

Backgrounder on the International Franchise Association

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Who is the IFA?

The International Franchise Association (IFA) is a 501(c)6 membership association. Its members include both franchisors--the big brands that control national and regional retail, fast food, and other chains, including home care--and franchisees, the operators of the individual chain stores. Dark-money organizations such as the IFA are politically active nonprofits that can receive unlimited donations from corporations and individuals without being required to disclose their donors. Through them, corporations and individuals can influence policy decisions and elections while remaining out of the public eye¹.

The IFA is made up of the Franchise Action Network -- the IFA's public policy arm -- and the IFA Educational Foundation (which supports conservative public policies through research). While the Franchise Action Network claims to advocate for locally-owned franchise small business and franchisors alike², its legal and lobbying activities are only acting on behalf of the biggest franchisors such as McDonald's and home health care chains such as BrightStar.

IFA's Funding: According to its 2013 Form 990 filed with the IRS³, the IFA's total gross income for 2012 was about \$18.2 million. Where does its money come from? Again, we cannot confirm exact sources of its revenue, but according to the business news blog Bisnow, "Approximately 40% comes from IFA's annual convention; 40% from membership dues; 15% from events and program-related sponsorships; 5% from investment income."⁴

IFA's Lobbying Arm: Franchise Action Network

From the [IFA's website](#): "The franchise industry is under unprecedented attack on the public policy front and the IFA has been leading the fight to protect the franchise industry. From discriminatory minimum wage increases to changes in federal regulations that would recast franchisors as employers of their franchisees' employees, the franchise business model has never come under assault like this in its history. In order to defend the franchise model against these existential threats, franchise businesses need to come together and speak with one, consistent, strong and collective voice on behalf of the our industry."⁵

In fact, the IFA has become the lead organization that is fighting to block legislation that would promote fair labor standards and hold franchisors (or brands) accountable for labor violations.

- In Seattle, the IFA is suing the city over the mandated minimum wage increase, contending that the law discriminates against the franchise industry by treating

franchises as large business, requiring them to begin paying higher wages more quickly than small, independent businesses.⁶

- The IFA is fighting the July 2014 National Labor Relations Board ruling that McDonald's parent corporation could be designated a joint employer of its franchisees' employees, meaning the multi-billion dollar franchise can be held accountable for labor violations of employees at some stores⁷. Now, the IFA is helping to get legislation passed at the state level, as in Tennessee, to dodge the ruling⁸.

Ultimately, the IFA aims to recast multi-billion dollar franchises as the victims under attack by advocates for fair wages and labor standards, and to undermine any legislation that protects workers' rights.

The IFA and Homecare Workers

The US Department of Labor issued a new rule in 2014 that would extend labor protections---especially overtime protection--to home care workers. The rule was supposed to go into effect Jan. 1, but is being challenged in court by the IFA and other groups.

Sept 18, 2013:

Steve Caldeira President and CEO of the IFA: "With 10,000 baby boomers turning 65 years of age every day, the home health care sector is one of the fastest growing segments in the franchise industry, with more than two dozen franchise systems and more than 4,000 franchise business owners providing a much-needed service to this growing sector of our population. One out of 10 clients require 24-hour, live-in service, and one out of four clients require more than 40 hours per week of companion care services. Eliminating the long-standing overtime companion care exemption for hundreds of thousands of workers will significantly raise the cost of care for seniors while simultaneously stifling a growing sector of the economy responsible for creating thousands of new jobs.

"As adopted, this single decision will force caregivers into an unregulated 'underground' market, as clients will no longer be able to pay for live-in care through a regulated agency. Caregivers will lose take home pay, as clients will not be able to pay overtime - resulting in an overall loss in jobs. As a result of this action, much-needed tax revenue will also be lost, as more caregivers will be paid under the table and not report their income⁹.

