

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Appropriations Subcommittee on Transportation, Tourism, and Economic Development

BILL: SB 404

INTRODUCER: Senators Garcia and Soto

SUBJECT: Small Business Financial Assistance

DATE: December 3, 2015 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Sanders</u>	<u>Ryon</u>	<u>MS</u>	<u>Favorable</u>
2.	<u>Gusky</u>	<u>Miller</u>	<u>ATD</u>	<u>Recommended: Favorable</u>
3.	<u> </u>	<u> </u>	<u>AP</u>	<u> </u>

I. Summary:

SB 404 creates the Veterans Employment Small Business Grant Program to encourage small businesses in Florida to hire veterans. The program is created within the Florida Department of Veterans' Affairs (FDVA) and is to be administered by Florida Is For Veterans, Inc. (FIFV). Under the program, a small business in Florida that hires a veteran as an employee may receive a one-time grant of \$3,000 for each veteran hired, or \$5,000 for each disabled veteran hired by the small business. These awards may not exceed \$25,000 per fiscal year for a qualifying small business.

To qualify for a grant under the program, a small business must agree to:

- Employ a qualifying veteran for at least one year;
- Provide a report with information on the employment status of each qualifying veteran upon the request of FIFV;
- Pay each qualifying veteran an amount equal to at least 80 percent of the annual median income for veterans in Florida based on the most recent federal census or the most recent American Community Survey 5-year estimated published by the U.S. Census Bureau;
- Invest any awarded grant moneys into the small business to facilitate further job creation and employment of veterans; and
- Not rehire a veteran previously claimed as an employee in order to receive funds under the program.

The bill appropriates \$10 million in nonrecurring funds from the General Revenue Fund to the FDVA in Fiscal Year 2016-2017, for transfer to FIFV to implement and administer the program. FIFV may award grant moneys up to a maximum of \$900,000 per fiscal year; FIFV's administrative costs are capped at \$100,000 per fiscal year. The grant program terminates on the date that all of the appropriated funds are spent or on October 1, 2026, whichever occurs first.

The bill provides an effective date of July 1, 2016 for the section of bill that includes the supplemental appropriation. The section of the bill that creates the Veterans Employment Small Business Grant Program takes effect on October 1, 2016.

II. Present Situation:

Florida Veterans

A veteran is defined as a person who served in the active military, naval, or air service and who was honorably discharged or released from active duty under honorable conditions.¹ In the United States there are over 21 million veterans, of which, over 1.6 million reside in Florida.² This makes Florida the state with the third largest veteran population, behind California and Texas.³ The chart below shows veterans residing in Florida by age range. More than half of Florida's veterans are age 60 or older. The veteran labor force is generally older due to the fact that 86.1% of active duty servicemembers are under age 40.⁴

Veterans in Florida by Age Range ⁵						
Under 40	40-49	50-59	60-69	70-79	80+	TOTAL
186,238	187,599	280,743	352,029	312,702	264,385	1,583,696

Florida also has the third largest population of disabled veterans in the nation with more than 249,000.⁶ The U.S. Department of Veterans Affairs (USDVA) is the federal agency tasked with making the official determination of the existence of a service-connected disability. The term "disabled veteran" is defined as an individual who has served on active duty in the armed forces, has been separated under honorable conditions, and has established the existence of a service-connected disability or is receiving compensation, disability retirement benefits, or a pension because of a public statute administered by the USDVA or a military department.⁷

The term "service-connected" is further defined in the U.S. Code to mean that the disability or death suffered by the veteran was incurred or aggravated in the line of duty in active military, naval, or air service.⁸ Veterans who have been determined by the USDVA to have a service-connected disability are eligible for monthly disability compensation. There are instances in which a veteran's service-connected disability is not determined by the USDVA. In this instance, the Department of Defense (DoD) would determine the existence of a disability and provide compensation to the veteran. The secretaries of the military departments have the authority to

¹ Section 1.01(14), F.S.

² U.S. Census Bureau, *A Snapshot of Our Nation's Veterans*, available at <http://www.census.gov/library/infographics/veterans.html> (last visited Oct. 27, 2015).

³ Florida Department of Veterans' Affairs, *Fast Facts*, available at http://floridavets.org/?page_id=50 (last visited Oct. 27, 2015).

