VETERAN-OWNED BUSINESSES: Frontlines to Storefronts
MISSION
To provide a one-stop-shop for the latest news and valuable insight on Florida’s economy and financial health

RESOURCES
Chief Financial Officer Jeff Atwater understands the importance of small businesses to Florida’s economic landscape and he is dedicated to providing information and resources to help them remain strong and continue to grow.

For daily Florida economic updates, please visit MyFloridaCFO.com/FloridasBottomline
Dear Fellow Floridians:

Each November our nation celebrates Veterans Day – a time when we pay tribute to the more than 21 million veterans who have fought valiantly to protect this great country. Florida places great importance on honoring these men and women who have served our nation. These efforts have made the Sunshine State one of the most veteran-friendly states in the country.

Florida is currently home to more than 1.5 million veterans – veterans who exude an exceptional level of discipline and do not accept mediocrity or defeat under any conditions. We recognize that the discipline and work ethic of Florida’s veterans are not only essential on the frontlines, but these qualities are essential for a strong business community. According to the U.S. Small Business Administration, veterans are 45 percent more likely than civilian counterparts to become successful entrepreneurs. This edition of Florida’s Bottom Line highlights the active role Florida’s veterans play in contributing to our flourishing economy. Today, Florida ranks third nationally for the greatest number of veteran-owned businesses, which provide more than $61 billion in revenue annually and employ more than 310,000 Floridians. Additionally, you’ll find helpful resources for veterans interested in starting their own business or who are in search of a job.

Abraham Lincoln once said, “I like to see a man proud of the place in which he lives. I like to see a man live so that his place will be proud of him.” The American veteran embodies this quote. I am eternally grateful to all veterans for their commitment to their country, and I will remain dedicated to upholding Florida’s reputation as one of the most veteran-friendly states in the country.

Sincerely,

Jeff Atwater
Chief Financial Officer
State of Florida
1. How does DEO work to make Florida the most veteran-friendly state in the nation?

Florida has the third largest population of veterans in the nation—more than 1.5 million—so it is critically important that we have policies to serve those who have served us. The Scott Administration and the Legislature have implemented a variety of such policies—from in-state tuition for all veterans to fee waivers for business and professional licenses. At DEO, we have staff around the state at Career Source Florida centers who work with veterans and military families on training and employment. We’ve also started an annual state-wide employment fair dubbed Paychecks for Patriots, during which Career Source Florida centers all around the state simultaneously host employers interested in hiring veterans. This coordinated effort helps draw attention to the importance of veteran-employment.

Focusing on veteran-employment makes sense. Veterans typically are well-trained with technical skills that are in high demand today, have the soft skills employers are looking for, and are loyal and service-oriented. This is exactly the reputation we want for Florida’s workforce, and we want employers to know this labor pool is in our state.

The evidence suggests our efforts our working. Several years ago Florida’s veteran unemployment rate was greater than the national veteran unemployment rate. As of last year—the Florida veteran unemployment rate is less than the statewide average unemployment rate and less than the national veteran unemployment rate.

2. What obstacles do veterans face in the job market?

For the average veteran just leaving military service, the greatest obstacle may be translating their skills and training into terms civilian employers can understand. DEO employees can provide assistance with this process.

Some veterans may have physical or mental disabilities that create additional barriers for employment. We try to focus on this population—and, again, DEO staff is specifically trained to help with these issues.

But overall, I think Florida is an opportunity state for veterans. Job demand is at or exceeding pre-recession levels and veterans are an attractive population for employers.

3. What resources are available to veterans looking for work or businesses that want to hire a veteran?

Florida is fortunate to have a robust workforce development network consisting of twenty-four regional boards—Career Source Florida centers—that focus on the needs of local employers and job seekers. In cooperation with local Career Source Florida centers, DEO administers Florida’s Veterans Employment Program. These staff members help veterans transition from military life to civilian life and find the employers that value the skills veterans can bring to a job. In addition to the services provided to veterans and their families to obtain employment, the Disabled Veteran Outreach Program provides intensive services to veterans with significant barriers to employment. So far this year, more than 20,900 veterans have been placed in jobs.

