



September 29, 2016

The Honorable Lamar Alexander
Chairman, Committee on Health, Education, Labor, and Pensions
U.S. Senate
455 Dirksen Senate Office Building
Washington, D.C. 20002

Dear Chairman Alexander:

On behalf of the International Franchise Association (IFA), the world's oldest and largest organization representing America's 733,000 franchise establishments and the nearly 7.6 million people they employ, I write this letter in strong support of your legislation, S. 3464, the *Overtime Reform and Review Act*. This bill substantially addresses the concerns held by franchise business owners and their employees with the U.S. Department of Labor's (DOL) new overtime regulation, who are faced with a December 1, 2016 deadline to comply with the DOL's extreme doubling of the salary threshold.

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 imposed a terribly complex and costly burden on America's franchise business owners. Additionally, the new threshold of \$47,476 will hurt many of the employees it is intended to help by compelling business owners to effectively demote exempt managers to hourly positions in order to manage their labor costs.

If your legislation is enacted, franchise business owners will have a more appropriate amount of time to plan and budget for the salary exemption level increases. Phasing in the increases over four years is a far more sensible framework than the regulation's instant doubling of the salary level on Dec. 1, 2016. Further, the IFA supports the legislation's provision for a "pause year" after the first increase to ensure the impact can be properly reviewed and measured through a Government Accountability Office study. Finally, and perhaps most importantly, S. 3464 eliminates the harmful and unpredictable automatic increases to the salary threshold that are required by the DOL's rule.

Thank you for your leadership on this workplace issue, which is a central concern to America's franchise business owners. We strongly encourage all senators to support S. 3464.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Michael Layman', is positioned above the typed name.

Michael Layman
Vice President, Regulatory Affairs
International Franchise Association