

**Opening Statement of Ranking Member Mark Takano
Committee on Education and Workforce
Workforce Protections Subcommittee Hearing on
H.R. 3441, "Save Local Business Act."
Wednesday September 13, 2017 - 10 a.m.**

Thank you, Chairman Byrne.

We are here today to discuss H.R. 3441, the Save Local Business Act.

But I believe this bill is more accurately described as a gift to large corporations that will further rig the economy against workers.

More and more employees are working for a company whose name is not on the front of their office building. Instead of hiring employees directly, companies are renting employees from staffing agencies...and then evading responsibility for upholding the rights of those workers, even though they profit from their work.

For decades, joint employment standards have ensured workers can hold employers accountable for violating wage and hour laws or refusing to collectively bargain.

This bill represents a significant and dangerous break from that precedent.

It denies millions of workers the right to hold their employers accountable for wage theft and undermines their ability to have the responsible parties at the table in order to collectively bargain for better wages.

This bill amends the F-L-S-A and N-L-R-A to set a very narrow standard for who can be considered a joint employer. By setting a standard that is far more restrictive than the existing economic realities test used under the F-L-S-A, this bill would seriously undermine worker protections.

We'll hear today about a case involving workers at a Walmart warehouse that underscores the importance of the FLSA's joint employment standards. In this case, Walmart contracted out the operations of the warehouse to one company, and that company in turn contracted out the staffing of the warehouse. The contractors violated wage and hour laws.

And because of the joint employment standard under the FLSA, 17 hundred workers were able to bring Walmart and both contractors to the table to collect the pay they had earned.

The joint employer standard plays an important role in protecting the rights of American workers and combating the extreme and crippling inequality in our economy, which should be the central focus and top priority of this committee.

Unfortunately, our focus and our priorities have been elsewhere.

Studies have shown that for every dollar invested in high-quality early learning programs...there are seven dollars in economic returns. As a teacher, I know that improving early learning provides more children the opportunity to reach their full potential, and puts more communities on the path to a better future. Yet, this Committee has only held four hearings or markups on Early Childhood Education since the 112th Congress.

In comparison, as the chart shows, during that same time we've had 35 hearings and markups attacking labor unions and workers' rights to collectively bargain for better wages and working conditions.

There is a fine line between streamlining the economy and targeting workers' rights. I believe this committee moved well past that line several hearings ago.

Even when we debate federal wage and hour standards, we're debating policies that would put financial stability even further out of reach for

many workers. At no point since 2011, including in the 19 hearings and markups we've held on the subject, has this committee considered a single policy to raise workers' pay or create a fair playing field for millions of hardworking people who are struggling to make ends meet.

Workers do not have enough leverage in the workforce. The joint employment standard offers them the basic ability to hold both their employer and the joint employer liable for wage theft claims. This bill would strip workers of one of the few areas of leverage they have left.

Victims of our two-tiered economy need this Committee to realign its priorities.

As this chart shows, a recent study found that wages for the bottom half of earners were stagnant from 1980 to 2014. In this same time, income for the top 1 percent grew by 205 percent. I'll say that again--205 percent.

So I challenge my colleagues: What are we going to do for the bottom half of income earners?

I have great respect for small businesses and I know the business owners here today will say that the joint employer standard causes them uncertainty. I am not indifferent to your concerns.

But I, too, am worried about uncertainty. It's the uncertainty felt by millions of American workers who do not know if they will be able to meet their basic expenses or provide for their children.

That is the type of uncertainty that no one should have to live with. And it's the uncertainty that this committee is obligated to address.

Thank you all for being here today, and I look forward to your testimony.