

Report on the Expenditures of the Small Business Jobs Grant Fund and Anticipated Needs for Small Business Development to Monitor the Effective Use of these Funds

Fiscal Year 2016

The *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. Part of the criteria includes paying at least the prevailing average annual wage in the locality in which the business is located.

SBJGF, managed by the Virginia Department of Small Business and Supplier Diversity (DSBSD), pursuant to § 2.2-1615 of the *Code of Virginia*, has been helping small businesses by providing grants to help them expand or retrain employees for other jobs.

In order to qualify, a company must make a capital investment of at least \$100,000 and create a minimum of 5 net new full time positions paying at least \$9.79 an hour.

Fiscal Year Results:

	Total
Total Projects	62
Central	7
Northern	33
Southside	0
Southwest	1
Hampton Roads	12
Valley	9
Total Jobs Created or Retained	444
Central	0
Northern	352
Southside	0
Southwest	6
Hampton Roads	43
Valley	43

Total jobs funded by SBJGF paid an average wage of \$35.60 per hour or \$74,039.68 annually, which generated approximately \$4,423 in annual state income 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 \$816.56, the program's payback period for the investment was 2.5 months.

This incentive program is performance-based, which means that the company will not receive the grant until they create the job or retrain their employees and make the \$100,000 capital investment.

To be eligible for assistance for 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 \$9.79 per hour. In areas that have unemployment of two times or more the state level, this wage minimum may be waived. Only full-time jobs filled by Virginia residents that qualify for benefits are eligible for funding.
- Be a small business.
- Create a minimum of five (5) net new jobs and make a new capital investment of at least \$100,000.

Challenges

The program is designed for small businesses to receive funding to offset training and recruitment costs. However, due to staffing levels, we were not able to reach areas like Southside Virginia. The projects in Central Virginia did not do any hiring that year. However, the previous year, they did hire employees for 53 new jobs.

SWaM Business Outreach

In FY16, SBJGF assisted 59 certified SWaM companies, which retrained workers for, or created, 444 jobs.