

Small Businesses Fight Back Against Federal Labor Board

By: Connor Wolf

Franchise owners will appear before a Senate hearing Thursday to explain how a recent labor board rule impacts their businesses.

Last year, the National Labor Relations Board issued a decision making franchisors joint-employers with the individual franchisees they contract out to. The decision has the potential to dramatically overturn decades of established laws and greatly affect the franchise model from restaurants to other small businesses that contract with a larger brand name.

Prior to the decision, a franchisor would contract with a small business owner and allow them to sell the product and brand name, as opposed to actually being another owner.

For small business owners John Sims IV and Gerald Moore, the decision has already impacted their businesses, and they fear more is to come once the ruling is fully implemented. Sims, a franchise owner of A Rainbow Station, and Moore, who owns five Little Gym franchises, were both asked to speak before the Senate.

"I'm very passionate about this decision," Gerald told The Daily Caller News Foundation. "I really wish something like this could be decided by con-

gress, not an appointed board."

"In the long run it will get a lot worse," Sims noted to TheDCNF. "It puts a big damper on my entrepreneurialism."

Moore and Sims both note that the decision has made them hesitant to expand and hire more employees. Moore has even put off opening another location which could have provided 10 or more jobs.

Not only does the decision make it more difficult for franchise owners to hire and expand, it also limits the ability of many people to own and operate their own small businesses. The franchise model is unique because it allows entrepreneurs, who wouldn't otherwise be able, to open their own business while still having the name recognition and support of a major corporation. The NLRB ruling changes that and makes the individual franchise owner just a part of the corporation, as opposed to a private partner.

"For many it's the best stepping stone you have to owning your own business," Sims concluded.

The Job Creators Network is hoping to bring attention to the issue with a full-page ad that will appear in Politico the day of the Senate hearing.

Alfredo Ortiz, the president of JCN,

also fears the decision could prevent many entrepreneurs from owning their own business.

"No longer will they be small business owners," Ortiz told TheDCNF. "The model will be completely turned on its head."

Ortiz noted that owning a business is a great way to fulfill the American dream, and this decision rips that away from many entrepreneurs — including many minorities and women.

"We really want to make sure the members of the NLRB know how this ruling hurts the entrepreneurial spirit," Ortiz concluded. "We're here to defend small businesses."

The NLRB has defended its joint-employer decision by stating that franchisors have too much control over the independent franchisees they contract with for them to be considered their own operations.

As the NLRB argued, "Through its franchise relationship and its use of tools, resources and technology, engages in sufficient control over its franchisees' operations, beyond protection of the brand, to make it a putative joint employer with its franchisees, sharing liability for violations of our Act."