Dec. 22, 2014: Calling the new overtime rules for homecare workers " yet another example of regulatory overreach of power by the U.S. Department of Labor ," an IFA spokesman said: "By promulgating regulations to eliminate the overtime exemption for companion care workers, the administration threatened affordable care for seniors and

the disabled and put many franchise small businesses and their employees in jeopardy by subjecting them to potentially unsustainable costs."¹⁰

Jan. 31, 2015: "Specifically, the new rules would have ended a federal regulation from 1974 that labeled home care aides "companions," a designation that lets their employers — generally, for-profit agencies — ignore basic labor protections.

Justice, however, has been delayed. The Jan. 1 effective date was postponed late last year when a federal judge, Richard Leon, said he first had to issue a decision on a challenge filed by the International Franchise Association and other home care employer groups. On Jan. 14, Judge Leon [overturned the new rules](#), on the highly debatable ground that only Congress can remove the companionship label. The Labor Department has filed an appeal, but the issue won't be resolved until June, at the earliest¹¹.

May 1, 2015: Washington Business Journal article **Are franchisees unhappy business owners? Union survey says many are**

IFA contends SEIU doesn't care about franchisees; they're just using them in its campaign to make it easier for them to organize franchise workers.

"The SEIU wants to destroy the time-tested franchise model of doing business for its own self-interest; it doesn't really care what franchise owners or workers think or want," Caldeira said.

[Jeffrey Tews](#), who owns BrightStar Care, BrightStar Senior Living and Mr. Handyman franchises in Wisconsin, agrees.

"The SEIU is out to help itself, not my employees," Tews said. "Its report is transparently self-interested and paints a very different picture than the one that my fellow franchisees and our employees see."¹²

Part of a Nexus of Dark-Money Business Lobby Groups

Evidence shows that the IFA leverages the group's resources and connections to other dark-money business groups and pro-business candidates to increase its political clout at the national level. Under the leadership of President Steve Caldeira, the IFA has grown its political action committee by raising approximately \$1.2 million in 2012 and \$894,000 in 2014, according to the Center for Responsive Politics. Caldeira previously held executive roles in the National Restaurant Association which also lobbies against paid sick days, paid family leave, one fair wage, and just hours. Caldeira has worked on multiple Republican political campaigns and presently serves in several committees within the U.S. Chamber of Commerce. The IFA has also used the legal services of anti-union labor law firm Littler Mendelson and is a participant in Littler's Workplace Policy

Institute along with SHRM and the US Chamber. To coordinate lobbying around these issues, the IFA has also recently convened the Coalition to Save Local Business, in partnership with such dark-money groups as the National Association of Manufacturers, the National Federation of Independent Business, the National Retail Federation, the American Hotel & Lodging Association, The National Restaurant Association, the US Chamber of Commerce, and others.¹³



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¹ <http://www.nytimes.com/2014/11/09/opinion/sunday/dark-money-helped-win-the-senate.html>

² <http://www.franchiseactionnetwork.com/federal-activity>

³ <http://www.guidestar.org/FinDocuments/2013/366/108/2013-366108621-0a5adc2b-90.pdf>

⁴ <https://www.bisnow.com/washington-dc/news/association/what-you-didnt-know-about-steve-caldeira-43491>

⁵ <http://www.franchise.org/franchise-action-network>

⁶ <http://www.qsrweb.com/news/ifa-claims-seattle-minimum-wage-hike-is-discrimination/>

⁷ <http://www.wsj.com/articles/nlrb-names-mcdonalds-as-joint-employer-of-workers-at-its-franchisees-1419018664>

⁸ <http://www.entrepreneur.com/article/245283>

⁹ <http://www.franchise.org/new-regulation-on-home-care-workers-creates-lose-lose-situation>

¹⁰ <http://www.franchise.org/ifa-statement-on-court-ruling-vacating-dol-overtime-regulations>

¹¹ http://www.nytimes.com/2015/02/01/opinion/sunday/labor-rights-for-home-care-aides-are-delayed-yet-again.html?_r=1

¹² <http://www.bizjournals.com/chicago/news/news-wire/2015/05/01/are-franchisees-unhappy-business-owners-union.html?page=all>

¹³ <http://savelocalbusinesses.com/our-members/>