

# U.S. Sen. Johnson: Urges NLRB chairman to reverse rules detrimental to franchises

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**WASHINGTON**— On Wednesday, U.S. Sen. Ron Johnson (R-Wis.) joined U.S. Sen. Mike Braun (R-Ind.) and 67 of their Republican colleagues in writing a letter to the National Labor Relations Board (NLRB) opposing the Board's joint employer proposed rule that is inconsistent with common law, circumvents Congressional authority, and will have a detrimental impact on the franchise business model, job opportunities and the nation's economy.

"The Board's joint-employer proposed rule would have immediate and long-term negative effects on millions of workers and thousands of businesses at a time when the economy is already facing the highest inflation rates in four decades. Franchises in particular would be negatively impacted should the proposed rule go into effect. Franchises cover over 300 different business lines, including restaurants, child care, hair care, fitness, tutoring, amusement parks, automotive repair, lodging, and senior care. Additionally, the proposed rule would cost franchise job opportunities that provide up to nearly four percent higher wages for their employees when compared to non-franchise counterparts," **the lawmakers wrote.**

"Due to this negative economic impact, the proposed rule's inconsistency with common law, and the NLRB's attempt to use powers reserved to Congress, we urge the Board not to move forward with its proposed rule for determining joint-employer status. Instead, the Board should maintain the 2020 rule, which brought clarity and certainty to the business community," **the lawmakers continued.**

Background

- On September 7, 2022, the National Labor Relations Board published its Notice of Proposed Rulemaking entitled: “Standard for Determining Joint-Employer Status” (“proposed rule”), which would replace the 2020 Joint-Employer Rule that focused on “direct and immediate control” and replace it with the “indirect, reserved” control standard.
- In the United States, there are nearly 775,000 franchises that employ 8.2 million workers and provide \$800 billion of economic output. This is projected to grow in 2022 to nearly 800,000 franchises. Businesses such as universities, hospitals, home healthcare, agriculture, cleaning services, security services, hospitality, waste management, delivery services, home builders, retailers, and others that contract or subcontract would be negatively affected.
- The International Franchise Association (IFA) found that the BFI joint employer standard, nearly identical to the proposed rule, “cost franchise businesses \$33.3 billion per year, resulting in 376,000 lost job opportunities, and led to a 93% increase in lawsuits.”

Sens. Johnson and Braun were joined on the release by Senators Mitch McConnell (R-Ky.), Mike Braun (R-Ind.), Richard Burr (R-N.C.), John Thune (R-S.D.), John Barrasso (R-Wyo.), John Cornyn (R-Texas), Jim Risch (R-Idaho), Marsha Blackburn (R-Tenn.), James Lankford (R-Okla.), Jim Inhofe (R-Okla.), Susan Collins (R-Maine), Bill Hagerty (R-Tenn.), Tommy Tuberville (R-Ala.), Rand Paul (R-Ky.), Roger Marshall (R-Kan.), Steve Daines (R-Mont.), Todd Young (R-Ind.), Tim Scott (R-S.C.), Kevin Cramer (R-N.D.), Roy Blunt (R-Mo.), John Hoeven (R-N.D.), John Boozman (R-Ark.), Deb Fischer (R-Neb.), Tom Cotton (R-Ark.), Rick Scott (R-Fla.), Shelley Moore Capito (R-W.Va.), Chuck Grassley (R-Iowa), Ted Cruz (R-Texas), Mike Lee (R-Utah), Marco Rubio (R-Fla.), Tom Tillis (R-N.C.), Pat Toomey (R-Pa.), Cynthia Lummis (R-Wyo.), Lindsey Graham (R-S.C.), Mike Crapo (R-Idaho), John Kennedy (R-La.), Jerry Moran (R-Kan.), Bill Cassidy (R-La.), Richard Shelby (R-Ala.), Mitt Romney (R-Utah), Joni Ernst (R-Iowa), Mike Rounds (R-S.D.) and Representatives Virginia Foxx (R-N.C.), Glenn Thompson (R-Pa.), Tim Walberg (R-Mich.), Glenn Grothman (R-Wis.), Elise Stefanik (R-N.Y.), Rick Allen (R-Ga.), Jim Banks (R-Ind.), James Comer (R-Ky.), Russ Fulcher (R-Idaho), Fred Keller (R-Pa.), Mariannette Miller-Meeks (R-Iowa), Burgess Owens (R-Utah), Bob Good (R-Va.), Lisa McClain (R-Mich.), Diana Harshbarger (R-Tenn.), Mary Miller (R-Ill.), Victoria Spartz (R-Ind.), Scott Fitzgerald (R-Wis.), Michelle Steel (R-Calif.), Chris Jacobs (R-N.Y.), Brad Finstad (R-Minn.), Joe Sempolinski (R-N.Y.), Eric Crawford (R-Ark.) and Ted Budd (R-N.C.).

The full text of the letter can be found [here](#).