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July 26, 2018

The Honorable Lamar Alexander  
Chairman  
Committee on Health, Education,  
Labor and Pensions  
U.S. Senate  
Washington, DC 20510

The Honorable Patty Murray  
Ranking Member  
Committee on Health, Education,  
Labor and Pensions  
U.S. Senate  
Washington, DC 20510

Dear Chairman Alexander and Ranking Member Murray:

On behalf of the International Franchise Association (IFA), I am writing regarding the hearing, “Modernizing Apprenticeships to Expand Opportunities” in the Committee on Health, Education, Labor and Pensions (HELP). As the world’s oldest and largest organization representing franchising worldwide, IFA has long expressed support for apprenticeship programs and we applaud the Committee’s ongoing efforts to promote the modernization and expansion of apprenticeships.

The story of franchising is one of opportunity, job creation and community support. Americans from all walks of life turn to franchising to find first jobs and learn skills that lead to successful careers in many highly-skilled industries, a significant portion of which are realized within franchising itself. When considered compared to training programs in the trades, franchising is the largest technical school in America, providing skills and experiences that no technical school can provide: discipline, customer service, business processes, communication, and product and money management, just to name a few.

In fact, apprenticeship programs are woven into the very fabric of the franchise business. As with other businesses, franchising has felt the sting of the skills gap. Perhaps uniquely, franchising is structured around training programs to achieve the very success it has realized over many decades. Franchise businesses work hard to address a shortage of skilled workers by providing consistent training programs that address basic skills for first-time workers.

Franchise systems are uniquely suited and organized to scale skill development programs at a faster pace than other businesses. In addition to an employment growth rate that is double the rate of businesses economy-wide, employment in the franchise sector is concentrated in numerous industries – automotive, business services, retail, lodging, restaurants, and commercial and residential services – that have large concentrations of entry-level workers.

Equally important, apprenticeship programs are also designed to allow upward mobility within the franchise business model. Management-to-ownership programs are already an integral part of franchising businesses, without a formal structure or government support. A recent FRANData study of 1,600 new franchise concepts proves the success of these programs, finding that founders at 25 percent of the concepts had previously worked in franchising, either as a franchisee or an employee of a franchisee or franchisor – in other words, these people went from working in a franchise system to starting their own small business franchise.



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It is for these reasons that franchising is the best single example of how a business model that is built around skills training can demonstrate the impact a proven apprenticeship program can have.

In support of America's 733,000 franchise businesses to help close the skills gap, create more middle-class jobs and draw back workers who had previously left the workforce, IFA has for more than a decade actively advocated at the grassroots level – with our members, the business community and local leaders – the benefits of apprenticeship programs and promoted their development and expansion.

At the national level, we have engaged with the Administration and Congress to encourage the use of apprenticeships as a tool to address the shortage of skilled workers that poses a growing threat to the American economy. Last year, for example, IFA members – including apprentices from ServiceMaster, Merry Maids, The UPS Store and Rainbow International – participated in a roundtable discussion at the Department of Labor (DOL) with Secretary Alexander Acosta to discuss the need for expanding apprenticeship programs and steps to removing obstacles to apprenticeship growth that may be present in current regulations or practices. Moreover, as an issue expert on apprenticeship programs, IFA continues to offer advice and counsel to the DOL's Task Force on Apprenticeship Expansion.

I would like to briefly call attention to a concern among our member companies relating to apprenticeships. Although many franchise businesses have apprenticeship and workforce development programs, realizing the full benefits of these necessary programs is being hindered by uncertainty about liability stemming from the joint employer rule. Specifically, there is concern that providing training and professional development could be construed as indirect control, therefore running afoul of the rule. In other words, the joint employer rule functions in the franchising community as an obstacle to realizing the goals of the apprenticeship initiative laid out in President Donald Trump's June 15, 2017 Executive Order.

IFA is committed to creating new partnerships with government and universities to achieve these goals. We stand ready to work with the Trump administration and Congress to create a pathway for Americans to have robust and successful careers.

Once again, we appreciate the Committee's actions on this important issue, and we thank you for your consideration.

Sincerely,

Matt Haller  
Senior Vice President of Government Relations & Public Affairs  
International Franchise Association