



January 25, 2011

The Honorable Orrin Hatch
United States Senate
Washington, DC 20510

Dear Senator Hatch:

On behalf of the International Franchise Association (IFA), I write today in strong support of the "American Job Protection Act." This legislation will repeal the federal mandate on employers to provide health insurance coverage under the Patient Protection & Affordable Care Act (PPACA). This mandate—which compels small employers to either pay a tax penalty or provide insurance coverage that may be too costly—will force some employers to cut back on new hiring, eliminate jobs and weaken the economy.

As the largest and oldest franchising trade group, the International Franchise Association's (IFA) mission is to safeguard the business environment for franchising worldwide. IFA represents more than 90 industries, including more than 11,000 franchisee, 1,100 franchisor and 500 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.

The IFA's number one priority for health reform legislation is to ensure that health insurance is more affordable for franchised businesses and their employees. Unfortunately, the flawed framework in PPACA will encourage further shifting of health costs onto the backs of small franchised businesses, in the form of a new mandate to provide insurance coverage, and impose new taxes and fees that will be passed along by health insurance providers to consumers.

If employers do not purchase coverage, they must pay a penalty of \$2,000 per full-time worker not covered. The new law also restricts employer flexibility by defining a full-time employee as one who works at least a four day per week schedule. This new law is a significant government intrusion into the benefits decisions of employers and it clearly fails IFA's basic test of enhancing coverage options for small employers without increasing cost. In order to comply with the new requirements in this legislation, franchised businesses would have to scale back wages, reduce hiring, eliminate jobs and raise prices for services. These measures will further stunt any economic recovery and curtail future job growth.

We appreciate your efforts to eliminate the job-killing employer mandate in the new law and we look forward to working with you to enact this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jason Straczewski', is written over a white background.

Jason Straczewski
Director, Government Relations & Public Policy