

The *Virginia Small Business Jobs Grant Fund* (SBJGF) was created by HB 943. Introduced in 2010 by Delegate Steve Landes and passed by the General Assembly, the bill provides grants to small businesses that create at least five new full-time positions within a 12-month period, provided that the business meets criteria for participation. VJIP sets aside 10% of its overall appropriation to fund this program.

The Virginia Small Business Jobs Grant Fund (SBJGF), managed by the Virginia Department of Small Business & Supplier Diversity pursuant to § 2.2-1615 of the *Code of Virginia*, helps businesses by providing grants to offset their hiring or retraining costs, thereby encouraging existing businesses to expand. SBJGF increases Virginia's competitive advantage for economic development projects through funding and value-added services that offset the human resource development costs for existing, new, and expanding companies that are creating jobs.

SBJGF is a performance-based grant, meaning that no funds are disbursed to participating companies until eligible new jobs have been filled for at least 90 days, and capital investments have been made. The new jobs must also be paid at least \$9.79 per hour and be full-time, with benefits.

Historically, participation in SBJGF remained low due to the restrictive nature of the program. However, after Delegate Landes removed restrictions on the program through legislation, more companies were eligible to participate and participation increased.

### **SBJGF: FY2014 Results**

There were 67 companies that participated in SBJGF in FY14. Out of the 67 companies, 44 of them created or retrained jobs. Total jobs funded by SBJGF were 716 and the companies paid an average of \$17.93 an hour, which translates to \$37,304 a year. This generated approximately \$2,135 in annual state income and sales tax revenues per job. The program's goal is to recover the Commonwealth's investment within one year, through income and sales taxes paid by each new job created. With an average reimbursement rate of \$8,44.95 a job, the program's payback period for the investment was a little under 5 months. This economic development grant is performance based, and no funding is expended until the capital investment has been made and the jobs are created by the company.

### **SBSD-SBJGF Programs: Definitions**

To be eligible for assistance through any of the programs offered by SBJGF, a company must:

- Be for-profit
- Create basic employment for the Commonwealth in one of the following business sectors: Manufacturing; Distribution Centers; Corporate Headquarters for a company with multiple facilities; Research and Development; Information Technology Services exclusively for businesses; and Inbound Call Centers.
- Pay a minimum entry-level wage rate of at least 1.35 times the federal minimum wage, which at this time is \$9.79 per hour. In areas that have unemployment of two times or

more the state level, this wage minimum may be waived by the Department. Only full-time jobs filled by Virginia residents that qualify for benefits are eligible for funding.

### **Changes and Challenges**

There have been staffing issues that prevented SBSB from fully utilizing the Small Business Jobs Grant Fund. However, these issues will be resolved once SBSB hires more full time Project Managers to manage the fund.

### **Demand Levels for Program Services**

Compared with FY13, the number of people hired or retrained remained constant in FY14. SBJGF worked with approximately the same number of companies in FY14 as in FY13. As the economy improves, more small businesses will require our services.