



Tennessee Department of  
Economic and Community Development

**BERO** | Business Enterprise Resource Office  
Annual Report , Fiscal Year 2018



**STATE OF TENNESSEE**  
**DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT**  
**STRATEGY DIVISION**  
**312 ROSA L. PARKS AVENUE, TWENTY-SEVENTH FLOOR**  
**NASHVILLE, TENNESSEE 37243**  
**TELEPHONE: 615.741.1888**  
**TN.GOV/ECD/BERO**

November 26, 2018

Greetings:

Pursuant to Tennessee Annotated Code Section 4-26-105, the Department of Economic and Community Development, Business Enterprise Resource Office (BERO), "shall make a written report to the governor, the speaker of the senate, the speaker of the house of representatives, the chair of the commerce and labor committee of the senate, the chair of the business and utilities committee of the house of representatives, and any governor's advisory committee on minority economic development, at least once each year, such report to be made no later than December 1."

Herein, please find the BERO annual report for FY2018. In an effort to conserve resources and to access resources within more easily online, this report is distributed in a digital version. If you have any questions regarding this report, please do not hesitate to contact Wisty Pender, state director, at 615-741-8914 or [wisty.pender@tn.gov](mailto:wisty.pender@tn.gov).

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Wisty Pender".













Wisty Pender  
State Director, BERO

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# BERO Annual Report | Index

Tennessee has ranked in the top 10 for small business friendliness in the last four out of five years (2014-2018). *Source: Thumbtack Small Business Friendliness Survey*

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# BERO Annual Report | Foreword

Tennessee ranked No.1 in Small Business Growth in 2017. *Source: PAYCHEX - IHS SMALL BUSINESS JOBS INDEX*

The report herein addresses a range of topics specifically regarding disadvantaged businesses (DBE) in Tennessee. The following highlights align with Gov. Haslam's priorities of jobs and efficient and effective government.

The highlights for consideration:

## **Tennessee SmartStart**

With one of the country's best business climates, there's no better place to start or grow a business than in Tennessee. In September 2017, the Tennessee SmartStart guide, the print version, was awarded the gold award by the [International Economic Development Council](#) in the "special purpose print brochure" category. The SmartStart interactive version, launched in FY2018. It guides a user through establishing a business, locating resources and creating a tailored business model canvas. Visit [tnsmartstart.com](http://tnsmartstart.com) to try it.

## **Employer and Nonemployer and Economic Inclusion Dashboards**

On BERO's website, there are three dashboards that provide key DBE and small business data at the fingertips of the user. The data includes user friendly tools to see the employment at small businesses, job growth occurring among small businesses, and the age of Tennessee's small businesses and nonemployers. The dashboard, "Economic Inclusion of Businesses in Tennessee," includes data that may be sorted not only by owners by race, ethnicity, gender and/or veteran status, but also by industry (NAICS codes), geographic area (statewide, MSA, or county) and by year (2012, 2007, 2002).

There are many exciting things happening across Tennessee's DBE and small business landscape!

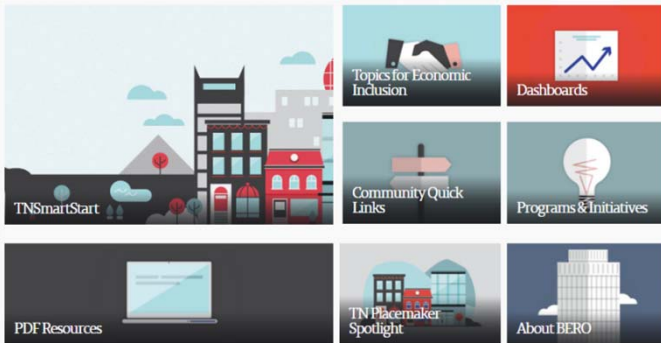
## **LiftTN: Microenterprise**

LiftTN: Microenterprise, Rural and Urban Core Editions (LiftTN), is an initiative to foster microenterprise development in rural and urban core areas of the state. Grantees provide education, tools and resources to underserved and underrepresented existing and future microenterprises located in and/or whose current/future owners reside in eligible areas of Tennessee. Grantee organizations may include existing nonprofits, city/county governments and educational institutions.

From its launch in FY2015 to the end of FY2018, \$1,254,860.00 have been awarded. At the time of its launch, Tennessee was the only state using this approach with HUD's Community Development Block Grants (CDBG) dollars. In FY2017, the Urban Core Edition launched its first pilot round of funding, which was made available through state dollars. While projects vary, the majority center around mentor-protégé programs, contracting and procurement programs and entrepreneurial training. The Tennessee Placemakers Entrepreneurship Fund launches in FY2019, and the programs a part of it include TNECD's Main Entrepreneur Grants and LiftTN: Microenterprise, Rural and Urban Core Editions.



