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# DOL Proposes New Joint Employer Rule: What Employers Need to Know

4/24/2026

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Practices: Employment, Labor & Benefits

On April 23, 2026, the U.S. Department of Labor (“DOL”) published a Notice of Proposed Rulemaking addressing when multiple businesses may be treated as joint employers under federal law. The proposal is intended to create a single, consistent standard under the Fair Labor Standards Act and apply that same framework to the Family and Medical Leave Act and the Migrant and Seasonal Agricultural Worker Protection Act. This comes after several years of uncertainty following the rescission of the prior rule in 2021. For employers, this matters because the outcome of a joint employer analysis can determine whether you may be held responsible for another company’s wage, hour, or leave violations, particularly in common business arrangements involving staffing agencies, subcontractors, or other third parties.

The proposal focuses primarily on “vertical” joint employment, which is where one business employs a worker, but another business also benefits from that work. The DOL proposes a four-factor test to determine when that second business may also be treated as an employer, looking at whether it (1) hires or fires the worker, (2) supervises or controls the work, (3) determines pay, and (4) maintains employment records. The analysis is fact-specific and focuses on the practical reality of the relationship rather than contract language alone.

The rule also addresses “horizontal” joint employment, which applies when a worker has relationships with two employers in the same workweek. In that scenario, the question is whether the employers are sufficiently connected to each other, such as sharing employees, acting in each other’s interest, or exercising some level of shared control. If so, the employers may be treated as joint employers and may need to combine the worker’s hours for overtime purposes.

Remember, this is just a proposed rule, not final yet. The DOL is accepting public comments through June 22, 2026, and may revise the proposal before issuing a final version. If and when it is finalized, it will guide how the DOL enforces joint employer issues and will likely influence how courts analyze these relationships going forward.

Now is a good time for employers to review existing worker relationships, particularly those involving staffing agencies or subcontractors, and consider whether any adjustments may be needed to reduce potential joint employer liability before a final rule is issued.

