

**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.)

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Prepared By: The Professional Staff of the Committee on Military and Veterans Affairs, Space, and Domestic Security

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BILL: SB 292

INTRODUCER: Senator Garcia

SUBJECT: Small Business Financial Assistance

DATE: February 2, 2015

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Sanders/Ryon</u>	<u>Ryon</u>	<u>MS</u>	<u><b>Pre-meeting</b></u>
2.	<u>                    </u>	<u>                    </u>	<u>ATD</u>	<u>                    </u>
3.	<u>                    </u>	<u>                    </u>	<u>AP</u>	<u>                    </u>

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**I. Summary:**

SB 292 creates the Veterans Employment Small Business Grant Program to encourage small businesses in Florida to hire veterans. The program is to be administered by the Department of Economic Opportunity (DEO). 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 business. These awards may not exceed \$25,000 per fiscal year.

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

- Reimburse the DEO if the qualifying veteran does not remain employed by the small business for at least one year;
- Report information regarding the employment status of each qualifying veteran upon the request of the DEO;
- Pay each qualifying veteran at least 80 percent of the annual median income for veterans in Florida;
- Reinvest awarded grant funds in the small business to facilitate further job creation; and
- Not receive an additional award for hiring a veteran previously claimed as an employee for purposes of obtaining funds under the program.

A small business may be eligible for an additional one-time grant of \$1,000 for each qualifying veteran whose employment continues beyond an initial 12-month period and an additional one-time grant of \$1,000 for each qualifying veteran if the business used the services of a regional workforce board in hiring the veteran.

The bill appropriates \$10 million in nonrecurring funds from the General Revenue Fund to the DEO to implement and administer the program. The DEO may award grant moneys up to a maximum of \$800,000 per fiscal year.

**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.<sup>1</sup> In the United States there are over 21 million living veterans, of which, over 1.5 million reside in Florida.<sup>2</sup> This makes Florida the state with the third largest veteran population, behind California and Texas.<sup>3</sup> The chart below shows veterans residing in Florida by age range. More than half of Florida’s veterans are age 60 or older.

Veterans in Florida by Age Range <sup>4</sup>						
Under 40	40-49	50-59	60-69	70-79	80+	TOTAL
185,238	187,599	280,743	352,029	312,702	264,385	1,583,697

Florida also has the third largest population of disabled veterans in the nation with more than 249,000.<sup>5</sup> 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 in the U.S. Code 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. Generally, a disabled veteran receives compensation, disability retirement benefits, or a pension pursuant to public statute administered by the USDVA or a military department.<sup>6</sup>

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.<sup>7</sup> Veterans who have been determined by the USDVA to have a service-connected disability are eligible for monthly disability compensation. Disability compensation is a monetary benefit paid directly to the veteran by the USDVA. The amount of compensation varies with the degree of disability and the number of dependents the veteran has. After a medical examination, the USDVA assigns the veteran a disability rating in ten percent increments from 0 percent<sup>8</sup>-100 percent. This starts the process for which a disabled veteran is eligible to receive monthly disability compensation and certain USDVA medical benefits.<sup>9</sup>

<sup>1</sup> Section 1.01(14), F.S.

<sup>2</sup> U.S. Census Bureau, A Snapshot of Our Nation’s Veterans, <http://www.census.gov/library/infographics/veterans.html>, last viewed January 30, 2015.

<sup>3</sup> Florida Department of Veterans’ Affairs. *Fast Facts*. Available at: [http://floridavets.org/?page\\_id=50](http://floridavets.org/?page_id=50), last viewed January 30, 2015

<sup>4</sup> Office of the Actuary, Office of Policy and Planning. Department of Veterans Affairs. October 2014.

<sup>5</sup> Florida Department of Veterans’ Affairs. *Fast Facts*. Available at: [http://floridavets.org/?page\\_id=50](http://floridavets.org/?page_id=50), last viewed January 30, 2015.

<sup>6</sup> 5 USC § 2108(2).

<sup>7</sup> 38 USC § 101(16).

<sup>8</sup> A 0 percent disability rating means the USDVA has acknowledged a disability, but the disability is not severe enough to rate a monetary benefit. The disability can be reevaluated in the future if the disability worsens.

<sup>9</sup> Federal Benefits for Veterans, Dependents and Survivors, Chapter 1 Health Care Benefits [http://www.va.gov/opa/publications/benefits\\_book/benefits\\_chap01.asp](http://www.va.gov/opa/publications/benefits_book/benefits_chap01.asp), last viewed January 17, 2014; Federal Benefits for Veterans, Dependents and Survivors, Chapter 2 Service-Connected Disabilities, Disability Compensation, [http://www.va.gov/opa/publications/benefits\\_book/benefits\\_chap02.asp](http://www.va.gov/opa/publications/benefits_book/benefits_chap02.asp), last viewed January 17, 2014.