# About BERO | Business Enterprise Resource Office



**BERO** is housed within the state of Tennessee Department of Economic and Community Development (TNECD).

## **BERO** | Business Enterprise Resource Office

- serves as a voice for and advocate of economic inclusion\*;
- analyzes, disseminates and promotes best practices and access to capital to service providers; and
- reports on the status of DBEs statewide (disadvantaged businesses or \*\*DBEs).

\*Economic inclusion describes the efforts made to bring DBEs into the economic mainstream.

\*\*For the purposes of BERO, DBE refers to businesses owned by women, minorities, veterans and persons with disabilities; as well as those in areas of chronic high unemployment and low income.

**BERO** was legislatively established within the department of economic and community development in 1977 by Title 4, Chapter 26 as the office of business enterprise.

**TN.GOV/ECD/BERO**

## **Inquires**

BERO addresses direct information requests received for business information and assistance made through telephone, email, postal service and referrals from communities, elected officials, resource partners, other businesses, etc. Individuals and companies can submit requests for business information through TNECD's website at [tnecd.com/about/contact](http://tnecd.com/about/contact). BERO also serves as a go-to resource on DBE topics to TNECD's business development staff statewide. The most requested topics are related to elements involved in steps to startup or move a business, access to capital, certification and procurement.

## **Presentations and Events**

Below is an abbreviated sample list of the events in which BERO was represented through participation, presentation and/or a booth during FY2016.

- The Think Tank, Memphis, TN
- 23<sup>rd</sup> Annual USDA Rural Development Conference, Murfreesboro
- 2018 National Interagency Community Reinvestment Conference, Federal Reserve, Miami, FL
- Global Action Summit, Nashville
- BEST, Cohort 4, TN Women's Prison, Nashville
- CO.STARTRES Summit, Birmingham, AL
- Community and Rural Development Listening Tour, multiple rural locations
- #Appalachia Works, Gatlinburg
- TDOT Annual DBE Meeting, Franklin

## **Contact Information**

Wisty Pender  
State Director, BERO  
Tennessee Department of Economic and Community Development  
Tennessee Tower, 27<sup>th</sup> Floor  
312 Rosa L. Parks Ave., Nashville, TN 37243

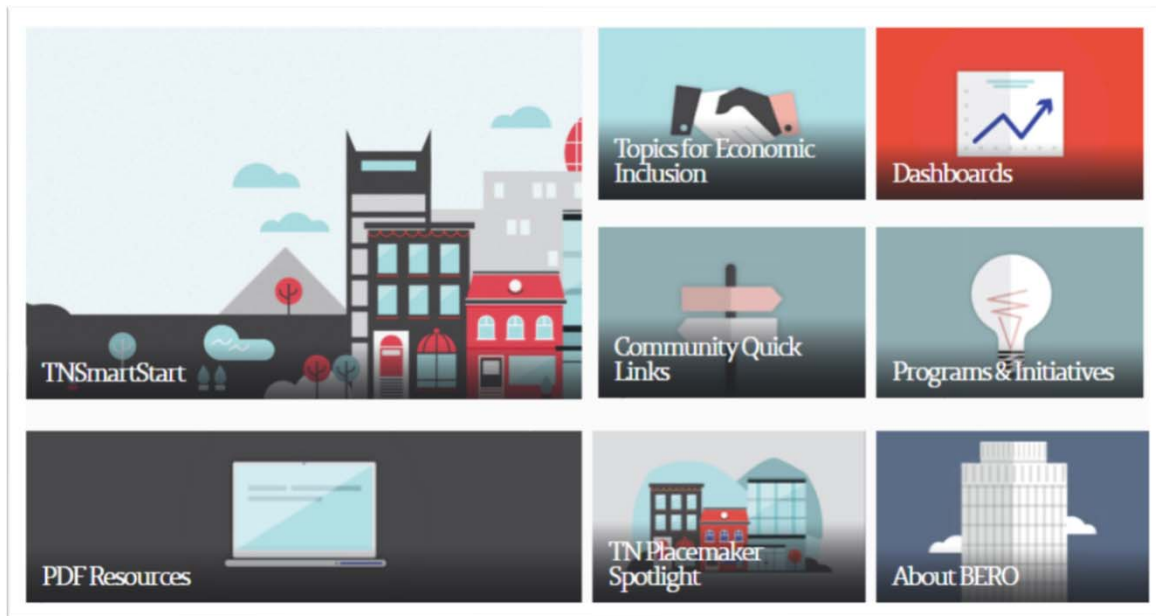
p. 615.741.8914  
[wisty.pender@tn.gov](mailto:wisty.pender@tn.gov)  
[tn.gov/ecd/bero](http://tn.gov/ecd/bero)  
TNECD.com  
TNSmartStart.com