Online help for our veterans can be found at Employ Florida Vets, an online jobs portal at Veterans.EmployFlorida.com, which provides employment services by matching former servicemen and women to the jobs and training opportunities that suit their skills and experience gained in the Armed Forces. For more information on Veteran job searching and career planning, visit www.floridajobs.org/veterans.

In late October, DEO, the National Cyber Partnership, and Saint Leo University announced a new training program to prepare Tampa-area veterans and others for high-skill, high-wage jobs in the cyber industry with focus on cyber security. This unique online training program builds upon the highly regarded undergraduate and graduate Cyber Security Certificate Programs already in place at Saint Leo University. For more information, visit www.national-cyber.org.

FOR MORE INFORMATION, PLEASE VISIT WWW.FLORIDAJOBS.ORG
Veterans and entrepreneurship are a perfect match. According to the U.S. Department of Labor Statistics, more than one million service members are projected to leave the military between 2011 and 2016. Collectively, it is our responsibility to ensure that our servicemen and women find jobs, and if entrepreneurship is the right path for them, that they have the necessary resources for their businesses to grow and succeed.

By the Numbers
According to the U.S. Small Business Administration (SBA) Office of Advocacy, veterans are 45 percent more likely to start a business than those with no prior active duty experience. As of 2007 (the latest data available from the U.S. Census Bureau), there were 2.4 million veteran-owned businesses in the United States. Florida ranked among the top three states with the highest number of veteran-owned businesses with 176,727, or 8.8 percent of all businesses in the state. By industry, finance and insurance had the largest share of veteran-owned businesses with 12.8 percent, followed by professional, scientific, and technical services; and transportation and warehousing.

For many returning veterans, their military experience, discipline, and work ethic provide a competitive edge for starting or growing a business. “We are taught from the beginning to look at the problem in front of us and use our creativity to solve it,” said Jeff Meister, Assistant Director for the University of West Florida’s Military and Veterans Resource Center (MVRC). “Often times we have to solve a problem with limited resources and it’s not a ‘well let’s try this or that’ situation because your life is on the line and you have to be able to think quickly, clearly, and concisely, and then act on that decision. To succeed in business is not much different.”

Difficult Transition
Meister, a service-disabled veteran who served in the United States Navy for 20 years as a Hospital Corpsman, is acutely aware of the challenges returning veterans face when transitioning to civilian life. “As a Hospital Corpsman, there is nothing for you to do in the civilian community because you don’t have your license so you have to be retrained,” added Meister.

Unlike Meister, who went to school to become a teacher through the Department of Veterans Affairs’ Vocational Rehabilitation and Employment (VR&E) and now oversees UWF’s MVRC, which helps military and veteran students bridge the gap between military and college—as a staggering number of veterans struggle in transitioning to civilian life. A 2012 study of Post-9/11 and Gulf War-era II veterans by Prudential Financial, Inc. and the Iraq and Afghanistan Veterans of America (IAVA) revealed that 69 percent of veterans reported finding a job as the greatest challenge when returning home from service.

For many veterans, entrepreneurship is the next logical step in their career path. Veterans with service-connected disabilities often choose entrepreneurship due to physical limitations. According to the U.S. Census Bureau Survey of Business Owners, service-disabled veterans account for 8.3 percent of all veteran-owned businesses nationwide.

Combating Entrepreneurial Challenges
Though military service is excellent preparation for entrepreneurship, business ownership still proves challenging for veterans. Among the top obstacles facing veteran-owned businesses are lack of business experience and access to capital.

Most military veterans leave service with a wealth of technical expertise. However, it is unlikely that they possess the necessary business acumen. Luckily, a wealth of expertise is available to veterans interested in entrepreneurship. The U.S. Small Business Administration and the U.S. Department of Veterans Affairs websites are great places for veterans to find more information about assistance and certifications available. Veterans also have access to business information, tools, and professional consulting at no cost through the Florida SBDC Network, which operates more than 40 offices from Pensacola to Key West. In addition, veterans may seek entrepreneurial assistance from the Veterans Business Outreach Center (VBOC), a resource center for veterans, active duty military members, service-connected disabled veterans, and their spouses.

