

## FAST 2010 JOBS ACTION COMMITTEE REPORT

**THE PROBLEM:** We are in the middle of a jobs crisis. In the last month the national unemployment rate has slightly improved from 10% to 9.7%. However, the situation in this community has not improved. In the Tampa/St. Petersburg area the unemployment rate is **currently at 13.1%**! In March of this year it was 12.4%. Despite signs that the worst of the recession is over we are still losing jobs at an alarming pace. **As a whole, the Tampa Bay area has continued to lose jobs at two- to three-times the rate of the country over the last quarter.**

**RESEARCH WE HAVE DONE:** As we began to research this problem we kept hearing about the challenges small businesses are facing in our community. The Small Business Administration generally defines small businesses as businesses that have less than a 100 employees. Small businesses are the backbone of our economy. With 91 percent of the county's businesses having less than 50 employees they account for the majority of this county's employers. 80 percent of new jobs created come from small businesses. And small businesses all across this community are struggling. They are struggling to pay their bills and to keep employees on staff. They are struggling not only because business is down but because their lines of credit have been shrunk. So they've had to cut down on their overhead often leading to jobs being lost. Businesses depend on cash flow for day to day operations. More than 80% of small businesses depend on some sort of financing to grow their business, but right now many local businesses are stuck. Also many small businesses are at a significant disadvantage when bidding on contracts from the cities and county. We understand that if we want to improve the job situation in this community something needs to be done to help our struggling local businesses.

Pinellas County has a number of incentives programs to help business create jobs. Two are called Qualified Target Industry Program (QTI) and the Jobs Creation Incentive Program (JCIP). However, these programs are geared towards large businesses and exclude small businesses. The following is a list of some of the businesses that have been offered these incentives in the last two years.

Company	Jobs Committed	Incentive Amount
BOTH Holdings	100	\$85,000 from county and \$85,000 from St. Petersburg
Draper	65	\$2 million from county and \$2 million from St. Petersburg
Jabil Circuit	850	\$1.7 million from county and \$1.7 million from St. Petersburg
SRI	200	\$5 million from county and a land lease from St Petersburg

### THE SOLUTION:

Focusing all of our economic development funds on large businesses is a flawed policy. Small businesses are the foundation of our economy and more attention should be given to them. When we help small businesses, they create local jobs that will stay in our community. For example, Neilson Media Research was once committed \$3.1 million dollars in state, county, and city incentives to create 600 jobs. In 2008 the City of Oldsmar had already paid them \$554,000 of their commitment before realizing that Neilson Media Research had been laying people off. In 2007 they laid off 117 positions and by 2008 they were outsourcing another 115 jobs. Under the terms of the contract, Pinellas County officials had agreed that Neilson had met the terms of the agreement and so did not have to pay the money back. By the time the program was terminated the company announced they were laying off another 170 employees.

Many large businesses that have been the focus of the QTI and JCIP programs do not end up expanding. In 2008, the city of St Petersburg and the County committed \$1.75 million each to help Jabil Circuit expand and create new jobs. However, Jabil said they could not move forward with their plans until the economy improves. In light of the current climate, it makes sense to focus these and other funds on helping small businesses in our community that are prepared to hire people now and stimulate our economy.

## ***FAST 2010 JOBS ACTION COMMITTEE REPORT CONTINUED***

In addition to asking our County to lead the way in helping small businesses, we are also asking the City of St. Petersburg to take some steps. As the largest city in our county, with the most small businesses, we believe the city of St. Petersburg is positioned well to be a leader on this issue and to pilot some new and innovative ideas. It is our hope that once the County and St. Petersburg begin successful programs to help small businesses, other cities throughout Pinellas will follow suit.

### **WHAT WE WANT**

#### **1. Job Creation Incentive Program for small businesses**

We want the county and the city of St. Petersburg to create a program that will provide financial incentives or tax breaks to small businesses to help them create jobs, similar to the current Jobs Creation Incentive Program for large businesses.

#### **2. Increasing Small Business Lending**

One of the main problems that small businesses are facing is getting access to financing, credit or loans. Pinellas County Economic Development will be holding a small business lending fair in August. We want the County to use this lending fair not just as an informational session but, as an opportunity where small businesses can apply for and receive loans as a result of this fair. We want the County to create a clear goal for the number of loans to be given out as a result of this fair, so that we can measure its success.

#### **3. City contracts/purchasing (St Petersburg)**

Currently, many of our local small businesses are at a disadvantage when bidding for city contracts. We are asking the city of St Petersburg to double the amount of contracts and purchasing that goes to small businesses.