Press Release

Recent Labor Regulations Will Disincentivize the Franchise Model

PAULINA ENCK | DECEMBER 1, 2022

The Biden Administration recently proposed two major changes to labor market regulation: the Joint Employer Standard and the Employee or Independent Contractor Classification rules. In a new insight, Labor Policy Analyst Isabella Hindley considers the combined impact of these proposals on the franchise business model.

Key points:

- Under the proposed rules, franchisors would face an additional $4.9 million per hour in combined employment costs and require additional resources to negotiate labor and bargaining claims.
- The changes would disincentivize participation in the franchise business model, leading to significant disruptions in the economy and labor market.
- They would also represent a failure to meet the standard that labor regulation should seek to be neutral across different business models.

Read the analysis