Veterans also have access to unique opportunities in helping them fund their venture, including the SBA Express Loan Program, which supports loans under $350,000. Through the end of the fiscal year, the borrower fee has been waived for veteran loans authorized through the program. In addition, the SBA 504 Loan Program provides financing for major fixed assets such as owner-occupied commercial real estate and long-life machinery and equipment.

FOR MORE INFORMATION, VISIT WWW.FLORIDASBDC.ORG
Economic conditions in Florida have continued to improve with strong job growth, a stabilizing housing market, and increased consumer confidence throughout the year, the combination of which highlights how far Florida's economy has come, and where it intends to go.

** Floridians are Back to Work **
Florida's job market has seen positive growth in many areas thus far in 2014. Over the year, a total of 205,600 new non-farm jobs have been created statewide, which translates to an annual job growth rate of 2.7 percent, as of September 2014. Nationally, the job growth rate was lower at 1.9 percent over the year. Over the past three years, Florida's economy has created a net total of 550,000 non-farm jobs, which represents a job growth rate of 7.6 percent since September 2011. Nationally, the three-year job growth rate was much lower at 5.4 percent.

Further, Florida's job growth has been broad-based with all major industry sectors reporting positive job growth over the year, led by the Construction (11.2%), Trade, Transportation and Utilities (3.5%), and Professional and Business Services (3.2%) industries.

Given this robust rate of job creation, one would expect to see a simultaneous, and correspondingly large, drop in Florida's unemployment rate. Over the year, Florida's unemployment rate has declined, dropping from 6.9 percent in September 2013 to 6.1 percent currently – a 6-year low. Yet, Florida’s unemployment rate has remained roughly stagnant in 2014, hovering around 6.2 percent since December 2013.

This is the result of explosive growth in the state's labor force beginning at this time. Over the past year, Florida’s labor force, or the total number of Floridians actively seeking or holding a job, has grown by 2.2 percent. To put this in perspective, the U.S. labor force grew a mere 0.3 percent during the same time. In fact, the growth of Florida's labor force has been so large that it accounts for 54 percent of the growth in the U.S. labor force over the year.

** As More Floridians Head Back To Work, Unemployment Rate Decline Slows **

Such robust labor force growth is reflective of a strengthening job market and overall economy: as the job markets improve, people become more optimistic about their prospects and rejoin the labor force to search for employment. Further, and perhaps more importantly, unemployment has declined during this time. Despite 211,700 Floridians rejoining the labor force, the number of unemployed Floridians fell by 9.4 percent over the past year, signaling that not only are there more people searching for work in Florida, more are finding it. As this trend continues, it is likely that Florida's unemployment rate will decline.

A strengthening job market in Florida has also put upward pressure on wages. In Florida, real median household income has risen 2.5 percent since 2012, compared to 0.4 percent nationally. Rising incomes mean Floridians have more disposable income to purchase goods and services, further stimulating Florida's job market and economy.

** Consumers Confident in the Economy **
With strong job growth and rising wages, Floridians are feeling more optimistic and confident about their personal financial situations compared to a year ago, according to the UF Bureau of Economic and Business Research's Consumer Sentiment Index (CSI). More Floridians also feel that now is a good time to buy big tickets items than at any other time since the recession.

This sentiment has translated to increased consumer spending statewide. Retail activity in Florida has increased 7.5 percent

---

Jeff Atwater | Chief Financial Officer

Florida’s Bottom Line 3

CONTINUED ON PAGE 4
over the year with increases in every major spending category statewide, according to the Florida Office of Economic and Demographic Research’s Retail Activity Index. The two spending categories with the largest year-over-year growth have been for big ticket items: Building Investment (9.9%), which reflects a revived housing market, and Automobiles and Accessories with a 9.5 percent increase. In addition, falling gas prices may also be bolstering consumer spending. In Florida, gasoline prices have fallen $0.75 a gallon compared to their most recent peak in April 2014. With lower prices at the pump, consumers have more disposable income in their pockets to save or spend.

Aside from current conditions, Floridians are more confident about the future. In October, consumer confidence among Floridians reflected continued positive outlooks for both the short and long-term. According to the CSI, Florida consumers are more optimistic about both their personal financial situations and future economic conditions a year from now than they were the same time last year. Floridians also expressed growing optimism about economic conditions five years from now. This is good news for the economy because consumer confidence is an exceptional predictor of future consumer spending. With consumer spending making up roughly 70 percent of economic growth in the United States, the prospects for Florida’s economy are bright.

