

## Senate Targets Obama 'Ambush' of Small Businesses

By: Mike Flynn

A Senate committee is looking into a ruling by the National Labor Relations Board that threatens the U.S. franchise system and could undermine thousands of small businesses. The issue has an enormous impact on job growth and the overall economy.

The Senate Health, Labor, Education and Pensions Committee will hear from Gerald Moore and John Sims, small business owners of two franchise businesses. The witnesses will discuss a recent ruling by the NLRB's general counsel that could potentially block entrepreneurs from opening their own businesses.

Job Creators Network, a coalition that has launched a major education campaign about the negative consequences of the ruling, plans a full page ad in Politico coinciding with the hearing. "We are confident that the Senate HELP Committee's hearing on the 'joint employer' standard will demonstrate that the NLRB General Counsel's suggestion is wrong for American small businesses," said Alfredo Ortiz, CEO of the Job Creators Network.

In the U.S. franchise system, small business owners can license trademarks, products, concepts and other support from larger, brand name companies. Most McDonald's and Subway restaurants, for example, are not owned by the parent companies, but by small business owners working in partnership with the company.

The draft ruling by the NLRB, which has had a number of rulings thrown out by the Supreme Court, would consider the parent franchise company as "joint employers" of the workers in the franchise business. The parent company, as a result, would be liable for the day-to-day management and personnel decisions of the franchise small business. The result is that the parent company would erect even higher barriers to entrepreneurs wishing to partner with them.

The sweeping ruling has long been a goal of labor unions, who would have an easier time organizing workers in these franchise businesses. It would also be a boon to trial lawyers, who would have an easier path to target the

deep-pockets of the parent companies in lawsuits.

Their gain, however, comes at a great cost to the almost 1 million small businesses that operate under the franchise system. The millions of jobs supported by the franchise system also would be vulnerable if the NLRB ruling comes into force.

A big reason the US economy is stalled is a result of the difficult environment for small businesses. For the past 6 years, more businesses have closed than opened, a somber milestone never before experienced in the U.S. According to Gallup, the U.S. is now 12th in the world in business startups. America is losing its entrepreneurial spirit.

The Senate hearing on the NLRB action is the first step in possibly reversing this anti-business ruling. Much regulatory clutter is ensnaring entrepreneurs and limiting small business growth. Sweeping these away could reinvigorate the economy and create a more sustainable path for growth.