



**FRANCHISING\***  
Building local businesses,  
one opportunity at a time.

Dear Member of Congress:

I write to respectfully urge you to support H.R. 2499, which would increase the Fiscal Year 2015 lending authority for the Small Business Administration's 7(a) loan guarantee program to \$23.5 billion. This action would follow the successful passage of an authorization in the U.S. Senate late last week.

The 7(a) loan program provides critical funding to small businesses, including franchise small businesses. In fact, for every \$1 million in lending to a franchise, 40 new direct and indirect jobs are created – a sizable return on investment. In 2014 alone, new franchise businesses utilized approximately \$6 billion in loan guarantees resulting in the financing of nearly 30,000 new franchised units. According to a survey conducted for IFA in 2014, 43% of first-time franchisees who borrowed funds from commercial lenders and 23% of franchisees acquiring additional franchises used SBA loan program guarantees. Of the \$6 billion in loan guarantees used by franchise small businesses, 83% is attributable to the 7(a) program.

For this reason, I am very concerned the authorization limit on the SBA 7(a) loan program has been reached, thereby halting these guaranteed loans for the remainder of the fiscal year. The SBA 7(a) loan program currently operates at zero subsidy; therefore, no tax dollars are needed to support the program. However, Congress sets the authorization level for the program each year. Since the last recession, job growth in the United States has been driven, by and large, by small business owners who are willing to endure the risks of starting their own business in a time filled with so many challenges. Allowing the 7(a) program to run out of funding is tantamount to economic surrender for so many looking to carve out their slice of the American Dream.

The IFA is the world's oldest and largest organization representing the interests of franchising, and for over 55 years, it has worked to protect, enhance, and promote franchising through government relations, public policy, media relations, and educational programs. IFA members include franchise companies in over 300 different business formats, including more than 17,000 local franchise business owners, 1,300 franchisors, and 700 companies supporting the industry. America's 780,000 franchise establishments generate nearly 8.9 million direct jobs, \$890 billion of economic output, and 3% of the country's Gross Domestic Product. As part of this continued success, franchise businesses will add 247,000 new direct jobs this year, a 2.9% increase over last year. This growth is in addition to the 235,000 franchise jobs added in 2014.

The franchise industry creates opportunities, not just for thousands of business entrepreneurs around the country, but also for the communities their businesses impact. Ensuring these small businesses continue to have access to capital is crucial to growth and job creation. When the SBA 7(a) program reached its authorization cap last year, Congress passed a supplemental increase to avoid a shutdown of the program. I respectfully urge Congress to do so again this year.

Sincerely,

Stephen J. Caldeira  
President and CEO  
International Franchise Association