

AFL-CIO

LEGISLATIVE ALERT

December 1, 2025

Dear Representative:

On behalf of the 64 affiliate unions and the 15 million working people represented by the AFL-CIO, I am writing to urge you not to support the American Franchise Act (H.R. 5267). **We oppose this legislation because it undermines workers' rights to good faith bargaining and the effective enforcement of their rights under the National Labor Relations Act and the Fair Labor Standards Act.**

By narrowly defining a franchisor as a "joint employer" only when it has direct, hands-on control over workers' pay, hiring, firing, or scheduling, this bill ignores the many ways franchisors effectively control day-to-day conditions through policies, software, operational rules, and brand standards they impose on franchisees.

For example, a franchisor may impose rules on its franchisee related to operating hours and staffing levels. These rules can have a direct impact on workers' hours and working conditions. If the employees exercise their right to bargain over hours and working conditions, good faith bargaining requires the party or parties with the authority to change those terms to show up. The American Franchise Act would shield the franchisor from that fundamental obligation, leaving the small-business franchisee holding the bag with their hands tied by the franchisor's rules and requirements. The same franchisor-imposed rules could also lead to workers not being paid minimum wages or overtime pay. The American Franchise Act would shield the franchisor from the liability created by its own rules, leaving the small-business franchisee exclusively responsible for backpay, damages, and penalties. In sum, this bill protects corporate parents' right to effectively control while ensuring the consequences of that control are the responsibility of the franchisee, all at the expense of workers' rights.

In practice, the bill's narrow "direct and immediate control" test does not reflect how power actually operates in franchise relationships and would shield franchisors from accountability even when they shape the working conditions that lead to violations or impose rules that limit the freedom to bargain.

For these reasons, we urge you to decline any request to cosponsor this legislation. We would be happy to discuss this with you further, so please let us know if you would like a briefing on the harm this bill would pose to workers and to collective bargaining rights.

Sincerely,



Jody Calemine
Director, Government Affairs