## BERO | Website

Tennessee ranks No. 2 in Small Business Friendliness. *Source: Thumbtack, 2018 Small Business Friendliness Survey*



### Here's what you'll find...

- Interactive guide for starting a business, including how register, referrals to entrepreneur support organizations for assistance locally, and a dynamic business model canvas, all of which are tailored to the user's responses (*TN SmartStart*)
- Static, PDF/hardcopy resources: (1) TN SmartStart Guide, a guide for new and existing small businesses and entrepreneurs, (2) a visual flowchart "How to Start a Business," and (3) a blank Business Model Canvas (*PDF Resources*)
- Procurement, certification, policy information and resources for small and DBE business owners (*Topics in Economic Inclusion*)
- Access to current data for businesses that have employees or have no employees as well as data based on business ownership by race, ethnicity, gender and veteran status. (*Dashboards*)
- Resources to help businesses and communities deliver better, with topics from advocacy to data collection, art to agriculture to tech. (*Community Quick Links*)
- Funding opportunities for rural and urban core from the TN Placemakers Entrepreneurship Fund and Rural Opportunity Fund, and access to resources for communities and businesses through "No Wrong Door" and "TN Driving Innovation's" mobile platforms (*Programs & Initiatives*)
- Placemakers leverage local assets (human and natural) in a way that impacts the cultural, economic and social aspects of their community to intentionally create a good sense of place, and enhance a strong sense of community and well-being. (*TN Placemaker Spotlight*)
- General information and annual reports (*About BERO*)



# Dashboards | (Non)Employer and Economic Inclusion Data

## Small Business Employment

This dashboard includes employment at small businesses, job growth occurring among small businesses, and the age of Tennessee's small businesses. The dashboard reflects private sector employers, thereby excluding nonemployers and government or other public sector organizations.

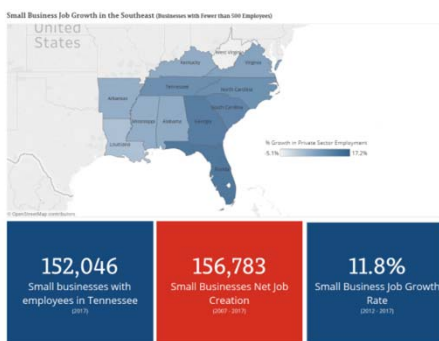
## Nonemployer Firms

Businesses classifying as "nonemployers" have annual receipts of \$1,000 or more and are subject to federal income taxes. Most nonemployers are self-employed individuals ... The majority of all business establishments are nonemployers, but due to their small economic impact, these firms are excluded from most other federal business statistics.

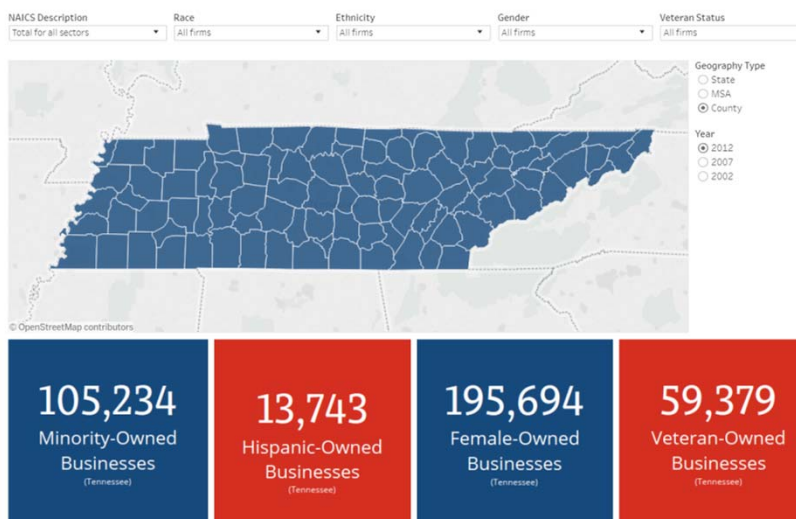
## Economic Inclusion of Businesses

This dashboard represents information on the economic inclusion of business owners by race, ethnicity, gender and veteran status in Tennessee. It includes data on businesses with and without employees. Data may be further sorted by industry (NAICS codes), geographic area (statewide, MSA, or county) and by year (2012, 2007, 2002).

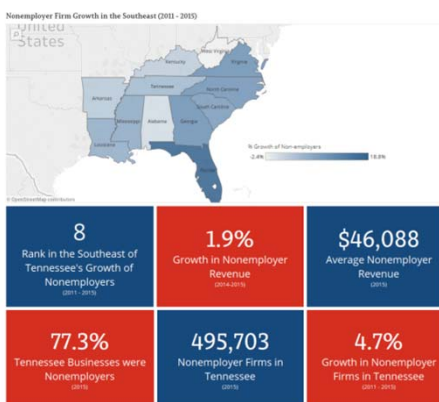
### Small Business Employment



### Economic Inclusion of Businesses



### Nonemployer Firms



Locate all dashboards located [here](#).





