



## Forcing Businesses to Hire Another Company's Employees Does Not Create a Single Job!

***Are you kidding me?***

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California's economy is still struggling. Unemployment is near 12%. The legislature has *real* problems to address, like creating jobs and reviving our economy. But instead of solving real problems, some legislators are pushing misguided legislation - AB 350 by Assemblyman Jose Solorio (D-Santa Ana) - that puts government in charge of who private businesses can hire. AB 350 forces businesses to discriminate against their current employees and seriously erodes businesses' ability to control the quality of their work product. Here are the facts:

### **AB 350 will not create a single job. It will simply put the government in charge of who private sector businesses can hire.**

- AB 350 requires employers with a new contract for property services (building maintenance, licensed security, window cleaners, and food cafeteria services) to hire all of the prior contractor's employees. It impacts any property with service contracts - hospitals, commercial properties, restaurants, grocery stores, universities, hotels, to name just a few.
- That means if a business would like to change their security company, window cleaner or food service provider, for example, they can change the letterhead and the business terms, but they cannot change the employees who are responsible for delivering that service.
- The same constraints would apply to the sale of a building. The new owner would be mandated to retain all of the existing service contractors' employees for the previous building owner and would not be able to bring in new service contractors with different employees.

**Would you buy a home if you were forced to hire the gardener and babysitter of the previous owner?**

**That's exactly what AB 350 would do.**

### **AB 350 forces contract providers to discriminate against their existing employees and give hiring preference to employees from competing companies.**

- AB 350 was introduced under the guise of "protecting" employees. In reality, it protects some and discriminates against others.
- Forcing companies to hire the employees of another company actually creates instability within the industry. New service contractors will have to displace their existing employees in order to hire the prior contractor's employees, thereby generating a significant turnover of employees every time a contract changes hands.

#### **WHO IS IMPACTED BY AB 350?**

- **Hospitals**
- **Grocers**
- **Restaurants**
- **Hotels**
- **Entertainment Industry**
- **Commercial Properties**
- **Janitorial Companies**
- **Security Firms**
- **Food Service Companies**
- **Building Maintenance Firms**
- **Sports and Entertainment Arenas**

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### **AB 350 seriously impedes the ability of businesses to run efficient, quality operations.**

- Under AB 350, service industry employers will lose control of who they hire and ultimately lose control of their work product. In the service industry, employers look for particular traits in prospective employees to match their philosophy and work product. In their highly competitive industries, they win or lose business based on the dependability and quality of work provided by their employees.
- AB 350 also precludes new contractors from conducting background checks or interviews to determine if the employees of the prior contractor meet the unique and specific criteria of the company.

### **AB 350 is really a tool to expand the clout of labor unions.**

- Since AB 350 mandates that new contractors hire their predecessor's employees, it would allow the incumbent union to demand recognition of its status as the bargaining representative. The decision of whether or not to have a union in the workplace should be left to the employers and employees, following the proper procedures in the National Labor Relations Act. Neither party should be forced into such a relationship, as AB 350 would do.

### **AB 350 will further burden our already distressed commercial real estate market.**

- California's commercial real estate industry contributes \$13.5 billion (and shrinking) to our state's economy. Making properties less attractive to owners, tenants and potential property purchasers will further depress the real estate market at the worst possible time.

## **REAL WORLD IMPLICATIONS**

**AB 350 expands an already-flawed law that requires employers with new janitorial contracts to keep their predecessor's employees, even if the predecessor lost the contract because of personnel problems. For example, a building owner was unhappy with her janitorial service and hired San Diego-based Paragon Services to replace the contractor, assuming Paragon would bring in new employees. When she found out that Paragon had to keep the previous employees, she fired Paragon from the new contract.**

# **NO ON AB 350!**