Housing Market is Stabilizing
Florida’s housing market, a significant contributor to the state economy, has continued to strengthen thus far in 2014, albeit at a slower pace than in recent years. Both sales activity and the median sales price of single-family homes have risen over the year, up by 13.5 percent and 5.9 percent, respectively, while new home construction has declined 2.5 percent. Compared to a year ago, current trends appear lackluster: In 2013, the annual growth in home sales topped 11 percent, the median sales price rose 17 percent, and new home construction skyrocketed, up 34 percent compared to 2012.

However, the stark contrast between 2013 and 2014 actually highlights the substantial recovery that Florida’s housing market has undergone: statewide, the median sales price is up 37% from $131,700 in 2011 to $180,000 in September. Further, current trends indicate that Florida’s market is becoming more stable. Housing inventory has reached a near-equilibrium balance in 2014, a far cry from the excess inventory that weighed down Florida’s housing market for several years following the recession.

A prime illustration of this stabilization is the falling percentage of homes purchased with cash in Florida. Generally, cash sales as a percentage of all homes sold indicates, and is positively correlated with, the level of non-traditional buyer activity, such as investors, in the housing market.

Steadily declining since 2012, the share of Florida homes purchased with cash is now at a 4-year low and returning to historically normal levels, exemplifying the ongoing stabilization occurring in Florida’s housing market.

In September, cash sales made up 39.3 percent of all homes sold statewide, down from 41.5 percent a year ago and significantly lower than its peak of 52 percent in early 2011. With less competition from cash buyers, more traditional and first-time homebuyers will be able to access Florida’s market and purchase a home, bolstering more sustainable, and long-term economic growth in Florida.

However, there are still obstacles the housing market must overcome, such as future interest rate hikes and continued tight credit conditions, though the latter appears to be softening, according to the Federal Reserve’s Senior Loan Officer Survey that indicated easing credit standards for mortgages at banks in recent months.

In aggregate, Florida’s economy has shown significant improvement over the past few years in many different aspects. With room to grow, there are strong signs that Florida’s economy will continue to improve into the coming year.
When it comes to taxation, Florida’s business climate ranks high. According to the Tax Foundation’s latest “State Business Tax Climate” Index, Florida is home to one of the best business climates in the nation. The annual Tax Foundation Index analyzes the 50 states on their overall tax climate with rankings based on each state’s corporate, individual income, sales, unemployment insurance, and property taxes.

Florida ranks fifth for its state business tax climate – trailing only Wyoming, South Dakota, Nevada and Alaska. Florida is also the highest ranked among the most populous states in the nation: Texas (10th), Illinois (31st), California (48th), and New York (49th). Additionally, Florida’s business tax climate outranked both of its immediate neighbors, Georgia (36th) and Alabama (28th).

According to the 2015 rankings, the top 10 states were Wyoming, South Dakota, Nevada, Alaska, Florida, Montana, New Hampshire, Indiana, Utah and Texas. At the bottom of the list were Iowa, Connecticut, Wisconsin, Ohio, Rhode Island, Vermont, Minnesota, California, New York and — in last place — New Jersey. The states in the bottom ten suffer from the same afflictions: complex, non-neutral taxes with comparatively high rates. New Jersey, for example, suffers from some of the highest property tax burdens in the country, is one of just two states to levy both an inheritance and an estate tax, and maintains some of the worst structured individual income taxes in the country as claimed by the Tax Foundation’s most recent report.

Overall, Florida benefits from a high ranking in both the unemployment insurance (3rd) and individual income (1st) tax categories. Florida ranks 12th and 16th respectively in the sales and property tax categories, and Florida’s corporate tax rating (14th) continues to be in the top third in the nation. In contrast, the Index ranking lists New York and New Jersey as having the two worst tax climates in the nation.

