National Advocacy Conference
- AAHOA Members have testified twice before Congress
- Coalition to Save Local Businesses Executive Committee
- Continuing to expand member educational opportunities

AAHOA's Voice Heard on Capitol Hill

Congressman Joe Wilson wears AAHOA pin to joint employer hearing



AAHOA Board of Director, Jagruti Panwala, testifies before Congress on the joint employer issue

Resources



- [Bill text](#)
- [How to get involved](#)
- [Remarks from President/CEO Chip Rogers](#)

Questions?

