



Franchising[™]
Building local businesses,
one opportunity at a time.

May 5, 2009

The Honorable Nydia Velázquez
Chairwoman
Committee on Small Business
Washington, DC 20515

The Honorable Sam Graves
Ranking Member
Committee on Small Business
Washington, DC 20515

Dear Chairwoman Velazquez and Ranking Member Graves:

On behalf of the International Franchise Association (IFA), I write today in strong support of the seven "SBA Entrepreneurial Development Bills" on the House Small Business Committee agenda for May 6, 2009. In light of the economic recession, the IFA commends the committee for taking action to spur entrepreneurial development programs at the Small Business Administration (SBA). For decades, the franchise business community has benefited from the SBA's loan guarantee programs as well as the agency's programs aimed at veteran and minority groups.

As the largest and oldest franchising trade group, the IFA's mission is to safeguard the business environment for franchising worldwide. IFA represents more than 85 industries, including more than 11,000 franchisee, 1,200 franchisor and 600 supplier members nationwide. According to a 2008 study conducted by PricewaterhouseCoopers, there are more than 900,000 franchised establishments in the U.S. that are responsible for creating 21 million American jobs and generating \$2.3 trillion in economic output.

For the upcoming hearing, we want to take the opportunity to respectfully submit specific comments on two of the bills being considered.

H.R. 1803, the Veterans Business Center Act

This legislation would provide for the creation of Veterans Business Centers to focus on the entrepreneurial development, counseling and instruction assistance for veteran-owned businesses. It will also require that SBA develop and implement an annual training program establishing educational support and development of best practices for the personnel of the Veterans Business Centers. H.R. 1803 will also spur the creation of programs that specifically assist veteran-owned small businesses in securing necessary financing or capital.

The IFA supports H.R. 1803 and its goal of assisting veteran-owned small businesses and veterans transitioning from military service to business ownership. For several years, the IFA's VetFran program has helped over 1,200 qualified military veterans realize their dreams of owning a small business. In fact, the Veterans Administration and the IFA are parties to a Memorandum of Understanding to cross-promote VetFran and other programs that focus on veteran entrepreneurship. To further support the goals of H.R. 1803, the IFA is ready to assist the SBA in developing programming for the Veterans Business Centers. The IFA has significant experience in this area with which to assist Congress and the SBA in developing the training and best practices programs.

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H.R. 1842, the Expanding Entrepreneurship Act

This legislation will require the SBA to develop a strategic entrepreneurial development program utilizing all existing initiatives such as the Small Business Development Centers, Women's Business Centers, SCORE, and Veterans' Business Outreach Centers. SBA offices in every region will coordinate efforts to develop a database of entrepreneurial development programs available including partnering with third-party groups associations. The SBA will be required to report to Congress annually about the success of the programs.

The IFA has developed several initiatives that provide quality franchise business development programming to veteran, women's and minority groups. The aforementioned VetFran program provides transition assistance to qualified military veterans to realize the dream of owning their own business. IFA's Minority Fran program provides educational information and programs to IFA members and prospective minority franchisees and participates in outreach activities to increase the awareness of franchising in minority communities. The IFA's Diversity Institute provides information to assist IFA members in expanding their diversity recruitment and multi-cultural marketing efforts at all levels – franchisees, employees, suppliers, and consumers.

In this legislation, Congress should encourage the SBA to utilize IFA's ongoing development programs together with IFA members' years of experience in franchise business development. We would recommend the Committee consider including a federal start-up grant specifically targeted to veteran, women or minority groups considering small business ownership.

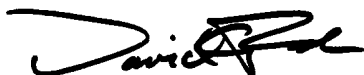
Additional Challenges Confronting the Small Business Community

The small business community continues to face a frozen lending market and the subsequent lack of access to capital. In order for these development initiatives to be successful, entrepreneurs need a functioning and healthy lending market including the SBA 7(a) and 504 loan programs. Over the past decade, small businesses have accounted for 60-80 percent of annual job creation, and currently account for almost 50 percent of total jobs in the private sector. A recent report by the IFA Educational Foundation determined that for every \$1 million of lending obtained by franchised businesses, 34.1 jobs are created and \$3.6 million in annual total economic output is realized. Congress should be devoting more resources and tools to the small business sector. Without this critical support, more and more individuals will find it increasingly difficult to get into business and start creating jobs to help the economy grow.

In addition to supporting the seven bills the committee will be considering, the IFA stands ready to assist lawmakers and the SBA in their efforts to help more individuals pursue business ownership. Please do not hesitate to contact me at (202) 662-0768 or dfrench@franchise.org if you have any questions or need additional information.

Thank you for your consideration in this matter.

Sincerely,



David French
Vice President, Government Relations

cc: Members of the House Committee on Small Business