Florida is fortunate to have a healthy state tax climate because a healthy and competitive business climate is a catalyst for prosperity and sustainable economic growth. A state’s tax system is critically important to economic growth because a state’s tax system is what can attract or repel new businesses and risk-taking. Business taxes affect business decisions, job creation and retention, plant location, competitiveness, the transparency of the tax system, and the long-term health of a state’s economy. Further, states do not enact tax changes (increases or cuts) in a vacuum. Every tax law will in some way change a state’s competitive position relative to its immediate neighbors, its geographic region and even globally. Ultimately, it will affect the state’s national standing as a place to live and do business.

Incidentally, the bottom three on the Tax Foundation’s list — California (48th), New York (49th), and New Jersey (50th) have been plagued by slow population growth and numerous departures of both businesses and people. In contrast, Floridians are finding greater job opportunities, the state’s population is growing by more than 600 residents a day, business investment is increasing, and household incomes are growing.
While traditionally associated with military uses, U.S. businesses are beginning to take notice of the unique capabilities and exciting potential of Unmanned Aircraft Systems (UAS). UAS offer new ways for commercial operators to increase operational efficiency, decrease costs, and enhance employee safety. With the UAS market primed to takeoff, Florida has emerged as a leader in UAS development and production. However, several hurdles remain before the industry can reach its full potential.

A UAS is an unmanned aircraft that is self-guided or controlled by a ground station operator. Many UAS are small in size (under 55 pounds), giving them the ability to travel into places manned aircraft could never go. They are also less expensive to purchase and operate than manned systems, making the potential loss of a UAS much easier to absorb. As a result, UAS have become ideal for “dull, dirty and dangerous” missions that would put people at risk, including hazardous, long-duration, and highly repetitive operations. For example, a UAS can fly into hazardous areas like hurricanes or forest fires to collect data or search for stranded survivors without risking a pilot’s life.

The list of potential UAS uses is rapidly expanding to include aerial mapping, surveying land and crops, communications and broadcast, monitoring environmental conditions, disaster response, and protecting critical infrastructure. According to the Teal Group, an aerospace and defense consulting firm, the national market for UAS technology is projected to be worth $91 billion over the next decade, increasing from $6.4 billion in 2014 to $11.5 billion annually by 2024.

Florida - A Leader in UAS
The UAS market is rapidly growing, and Florida is poised to be a national leader in UAS manufacturing, testing, research, and operations. With a strong aviation sector and vast controlled airspace, Florida has the infrastructure to develop and support the UAS industry now and into the future. In addition Florida is home to a robust network of simulation and research centers, a skilled workforce, and several university programs that offer UAS technology curriculum, as well as a number of high-tech startup firms focused on UAS development and manufacturing.

According to a 2013 Association for Unmanned Vehicles Systems International report, Florida ranks 4th behind California, Washington, and Texas, for the anticipated economic impact the UAS industry will have on the state. By 2025, the UAS industry is expected to contribute more than 2,400 direct jobs and nearly $470 million annually to Florida’s economy.

Industry Challenges
As UAS technologies mature, the next generation of UAS will be used for a wide spectrum of civilian and public domain applications. However, several hurdles must be resolved before the industry can reach its full potential. Unlike the manned aircraft industry, UAS does not yet have a set of standardized regulations for commercial applications. Despite its 2014 target, the Federal Aviation Administration (FAA), the regulatory body responsible for regulating the safe and efficient use of the nation’s navigable airspace, has yet to release regulations governing the commercial use of UAS. In the meantime, the FAA has banned UAS for commercial purposes, although personal use is still permitted.

Aside from regulatory delays, there are operational concerns that must be overcome. For example, commercial UAS will have to be reliable enough to fly over populated areas without significant risk of crashing. Currently, most small UAS do not have automatic collision avoidance systems to avoid crashing into tall structures, or other aircraft, which have a hard time detecting smaller UAS. Additionally, legal questions exist for potential injuries and damages involving UAS. Until these issues are resolved, both UAS manufacturers and operators will be exposed to risks.

Today, there is little doubt that Florida’s UAS industry will be something to watch for years to come. However, the exact shape of this industry’s future will depend on the ingenuity of UAS developers, advancements in technology, and impending federal regulation.
Workers’ compensation insurance is a significant expense for Florida businesses, and fraud pushes that price even higher. Workers’ compensation fraud is a serious problem facing Florida and its effects are felt by every business statewide. Premium fraud diverts nearly $1 billion from Florida’s economy every year by placing tremendous pressure on law-abiding businesses to absorb the costs of premium avoidance, as its costs are distributed throughout the system in the form of higher insurance rates.