⁴ Military OneSource, *2014 Demographics Report*, available at <http://download.militaryonesource.mil/12038/MOS/Reports/2014-Demographics-Report.pdf> (last visited Nov. 6, 2015).

⁵ United States Department of Veterans Affairs Office of the Actuary, Office of Policy and Planning, *Veteran Population* (Oct. 2014), available at http://www.va.gov/vetdata/Veteran_Population.asp (last visited Oct. 28, 2015).

⁶ *Supra* note 4.

⁷ 5 USC 2108(2). See also s. 295.07(1)(a)1., F.S.

⁸ 38 USC 101(16).

make the final determination of disability in each case.⁹ When that determination is made the servicemember may decide whether to receive military retirement benefits from the DoD or disability compensation from the USDVA.

Employment Assistance for Veterans in Florida

The CareerSource Florida network connects employers with qualified, skilled talent and Floridians with employment and career development opportunities. The workforce network is comprised of CareerSource Florida, which is the statewide board charged with setting state workforce policy; the Department of Economic Opportunity (DEO), the state agency responsible for administrative and fiscal affairs and policy implementation; and 24 local workforce development boards, which oversee the local delivery of workforce services to businesses, job seekers, and workers at nearly 100 career centers statewide.

Each career center is equipped to help job seekers connect with businesses in their field, locate training opportunities, and teach skills such as resume writing and interview techniques. Within each career center are Disabled Veterans' Outreach Program (DVOP) specialists and Local Veterans' Employment Representatives (LVER).¹⁰ DVOP specialists focus on intensive case management services for veterans with barriers to employment, particularly disabled veterans.¹¹ LVERs build relationships with employers and engage in advocacy efforts with hiring executives and managers to increase employment opportunities for veterans.¹² They are also responsible for ensuring that veterans receive the full range of priority workforce services in the career centers.

Veterans may also utilize the Employ Florida Vets website, an online job search engine and portal administered by CareerSource Florida and the DEO and tailored to veterans.¹³ Developed through a series of focus groups with Florida veterans, the Employ Florida Vets Portal translates a veteran's Military Occupational Specialty Code (a code that represents the employment classification for the specialty/job that the military veteran performed while on active duty) into an equivalent civilian job title.¹⁴

Florida's overall unemployment rate for the calendar year 2014 was 6.3 percent.¹⁵ The unemployment rate among Florida veterans was 5 percent compared to 5.3 percent nationally.¹⁶

⁹ 10 USC 1201.

¹⁰ In FY 2014-2015, the Florida Department of Economic Opportunity was awarded approximately \$11.4 million in federal funding from the U.S. Department of Labor through the Jobs for Veterans' Grant to fund 109 DVOP and 53 LVER positions.

¹¹ Florida Department of Economic Opportunity, *For Veterans*, available at <http://www.floridajobs.org/job-seekers-community-services/job-search-and-career-planning/job-search-resources/for-veterans> (last visited on Oct. 27, 2015).

¹² *Id.*

¹³ Employ Florida Vets website, <http://www.employflorida.com/portals/veteran/> (last visited Oct. 27, 2015).

¹⁴ See Employ Florida Marketplace (EFM) Veterans' Web Portal FAQ, *How does the website use the Military Occupational Specialty Code to link veterans with jobs that might be a good fit?*, available at [http://www.floridajobs.org/frequently-asked-questions-directory/employ-florida-marketplace-\(efm\)-veterans-web-portal-faq](http://www.floridajobs.org/frequently-asked-questions-directory/employ-florida-marketplace-(efm)-veterans-web-portal-faq) (last visited Oct. 27, 2015).

¹⁵ See Florida Department of Economic Opportunity, *Local Area Unemployment Statistics*, available at <http://www.floridajobs.org/labor-market-information/data-center/statistical-programs/local-area-unemployment-statistics> (last visited Oct. 27, 2015).

¹⁶ United States Congress Joint Economic Committee, *Economic Snapshot: Florida* (Oct. 2015), available at, <http://www.jec.senate.gov/public/cache/files/2cb3bde9-27db-4584-86fc-f2ce46e4bb2e/florida.pdf> (last visited Oct. 28, 2015).

