

Statement  
of the  
Independent Electrical Contractors  
Before the  
Small Business Subcommittee on Investigations, Oversight and  
Regulations  
United States House of Representatives  
Hearing on  
Risky Business: Effects of New Joint Employer Standards for Small  
Firms

Washington, DC

March 17, 2016



**Independent Electrical  
Contractors**

Chairman Hardy, Ranking Member Adams and Members of the Subcommittee, the Independent Electrical Contractors (IEC) would like to express its concern with the recent interpretation of the joint employer rule by the National Labor Relations Board (NLRB) in the case commonly referred to as "Browning-Ferris." IEC opposes this new, broad interpretation and urges the United States Congress to pass the Protecting Local Business Opportunity Act (H.R.3459/S.2015), which would codify the previous standard that has stood for over 30 years.

The Independent Electrical Contractors is an association of over 50 affiliates and training centers, representing over 2,100 electrical contractors nationwide. While IEC membership includes many of the top 20 largest firms in the country, most of our members are considered small businesses. Our purpose is to establish a competitive environment for the merit shop – a philosophy that promotes free enterprise, open competition and economic opportunity for all. IEC and its training centers conduct apprenticeship training programs under standards approved by the U.S. Department of Labor's (DOL) Office of Apprenticeship. Collectively, IEC trains more than 8,000 electrical apprentices annually.

IEC is deeply concerned about the NLRB's new joint employer standard and the impact it could have on the electrical contracting industry. The new standard presents a litany of potential problems and complications for doing business by making contractors potentially liable for individuals they do not even employ. Moving forward, almost any contractual relationship our members enter into may trigger a finding of joint employer status that would make them liable for the employment and labor actions of their subcontractors, vendors, suppliers and staffing firms. In addition, as we understand it, the new standard would also expose one company to another company's collective bargaining obligations and economic protest activity, to include strikes, boycotts, and picketing.

It's clear to see just how this broad and ambiguous new standard increases the cost of doing business. It makes it more difficult for companies to continue to do great work within the community and provide well-paying jobs to more electricians. It's unclear if our members could put language into any contracts that would insulate them from being considered a joint employer, nor do we know just how much their insurance costs will go up in an attempt to shield them from this increased liability. This new standard also prevents electrical contractors from working with certain start-ups or new small businesses that may have a limited track record. For example, one IEC member will sometimes take on certain small businesses as subcontractors, which will often times be owned by minorities or women, and help mentor them on certain projects. With this new standard, they are now less likely to take on that risk. Many of our members that do contracting work with the federal government may now be less likely to bid on federal contracts over \$1.5 million, under which the Federal Acquisition Regulation (FAR) system mandates they contract with small businesses.

In conclusion, IEC urges Congress to consider the negative consequences this new standard has on businesses and the communities they serve, and pass the Protecting Local Business Opportunity Act. Thank you.