



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

Dear Representative/Senator:

The potential effects of the "Patient Protection and Affordable Care Act" [PPACA] on business hiring and job creation have been hotly debated since the law was enacted last year. The International Franchise Association (IFA) and the Hudson Institute recently partnered in a study which shows that the PPACA will put 3.2 million full-time jobs at risk, and jeopardize existing employee health care coverage, at thousands of franchise businesses throughout the United States.

The attached report, which is based in part on detailed insurance and employment data provided by 15 franchise businesses ranging widely in both size and industry, found that the PPACA employer mandate:

- Provides disincentives for franchise owners to expand their operations and acquire additional units;
- Provides incentives for many franchise businesses to eliminate positions held by full-time workers and hire more part-time workers;
- Provides incentives for franchise businesses with more than 50 employees to drop employee health care coverage and pay penalties;
- Creates a competitive disadvantage for businesses with multiple locations and 50 or more full-time employees;
- Adds more than \$6.4 billion in direct costs to franchise businesses, not including the significant costs of regulatory compliance.

The study, which can be found in its entirety at www.franchise.org/healthcare, notes that, based on 2007 census data, an estimated 828,000 franchise businesses in the U.S. account for more than 9 million direct jobs (nearly 18 million direct and indirect jobs) and \$2.1 trillion in economic output. It further observes that franchise businesses offer an entry point for younger, lower-skilled workers who seek to "put their foot on the first rung of the career ladder and work their way up" to becoming franchise owners.

Recent Department of Labor data show that our nation's unemployment rate is 9.1%. When you add up the Americans who are unemployed and those who have given up looking for work, the figure catapults to a staggering 16.2% - equating to 25.1 million people.

For adults without high school diplomas, the unemployment rate is 14.3%; for teens, it is 25%. For young African-American teens, it is 46.5%. The IFA/Hudson Institute study concludes that young workers with limited educations and skill sets will be particularly hard hit by effects of the PPACA employer mandate on franchise businesses.

During this period of virtually non-existent economic growth, which many economists believe presages a "double-dip" recession, the IFA/Hudson Institute study provides conclusive evidence that the PPACA employer mandate is a major impediment to both job creation and health care coverage nationwide.

For all of these reasons, we urge you to repeal the PPACA employer mandate. If you have any questions, please feel free to contact Jay Perron, Vice President, Government Relations and Public Policy, at jperron@franchise.org.

Sincerely,

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