The unemployment rate among Florida Post-9/11 era veterans averaged 4.8 percent compared to 7.2 percent nationally.¹⁷

Florida Is For Veterans, Inc.

During the 2014 Regular Session, the Legislature created Florida Is For Veterans, Inc. (FIFV), a non-profit corporation created within the FDVA.¹⁸ The purpose of FIFV is to promote Florida as a veteran-friendly state, encourage retired and recently separated military personnel to keep or make Florida their permanent residence, help equip veterans for employment opportunities, and promote the hiring of veterans.¹⁹ FIFV is governed by a nine-member board of directors in which the Governor, the President of the Senate, and the Speaker of the House of Representatives each appoint three members. In April 2015, the FIFV board of directors selected “Veterans Florida” as the organization’s brand name.²⁰

FIFV is responsible for administering the Veterans Employment and Training Services (VETS) program for the purpose of connecting veterans and employers.²¹ Under the VETS program, FIFV will create a grant program for businesses to train veterans to meet a business’s workforce-skill needs and will set up a veteran-specific entrepreneur initiative program through a contract with one or more universities in Florida.²² Additionally, as part of the VETS program, FIFV is directed to provide one-on-one assistance to veterans seeking employment, which may include skills assessments, resume creation, identification of employment goals, and referrals to career centers. FIFV must also connect with employers in the state to educate them on the value of a veteran’s military experience in the workplace.

Employment Initiatives for Small Businesses in Florida

There are currently no state incentive programs that are targeted to encourage small businesses to hire additional employees or that specifically encourage small businesses to hire veterans. Most of the current state programs are geared towards providing financial and technical assistance to help small businesses grow, which may result in those businesses hiring additional employees.²³ Enterprise Florida, Inc., assists small businesses through its Division of Minority & Small

¹⁷ Id.

¹⁸ Chapter 2014-1, s. 12, Laws of Fla.

¹⁹ Section 295.21(2), F.S.

²⁰ See FIFV press release available at <http://floridavets.org/florida-is-for-veterans-inc-brands-as-veterans-florida/> (last visited Nov. 24, 2015); and Florida Department of State fictitious name registration information available at <http://sunbiz.org/scripts/ficidet.exe?action=DETREG&docnum=G15000027981&rdocnum=G15000027981> (last visited Nov. 24, 2015). The organization’s website is: <http://www.veteransflorida.org/> (last visited Nov. 24, 2015).

²¹ Section 295.22, F.S.

²² During the 2014 Regular Session, FIFV was allocated \$2 million for the veterans training grant program and \$1 million for the entrepreneur initiative program. See Line items 597A and 597B, ch. 2014-51, Laws of Fla. See also ss. 56 and 57, ch. 2015-232, Laws of Fla.

²³ For example see s. 288.1082, F.S. (the Grow FL program); ss. 288.993-288-9937, F.S. (microfinance programs); and information about the State Small Business Credit Initiative on the DEO website, available at <http://www.floridajobs.org/business-growth-and-partnerships/for-businesses-and-entrepreneurs/business-resources/state-small-business-credit-initiative> (last visited Nov. 2, 2015).

Business, Entrepreneurship, and Capital, including export assistance. Small businesses are also eligible for Florida's economic development incentive programs.²⁴

The Florida Small Business Development Center (SBDC) Network is another resource available to small business owners seeking assistance. The SBDC is designated as the principal business assistance organization for small businesses in the state, and links the state's education system with community outreach to aid in the development and education of the state's entrepreneurs and small business community.²⁵ The network provides entrepreneurs and small business owners with one-on-one business development consulting; entrepreneurial, business, and management development training; and business information and research.²⁶

III. Effect of Proposed Changes:

The bill creates s. 295.24, F.S., to establish the Veterans Employment Small Business Grant Program (program). The program is created within the FDVA and is to be administered by FIFV. This program is an incentive based program created to stimulate investment in the state's economy by providing grants to small businesses that hire honorably discharged veterans or veterans with a service-connected disability.

The bill defines a "small business" as a business that:

- Is independently owned and operated;
- Is for-profit and privately held;
- Employs fewer than 200 persons;
- Generates \$2 million or less in annual revenue; and
- Has maintained its principal place of business in this state for at least the previous 4 calendar years.