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. This is the case when a service member acquires a medical condition or physical disability that renders him or her unfit to perform his or her required duties while on active duty. The service member may be separated or retired from the military for medical reasons. The secretaries of the military departments have the authority to make the final determination of disability in each case.<sup>10</sup> When the determination has been made that a service member must retire due to medical reasons related to the member's service in the military, the member may decide whether to receive military retirement benefits from the DoD or disability compensation from the USDVA.

### **Employment Assistance for Veterans in Florida**

The U.S. Department of Labor, Veterans' Employment and Training Service awards Jobs for Veterans' Grant funds to the Department of Economic Opportunity (DEO). These grants support the funding of Disabled Veterans' Outreach Program (DVOP) Specialist and Local Veterans' Employment Representative (LVER) staff that are assigned to Florida's Career Source centers around the state.<sup>11</sup> DVOP specialists focus on intensive case management services for veterans with barriers to employment, particularly disabled veterans.<sup>12</sup> LVERs build relationships with employers and engage in advocacy efforts with hiring executives and managers to increase employment opportunities for veterans.<sup>13</sup> They are also responsible for ensuring that veterans receive the full range of priority workforce services in the CareerSource Florida centers.

DVOPs, LVERs and all career center staff are tasked with providing priority of workforce services to veterans, especially veterans with barriers to employment, and employers on behalf of veterans.<sup>14</sup> In FY 2013-2014, the DEO was awarded approximately \$11.4 million that will support 104 DVOPs and 72 LVERs.<sup>15</sup> CareerSource Florida has nearly 100 One-Stop Career Centers statewide where job seekers and employers can go for recruiting, employment and training assistance and more. These career centers are distributed within 24 regional workforce boards across the state.

Veterans may also utilize the Employ Florida Vets Marketplace, an online job search engine and portal administered by CareerSource Florida and the DEO and tailored to veterans.<sup>16</sup> Developed through a series of focus groups with Florida veterans, the Employ Florida Vets Portal translates a

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<sup>10</sup> 10 USC § 1201.

<sup>11</sup> DEO. Quick Facts Workforce Services: Services for Veterans. March 2014. Available at: <http://www.floridajobs.org/docs/default-source/office-of-workforce-services/services-for-vets.pdf?sfvrsn=2>, last viewed on February 2, 2015.

<sup>12</sup> Id.

<sup>13</sup> Id.

<sup>14</sup> CareerSource Florida. Report on Federal Programs: Workforce Investment Act (WIA) And Related Workforce Programs. Program Year 2013-2014. p. 78. Available at: [http://careersourceflorida.com/wp-content/uploads/2014/01/141114\\_WIAFederalAnnualReport.pdf](http://careersourceflorida.com/wp-content/uploads/2014/01/141114_WIAFederalAnnualReport.pdf), last viewed on February 2, 2015.

<sup>15</sup> Id.

<sup>16</sup> Employ Florida Vets Marketplace available at: <http://www.employflorida.com/portals/veteran/>, last viewed on February 2, 2015.

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.<sup>17</sup> In 2013-2014, there were approximately 40,000 visits to the portal.<sup>18</sup>

To better connect veterans to these resources and others, the Legislature created the non-profit corporation Florida Is For Veterans, Inc., (FIFV) to serve as the lead entity to help equip veterans for employment opportunities and promote the hiring of veterans to businesses in Florida.<sup>19</sup> The 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 One-Stop Career Centers. The FIFV must also connect with employers in the state to educate them on the value of a veteran's military experience in the workplace. Additionally, the FIFV is tasked to administer a grant program for businesses to train veterans to meet a business's workforce-skill needs and to set up a veteran-specific entrepreneur initiative program through a contract with one or more universities in Florida.<sup>20</sup>

Florida's overall unemployment rate for the calendar year 2013 was 7.2%.<sup>21</sup> Unemployment rate among Florida veterans was 6.1%.<sup>22</sup> The national unemployment rate among Post-9/11 era veterans averaged 9.0%.

### **Employment Initiatives for Small Businesses in Florida**

Enterprise Florida, Inc. (EFI) markets the state's favorable business climate, infrastructure, workforce, trade, and quality of life to attract and retain businesses. For small businesses that choose Florida as a base of operations, EFI can connect them to a program offered in partnership with the DEO named the State Small Business Credit Initiative (SSBCI). The SSBCI is federally funded to develop Florida specific programs that support lending to small businesses.<sup>23</sup> It is designed to assist small businesses in obtaining loan approvals and leverage private capital for use in startup costs, working capital, business procurement, franchise fees, equipment, inventory, or the purchase of owner-occupied commercial real estate.

