



Dr. Bernard LaFayette Jr
Chairman of the Board

Dr. Charles Steele Jr
President/CEO

Support H.R. 3441, the Save Local Business Act

October 2, 2017

Dear Members of the U.S. House of Representatives:

More than 8 years after the Great Recession, many individuals and families throughout the country continue to struggle economically. While we continue to look forward, we need policies that promote growth, fuel our entrepreneurial spirit, and build wealth within our communities. This sentiment is truer now more than ever; many of our African American brothers and sisters have been locked out of the American dream. A new study by the Institute for Policy Studies predicts that, without action, African American net wealth will be zero by 2053. Nearly 50 years since Dr. King's Poor People's Campaign, this is an intolerable statistic.

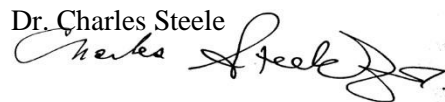
Franchising can play a vital role in this effort to rebuild African American wealth and provide opportunities for economic equality. Franchises are often the lynchpin of local economies, as the owners are local, hire local, and improve property values. In fact, franchises are a true symbol of economic opportunity with over 20 percent of franchises being owned by minorities. The business model is truly a vehicle for empowerment.

For this reason, policies that threaten the growth and utilization of the franchise business model should be of concern to all of us. Of particular worry are the recent federal and state efforts to expand the legal definition of "joint employment," which clouds the separation of franchisors and franchisees. As franchisors have witnessed an uptick in legal battles over whether they are a joint employer with their franchisees' workers, the corporate entities have pulled back on offering critical franchise opportunities to new, local owners. In essence, the expanded policy over what it means to be a joint employer has centralized the franchise systems, providing fewer opportunities for our brothers and sisters to take control of their destiny and build wealth for their families.

Perhaps even more concerning is the negative impact expanded joint employment is having on our ability to empower corporations to adopt important education, health, and anti-discrimination measures. For instance, if we ask a franchised system to adopt an anti-discrimination policy in its mission statement, the franchisor would be prevented from encouraging its franchisees to adopt that measure because such a direction could be perceived by a court of law as "indirect control," a trigger for joint employment. We cannot let policies like expanded joint employer get in the way of critical social goals for our businesses and communities.

H.R. 3441, the *Save Local Business Act*, is designed to clarify the new joint employer standards and allow business owners to have certainty and rational rules going forward. I strongly urge your support of this important legislation.

Sincerely,

Dr. Charles Steele


cc: Members of the U.S. House of Representatives