A qualifying small business may receive up to \$25,000 per fiscal year for hiring honorably discharged veterans and veterans with service-connected disabilities hired on or after October 1, 2016. A qualifying small business that hires a veteran as an employee may be eligible to receive a one-time grant of:

- \$3,000 for each veteran;²⁷ and
- \$5,000 for each disabled veteran.²⁸

In order to qualify for grant funding, a small business must enter into an agreement with FIFV that requires the small business to:

- Employ a qualifying veteran for at least one year in order to become eligible for grant funding;
- Provide a report with information on the employment status of each qualifying veteran upon the request of FIFV;

²⁴ For more information, see DEO, Business Resources, available at <http://www.floridajobs.org/business-growth-and-partnerships-for-businesses-and-entrepreneurs/business-resources> (last visited Nov. 2, 2015).

²⁵ Section 288.001(1), F.S.

²⁶ *America's SBDC FLORIDA Fact Sheet*, available at <http://floridasbdc.org/wp-content/uploads/2014/10/Fact-Sheet.pdf>, (last visited Oct. 28, 2015).

²⁷ Section 1.01(14), F.S.

²⁸ Section 295.07(1)(a)1., F.S.

- Pay each qualifying veteran an amount equal to at least 80 percent of the annual median income for veterans in Florida based on the most recent federal census or the most recent American Community Survey 5-year estimated published by the U.S. Census Bureau;²⁹
- Invest any awarded grant moneys into the small business to facilitate further job creation and employment of veterans;³⁰ and
- Not rehire a veteran previously claimed as an employee for purposes of receiving funds under the program.

FIFV must notify the appropriate regional small business development center of a small business' participation in the grant program in order to facilitate improved access to the resources of the Florida Small Business Development Center Network.

The bill authorizes the FDVA to develop rules to implement the program including specifying requirements for the application and approval process and the documentation necessary to claim grant funds.

Effective July 1, 2016, the bill appropriates \$10 million in nonrecurring funds from the General Revenue Fund to the FDVA for transfer to FIFV to implement and administer the program. FIFV may award grant moneys up to a maximum of \$900,000 per fiscal year to small businesses and is authorized to expend no more than \$100,000 annually for staffing and administrative costs.

The Veterans Employment Small Business Grant Program takes effect on October 1, 2016. The program terminates on the date that all funds appropriated for the program are spent or on October 1, 2026, whichever occurs first. On October 1, 2026, FIFV must transfer any unexpended funds to the FDVA for reversion to the General Revenue Fund.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

²⁹ According to the 2009-2013 American Community Survey 5-Year Estimates, the median income for veterans in Florida is \$35,454 compared to \$23,172 for nonveterans. See U.S. Census Bureau, *Median Income in the Past 12 Months (In 2013 Inflation-Adjusted Dollars) by Veteran Status by Sex for the Civilian Population 18 Years and Over with Income*, available at <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk> (last visited Nov. 17, 2015).

³⁰ Expenditures for investment into the small business are limited to manufacturing, equipment, and facilities expenses or other operating costs or fixed capital outlay projects.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

Businesses that choose to participate in the program created in the bill may be eligible to receive up to \$25,000 per fiscal year for hiring honorably discharged veterans and veterans with service-connected disabilities. Small businesses may apply to receive:

- \$3,000 for hiring an honorably discharged veteran; and
- \$5,000 for hiring a veteran with a service-connected disability.

C. Government Sector Impact:

The bill appropriates \$10 million in nonrecurring funds from the General Revenue Fund to the FDVA in Fiscal Year 2016-2017, for transfer to FIFV to implement and administer the program. FIFV may award grant moneys up to a maximum of \$900,000 per fiscal year to small businesses and FIFV is authorized to expend no more than \$100,000 annually for staffing and administrative costs.

The bill provides that the grant program terminates on the date that all funds appropriated for the program are expended or on October 1, 2026, whichever occurs first. On October 1, 2026, FIFV must transfer all remaining appropriated funds to the FDVA for reversion to the General Revenue Fund.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The bill authorizes the FDVA to develop rules to implement the program including specifying requirements for the application and approval process and the documentation necessary to claim grant funds.

VIII. Statutes Affected:

This bill creates section 295.24 of the Florida Statutes.

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
