



**Franchising**<sup>™</sup>  
Building local businesses,  
one opportunity at a time.

January 7, 2009

Dear Representative:

On behalf of the International Franchise Association (IFA), I strongly urge you to oppose H.R. 12, the "Paycheck Fairness Act." All franchised businesses strongly support equal employment opportunity and unequivocally oppose unlawful discrimination. Nevertheless, it is quite unfortunate at a time when the U.S economy is struggling that Congress is considering legislation that will increase litigation against employers rather than address the issues facing our economy. **The IFA may consider votes on this measure among our list of "Key Votes."**

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 10,000 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.

This bill would allow unlimited punitive and compensatory damages for violations of the Equal Pay Act (EPA). The EPA was passed by Congress in 1963 to ensure every individual receives equal pay for equal work, regardless of gender. It is a strict liability statute that requires no evidence of intent to discriminate. If there is evidence of intentional discrimination, appropriate remedies, including punitive and compensatory damages, are available under Title VII of the Civil Rights Act of 1964.

Furthermore, the Paycheck Fairness Act is a drastically broad proposal that creates unprecedented liability for franchised businesses that would even apply for unintentional pay disparities. It would allow trial lawyers to sue employers if wage differentials exist because of regional market rates, profitability and prior salary history. Market forces are clearly not evidence of discrimination and accordingly should not open employers to such liability.

Given our highly competitive economy and the need to attract and retain workers, wage issues are a key concern of all employers. Imposing unlimited punitive damages for unintentional conduct simply does not address wage disparity issues. Finally, we respectfully ask that this legislation be considered by the Education & Labor Committee so that many of the newly elected members to the 111<sup>th</sup> Congress may have ample time to consider this bill's impact. Again, **the IFA urges you to oppose H.R. 12, the Paycheck Fairness Act, and we may consider votes on this measure among our annual list of "Key Votes."**

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "David French". The signature is stylized and cursive.

David French  
Vice President, Government Relations