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**Opening Statement of Chairman Cresent Hardy (R-NV)
Subcommittee on Investigations, Oversight, and Regulations
Hearing: “Risky Business: Effects of New Joint Employer Standards for Small Firms”
March 17, 2016**

Good morning, I call this hearing to order. Owning your own business and being your own boss is part of the American dream. Many Americans pursue that dream by using proven business models – like subcontracting and franchising – which result in successful small businesses that provide jobs for millions of Americans. However, the National Labor Relations Board and the Department of Labor are threatening those business models by changing their joint employer standards.

Being deemed a joint employer has huge ramifications. If two businesses are determined to be joint employers, one could be held liable for the other’s compliance with federal labor laws. Last year, the NLRB issued a decision that changed its 30 year old joint employer standard. Under the new standard, two companies could be classified as joint employers based on the mere potential to control the terms and conditions of employment. In January, the DOL issued joint employer guidance. The DOL effectively abandons its existing Fair Labor Standards Act regulations by declaring that it will apply an “economic realities” test to determine if there is a joint employer relationship.

These ambiguous standards are injecting more uncertainty into a variety of business relationships. Because of the increased liability, larger companies may try to reduce risks by asserting more control over small businesses they contract with or ending business relationships. Business models that have provided entrepreneurs with the opportunity to live the American dream may no longer be viable. These misguided policy changes are a threat to small businesses and need to be reconsidered before significant damage is done to this vital sector of the American economy. I appreciate all the witnesses for being here today. I look forward to your testimony. I now yield to Ranking Member Adams for her opening remarks.