



**American Federation
of Labor and
Congress of Industrial
Organizations**

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AFL-CIO

AMERICA'S UNIONS

March 27, 2026

U.S. House of Representatives
Washington, DC 20515

Dear Representative:

The undersigned organizations urge you to oppose the American Franchise Act (H.R. 5267). This bill would make it harder for workers to bargain with the companies that ultimately dictate their working conditions, would weaken enforcement of basic workplace protections under the National Labor Relations Act (NLRA) and the Fair Labor Standards Act (FLSA), and leave small-business owners responsible for things beyond their control.

This bill deals with the question of joint employment. Under long-standing labor law, more than one company can be considered a worker's employer when they share control over key aspects of the job, such as pay, schedules, and working conditions. Because joint employers share control, they share responsibility for complying with labor and employment laws. Control does not always occur through direct supervision. It can also arise through contracts, required technology systems, operational rules, or other policies that dictate how work is performed — the kinds of things a corporate parent imposes upon small-business franchise owners and their employees. It stands to reason that the party with the power to set those terms should also be responsible and liable for them.

The American Franchise Act aims to protect giant franchisors' power to dictate terms of employment while shielding them from any responsibility for those terms, leaving small-business franchisees and their employees holding the bag. The bill would require a franchisor to actually exercise "direct and immediate control" over workers' pay, hiring, firing, or scheduling before it can be considered a joint employer under either the NLRA or the FLSA. By codifying this narrowest of standards for joint employment into statute, the bill ties the hands of the National Labor Relations Board and the courts from effectively enforcing the rights of workers no matter how big business attempts to paper over who the boss is.

In modern franchise systems, franchisors set working conditions even if they do not directly supervise employees. Through franchise agreements, brand standards, and operational requirements, franchisors often set operating hours, mandate staffing levels, require specific scheduling or payroll software, establish detailed rules for how work must be performed, and restrict who may work under a franchise agreement.

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These requirements directly affect workers' wages, schedules, and day-to-day conditions, even though the franchisor is not supervising employees day-to-day. The American Franchise Act would specifically carve-out many of these common franchisor practices from consideration when determining joint employment, allowing franchisors to dictate working conditions while shifting legal responsibility onto franchise owners and retaining the power to terminate franchise agreements if these standards are not met, without being considered a joint employer.

For example, a franchisor may require a franchisee to remain open late while mandating staffing models or technology systems that limit the franchisee's flexibility in setting schedules. If workers want to bargain over their hours or working conditions, good faith bargaining requires the participation of the company with the authority to change those scheduling and staffing rules, set far away by a corporate parent. The American Franchise Act would allow franchisors to avoid participating in that process, leaving franchisees responsible for negotiating over issues they may not have the power to change. Bargaining tables are where solutions to workplace problems are crafted. The small-business franchisee and their employees may have crafted a solution, but they would be prevented from implementing it by operation of this bill, with their hands tied by a corporate parent who would have no obligation to show up and engage. In this fashion, this legislation places the interests of large corporations – to have ultimate control but no liability or responsibility – over those of both small-business owners and workers.

The bill also creates loopholes for outright union busting. It allows franchisors to tell franchisees their "opinions" on the performance of particular employees. While those opinions might be shaped by anti-union animus, the franchisor would have no liability for such discrimination under the bill, creating a means by which to surveil and fire employees for organizing unions without a means of redress.

The bill would also weaken enforcement of wage and hour laws. The FLSA allows joint liability when multiple employers are responsible for wage theft. By limiting responsibility only to companies that exercise direct control, the American Franchise Act would allow franchisors to avoid liability even when their rules and business model or technology requirements cause minimum wage or overtime violations. Under this bill, the small-business franchisee would be 100% responsible for paying for damages caused by the big business franchisor.

The American Franchise Act is anti-worker, anti-union, and anti-small-business. It undermines workers' rights, saddles small-businesses with responsibility for things beyond their control, and frustrates good faith efforts to solve problems. The only beneficiaries are found in the executive suites at giant franchise headquarters. For these reasons, we urge you to oppose H.R. 5267.

Sincerely,

AFL-CIO

Actors' Equity Association

AFT

Alliance for Retired Americans

Amalgamated Transit Union

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American Federation of Government Employees, AFL-CIO (AFGE)
American Federation of Musicians
American Federation of School Administrators
American Federation of State, County, & Municipal Employees
Association of Flight Attendants-CWA
BCTGM International Union
Communications Workers of America (CWA)
Department for Professional Employees, AFL-CIO (DPE)
International Alliance of Theatrical Stage Employees (IATSE)
International Association of Bridge, Structural, and Ornamental Iron Workers
International Association of Machinists and Aerospace Workers (“IAM”)
International Association of Sheet Metal, Air, Rail and Transportation Workers
International Brotherhood of Boilermakers
International Federation of Professional and Technical Engineers (IFPTE)
International Organization of Masters, Mates & Pilots
International Union of Bricklayers and Allied Craftworkers
International Union of Elevator Constructors
International Union of Painters and Allied Trades
International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)
Major League Baseball Players Association
Metal Trades Department, AFL-CIO
National Association of Letter Carriers
National Federation of Federal Employees (NFFE-IAM)
National Nurses United
SAG-AFTRA
Seafarers International Union of North America
Service Employees International Union (SEIU)
SMART Transportation Division
Transportation Communications Union/IAM
Union Veterans Council, AFL-CIO
UNITE HERE
United Food and Commercial Workers
United Mine Workers of America
United Steelworkers (USW)
USL Players Association
Utility Workers Union of America