Workers’ compensation fraud occurs when any person knowingly files false or misleading information with intent to injure, defraud or deceive any employer or employee, insurance carrier or self-insured program. Understanding workers’ compensation fraud and knowing how to detect and report it can help reduce the cost of doing business in Florida.

What Employers Need To Know
Florida law requires business owners to purchase workers’ compensation insurance for any non-construction business employing four or more people and any construction business with at least one employee. For more information on employer requirements and free training sessions, please visit: www.MyFloridaCFO.com/WC.

A Stop-Work Order may be issued to employers found misrepresenting or falsifying employee information, which requires the business to cease operations until it comes into compliance and penalties have been paid. In a continued effort to strike the right balance between business growth and development and regulatory oversight, updates were made to Florida’s Workers’ Compensation Law earlier this year to more efficiently monitor out-of-compliance employers, including an opportunity for first-time offenders to receive a lesser penalty when insurance is purchased as well as a streamlining the Stop-Work-Order process to help businesses get back to work faster once they have come into compliance with Florida law. These commonsense measures provide regulatory relief to employers while ensuring employees are protected.

Similarly, the Department of Financial Services is committed to holding responsible those who purposefully commit premium fraud. Aside from unfairly passing costs onto hardworking citizens and businesses, workers’ compensation fraud is a serious offense and can carry a first degree felony, depending on the amount of premium avoidance.

To help tackle this serious issue, the Department has successfully identified hundreds of millions of dollars in workers’ compensation fraud, cracked down on money service businesses in criminal violation of Florida law, and increased the number of fraud arrests made by 75 percent over the past year, collectively returning millions of dollars to the premium base.

Join the Fight against Premium Fraud
Insurance fraud, in any form, inexcusably passes costs onto Florida’s law-abiding citizens and businesses. There are several resources that are available to employers to help prevent, detect, and report suspected workers’ compensation fraud.

DFS FRAUD HOTLINE
If you are aware of or suspect insurance fraud may be taking place, please call the DFS Fraud Hotline at 1-800-378-0445 or visit our website at www.MyFloridaCFO.com/Fraud. Citizens who provide tips can remain anonymous. Our Anti-Fraud Reward Program awards individuals up to $25,000 for information that directly leads to an arrest and conviction in an insurance fraud scheme.

PROOF OF COVERAGE DATABASE
The Proof of Coverage Database is a great resource for individuals and entities to check if an employer or subcontractor has a Workers’ Compensation insurance policy or certificate of exemption. The Database enables businesses to assess their own liability for providing coverage for the unprotected workers of the contractors they hire, as required by section 440.10, F.S.

CONSTRUCTION POLICY TRACKING DATABASE
The Construction Policy Tracking Database is an effective tool for contractors and other interested parties for tracking the workers’ compensation coverage and exemption status of the subcontractors they use, sending automatic electronic notifications to employers if their subcontractors’ coverage and/or exemption status changes.

NON-COMPLIANCE REFERRAL WEBSITE
To report suspected workers’ compensation non-compliance, please visit the Non-Compliance Referral website, which allows individuals to anonymously refer an employer suspected of failing to comply with Workers’ Compensation requirements. You do not have to provide your name or contact information to submit a referral.
SMALL BUSINESS RESOURCES

For additional resources, please visit www.myfloridacfo.com/floridasbottomline/
1 in every 11 businesses in Florida is owned by a veteran.

Florida’s Veteran-Owned Businesses

Generate $62 billion in annual sales.

Employ more than 310,000 Floridians.

Home to the nation’s 2nd largest number of veteran-owned firms.

Top Industries

- Professional, scientific, & technical services
- Construction
- Health care & social assistance

80% are self-employed.

1 in 10 adult Floridians is a veteran.

3rd largest veteran population in the U.S.

Multiple Conflicts: 152,781
Post 9/11: 129,454
Gulf War: 189,094
Vietnam: 433,154
Korea: 121,652
WWII: 80,601

Source: Florida Department of Veteran Affairs

For more information about Florida’s economy, please visit www.MyFloridaCFO.com/FloridasBottomLine/