

TESTIMONY OF SEAN FALK
PRESIDENT AND OWNER OF

WOLFTEAM, LLC AND NACHOGANG, LLC

BEFORE THE

U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON WAYS & MEANS

SUBCOMMITTEE ON HEALTH

JULY 10, 2013

Chairman Brady, Ranking Member McDermott, and members of the Subcommittee, thank you for your invitation to testify at today's hearing. I am honored to speak with you regarding the Affordable Care Act. I believe my role as a franchise small business owner gives me a unique perspective that is not heard often enough in Washington. Franchise small businesses have been particularly affected by the Affordable Care Act and I hope to express the concerns of myself and that of our industry as a whole.

My name is Sean Falk and I own and operate 12 franchised business units. With 43 full-time employees, I am a proud participant in a diverse franchise community which supports nearly 18 million jobs. You may recognize some of the businesses I operate: *Salsarita's Fresh Cantina, Great American Cookies, Mrs. Field's Famous Brands, and Pretzelmaker*. I bought my first franchise in 1998 and through 2008 I was opening, on average, one store per year. I am also a member of the International Franchise Association and am here today to represent the association and the entire franchise community.

Government plays an important role in my business decisions. As a business owner, I can't make future business plans when Congress passes and extends regulations for only one year at a time. **While my fellow small business owners and I applaud the Administration for delaying the implementation of the employer mandate due to the continued ambiguity of the law and its compliance requirements, it does not solve the fundamental problems associated with the ACA and its impact on business operations and future job growth. We have to plan well in advance for significant changes in the law; receiving key regulations less than three months before a new requirement goes into effect does not provide ample time for employers and small business owners to successfully adapt their businesses to remain economically stable.**

Affordable Care Act Implementation

Implementation of the Affordable Care Act has presented an enormous challenge for me as a small business owner. Navigating the constant changes, waivers, extensions, regulations and clarifications of an already cumbersome law has diverted my focus from developing my business and creating new jobs. I am facing the legalities of health care exchanges, the employer mandate, and full-time equivalents whether it is in 2014 or 2015. All of these tasks take me away from my core mission of growing my business, and there are very few government resources to guide small business owners through this process.

The Franchise industry has two specific changes that could be made to the ACA to help small business owners like myself comply with the law without hurting our businesses:

1. Increasing the 30-hour threshold that qualifies an employee as full-time to 40 hours a week;
2. Increasing the 50 full-time equivalent employee threshold that requires employers to provide coverage to full-time employees.

Currently, I employ 43 full-time equivalent employees. If my business grows and I create more jobs, I will also drastically increase my costs due to the employer mandate. This has an undeniable impact on my bottom line and is making me reconsider opening new locations. Also, I may be forced to reduce my employees' hours to less than 30 hours per week so that they do not acquire full-time status when I do expand. With these challenges and changes, I fear that it may be a struggle just to keep the doors open on my 12 existing businesses.

Summary

I would relish the opportunity to grow my business, but the recent burdens placed on small businesses and the uncertain economic climate have given me reason for pause. I have to weigh the pros and cons of the ACA before deciding on future growth. I hope policymakers will consider focusing their energies on addressing the burdens small business owners face within the employer mandate, whenever it is implemented. It's time to address these fundamental challenges facing our industry that are keeping small business owners and entrepreneurs on the sidelines from creating new jobs.

Thank you for this opportunity and I look forward to answering any questions from the Subcommittee.