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July 15, 2016

The Honorable Kurt Schrader
U.S. House of Representatives
2431 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Schrader,

On behalf of the International Franchise Association (IFA), the world's oldest and largest organization representing franchising worldwide, I write this letter in support of H.R. 5813, the *Overtime Reform and Enhancement Act* and your efforts to address the concerns of America's franchise business owners and their employees. Faced with a Dec. 1, 2016 deadline to comply with the U.S. Department of Labor's (DOL) extreme overtime rule, America's 780,000 franchise establishments that employ nearly 9 million workers are grateful for the introduction of your bill and for your leadership at this critical time.

The DOL's May 2016 final rule raised the salary threshold for exempt employees serving in executive or professional capacities, often known as the "white collar" exemption, from \$23,660 to \$47,476. By more than doubling the current salary exemption threshold and requiring businesses to comply before the end of the year, the DOL has issued a crushing burden to America's franchise business owners.

Additionally, the new threshold of \$47,476 will hurt many of the employees it was intended to help by compelling business owners to effectively demote exempt managers to hourly positions in order to manage their labor costs.

The *Overtime Reform and Enhancement Act* provides a far more reasonable compliance timeline than the extreme overtime rule issued by DOL, and significantly mitigates the harm to workers and small business owners posed by the regulation. Just as important, this legislation will eliminate the automatic increase to the threshold every three years currently scheduled to take place under the DOL's new rule.

Again, the IFA thanks you for your leadership on this key workplace issue and looks forward to working with you and the Congress to enact H.R. 5813, the *Overtime Reform and Enhancement Act*.

Sincerely,

Robert Cresanti
President & CEO
International Franchise Association