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 organization for small businesses in the state.<sup>24</sup> The purpose of the network is to serve emerging and established for-profit, privately held businesses that maintain a place of business in the state. It is principally funded by the Small Business Administration (SBA), but administered by the Department of Economic Opportunity. It directs entrepreneurs and small business owners to technical training on business operations and federal incentive programs.

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<sup>17</sup> Id at p. 47.

<sup>18</sup> Id.

<sup>19</sup> Chapter 2014-1, L.O.F.

<sup>20</sup> Section 295.22, F.S.

<sup>21</sup> DEO. Local Area Unemployment Statistics. Annual Averages 2013.

<sup>22</sup> U.S. Department of Labor. Bureau of Labor Statistics. Employment Situation of Veterans – 2013.

<sup>23</sup> Florida has received \$97,662,349 to date in SSBCI funding from the U.S. Department of Treasury. As a result, the state is expected to leverage nearly \$1 billion in private lending to Florida small businesses.

<sup>24</sup> Section 288.001, F.S.

There are currently no state incentive programs to encourage Florida small businesses to hire veterans.

### III. Effect of Proposed Changes:

The bill creates s. 288.066, F.S., to establish the Veterans Employment Small Business Grant Program (program). This program is an incentive based program managed by the Department of Economic Opportunity (DEO) to provide money to small business who hire honorably discharged veterans or veterans with a service-connected disability. The DEO accepts and administers the funds appropriated for grants to eligible awardees. The bill authorizes the DEO to develop rules for the implementation of the program to include, but not limited to, specifying requirements for the application and approval process and the documentation necessary to claim the moneys available through the grant program.

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.

Small businesses that choose to participate in the program may be eligible to receive up to \$25,000 per fiscal year for hiring honorably discharged veterans and veterans with service-connected disabilities. A small business that hires a veteran as an employee may receive a one-time grant of:

- \$3,000 for each veteran as defined in s. 1.01(14), F.S.; and
- \$5,000 for each disabled veteran, as described in s. 295.07(1)(a)1.

A participating small business may receive an additional \$1,000 for each qualifying veteran whose employment is continued beyond an initial 12-month period. A precipitating small business may also receive an additional \$1,000 for each veteran hired through the services of a regional workforce board. These additional awards are not restricted by the \$25,000 cap noted above.

The small business may not receive an additional award for any veteran previously claimed by the business for the purpose of obtaining funds under this program.

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

- Reimburse the DEO if the veteran does not remain employed with the small business at least one year following an award;
- Provide a report with information on the employment status of each qualifying veteran upon the request of the DEO;
- Pay each qualifying veteran an amount equal to at least 80% 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;

- Reinvest any awarded grant moneys in the small business to facilitate further job creation; and
- Not receive an additional award for hiring a veteran previously claimed as an employee for purposes of obtaining funds under the program.

The DEO must notify the appropriate regional small business 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.

The bill appropriates \$10 million in non-recurring funds from the General Revenue Fund to the DEO to implement and administer the program. Each fiscal year the DEO may only award up to \$800,000 to participating small businesses. Upon the termination of the program, all remaining funds return to the General Revenue Fund.

The bill provides an effective date of July 1, 2015.

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

None.

##### **B. Public Records/Open Meetings Issues:**

None.

##### **C. Trust Funds Restrictions:**

None.

#### **V. Fiscal Impact Statement:**

##### **A. Tax/Fee Issues:**

None.

##### **B. Private Sector Impact:**

Businesses that choose to participate in the program 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

Small businesses may also apply for additional awards that are not restricted by the \$25,000 limit:

- \$1,000 for each qualifying veteran whose employment extends beyond the initial 12-month period; and

- \$1,000 for each qualifying veteran hired through a regional workforce board.

**C. Government Sector Impact:**

The bill appropriates \$10 million in non-recurring funds from the General Revenue Fund to the DEO to implement and administer the program. The DEO may award grant moneys up to a maximum of \$800,000 per fiscal year.

According to the DEO, in order to administer the Veteran Employment Small Business Grant Program, the DEO would require two additional FTE positions funded at \$169,000 for the first year and at \$163,000 for each year following.<sup>25</sup>

**VI. Technical Deficiencies:**

The bill doesn't describe the mechanism the department will use to hold the 10 million appropriation over the life of the program since appropriation is on a one year basis.<sup>26</sup>

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill creates section 288.066 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.

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

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<sup>25</sup> DEO 2015 Agency Legislative Bill Analysis for SB 292. January 12, 2015.

<sup>26</sup> Id