COALITION TO SAVE LOCAL BUSINESSES

THE AMERICAN FRANCHISE ACT:

Myth vs. Fact

On behalf of America's 832,000 small, family franchise businesses, we urge you to support the **American Franchise Act** (H.R. 5267/S. 3525). Despite the strong bipartisan support for the bill, the AFL-CIO has resumed its decade-long campaign against the franchise model, recycling the same false claims they have used for years.

HERE ARE THE FACTS:

64% of franchisees are first-time business owners

85% of franchise owners live in the communities where they serve

Franchised businesses are more likely to be **minority-owned** than non-franchised businesses

Veterans, women & people of color generate higher income through the franchise model

1 in 5 franchise owners was an employee at the same or another franchise brand before starting their own business[1]

THE FRANCHISE MODEL IS A MAJOR ECONOMIC DRIVER ACROSS THE COUNTRY, INCLUDING:

$907 billion in annual economic output

832,000 franchise establishments

8.8 million jobs[2]

Myth

The American Franchise Act is anti-worker.

Fact

Franchise workers earn higher wages, have a greater upward mobility and career growth, and even the opportunity to pursue owning a business themselves. Further, they have greater access to health insurance, vacation, holiday and sick leave than non-franchise workers. Franchises also see much higher retention rates than non-franchises, as non-franchise employees are 49% more likely to leave after one year on the jobs. The types of beneficial business practices currently being throttled by the uncertain regulatory environment include pro-worker policies such as:

- Using or establishing an association health or retirement plan with other businesses
- Brand-level education benefits, training, and employee recognition programs that directly benefit workers
- Jointly participating with other businesses in an apprenticeship program
- Providing a non-binding employee handbook

1. Oxford Economics. 2026 Value of Franchising Report.
2. International Franchise Association. 2026 Franchising Economic Outlook

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THE AMERICAN FRANCHISE ACT:

Myth vs. Fact ...Continued

Myth

The American Franchise Act hurts small, independent franchisee businesses.

Fact

The Coalition of Franchisee Associations (CFA), representing the voice of thousands of independent franchisee owners across the nation, supports the American Franchise Act and has asked the AFL-CIO to learn more about the franchise model to understand the position of the true stakeholders in this issue – the franchisees. Franchisees are the entrepreneurs who invest their life savings, assume significant financial risk, and provide employment to millions of Americans.[3]

Myth

The American Franchise Act would allow giant franchisors to avoid liability for wage theft and other violations of wage and hour laws.

Fact

The American Franchise Act (AFA) does not affect workers' ability to hold franchisors or franchisees accountable for illegal or illicit activities. Quite the contrary, the American Franchise Act adds clarifying language regarding situations in which a franchisor may be held jointly liable for violations of the National Labor Relations Act (NLRB) and Fair Labor Standards Act (FLSA) – including, for example where a franchisor actually determines the wage rates, benefits provided, work schedules or disciplinary action for a franchisee's employees. Franchisees support the bill because it creates a clear line between brand protection and the day-to-day management of employees, which remains the sole prerogative of the independent franchisee.[4]

Myth

The American Franchise Act protects giant franchisors' power to dictate terms of employment and shields them from any responsibility for those terms.

Fact

Small, independent franchisees specifically support the American Franchise Act because of the "direct and immediate" standard it codifies when determining joint employer liability, which would provide much-needed clarity regarding what constitutes "direct control." This standard recognizes a fundamental truth in franchising: that certain levels of franchisor engagement are not only beneficial but necessary for the system's survival – and expected by the local franchise owner that runs the business and manages their employees.

Myth

The American Franchise Act is about outright "union-busting."

Fact

Nothing in the American Franchise Act affects workers' ability to exercise their right to form a union. The AFA is a narrow, targeted bill that simply codifies the joint employer standard that governed franchise businesses for decades prior to the AFL-CIO's 2015 partisan attempt to end franchising[5] that cost franchise businesses $33 billion per year and resulted in the loss of 376,000 job opportunities nationwide. To this day, the lingering threat of joint employer liability has frozen national brands from working with small, independent franchisees on the things they need most — health plans, retirement benefits, shared training programs and tuition support.

3. Coalition of Franchisee Assns., Letter to Members of Congress in Support of the American Franchise Act (S. 3525) (May 5, 2026).
4. Coalition of Franchisee Assns., Letter to Members of Congress in Support of the American Franchise Act (S. 3525) (May 5, 2026).
5. Browning-Ferris Industries, 362 NLRB No. 186 (2015)