## Tennessee SmartStart | Hardcopy and Interactive

Tennessee ranked No.1 in Small Business Growth in 2017. Source: PAYCHEX - IHS SMALL BUSINESS JOBS INDEX

The Tennessee SmartStart Guide™ (SmartStart) refers to the original print/PDF version, and more recently, to the online interactive version. The print version is distributed throughout TNECD's nine regions and to its resource partners and stakeholders including, but not limited to, elected officials, chambers of commerce, development districts, state agencies (such as the Office of the Small Business Advocate, Revenue, Secretary of State, Human Services and Labor and Workforce Development), UT-CIS, TN Small Business Development Centers, the US Small Business Administration, USDA Rural Development, SCORE, the Federal Reserve Banks of Atlanta and St. Louis, regional entrepreneur centers, coworking spaces, business incubators, among many others.

In September 2017, SmartStart, the print version, was awarded the gold award by the [International Economic Development Council](#) for the "special purpose print brochure" category.

The SmartStart interactive version guides a user through more than establishing a business. With one of the country's best business climates, there's no better place to start or grow a business than in Tennessee.

### SmartStart Usage

Hard copy: Approximately 10,000 hard copies were printed and distributed in a 10-month period. The hard copy version continues to be in high demand.

Online: As a point of reference, just over 50K users accessed BERO resources at [tn.gov/ecd/bero](http://tn.gov/ecd/bero) during the first quarter of FY2018. The first full month of the interactive guide, at [tmsmartstart.com](http://tmsmartstart.com), was October 2017. From October 2017 to May 2018 there were 163,693 pageviews for 37,274 users during 48,185 sessions. In March 2018 advertising was introduced, and from March 2018 to May 2018, 14.5% of all accounts created were referred through it, and overall, there was a 74 percent increase in pageviews.

Hard Copy/PDF



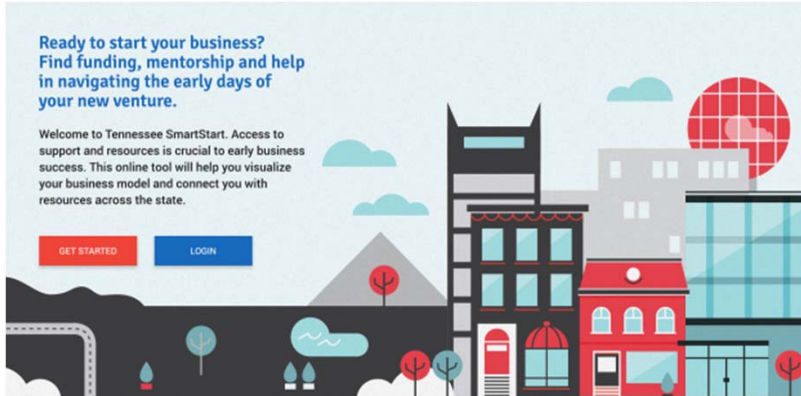
Interactive version

Tennessee SmartStart™  
[tmsmartstart.com](http://tmsmartstart.com)



# Tennessee SmartStart | Access to Resources

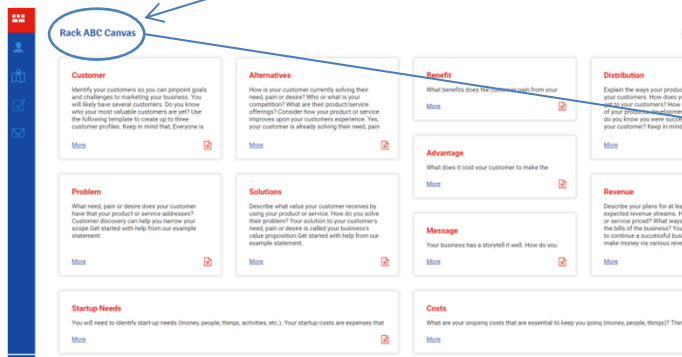
Smart Businesses Start Here



## Smart Businesses Start Here

Watch this video to learn how to use the app, and/or visit the website at [tsmartstart.com](https://tsmartstart.com) to get started now.

# Tennessee SmartStart™



### Customer

Identify your customers so you can pinpoint goals and challenges to marketing your business. You will likely have several customers. Do you know who your most valuable customers are yet? Use the following template to create up to three customer profiles. Keep in mind that, "Everyone is our (potential) customer" isn't narrow enough to help you market your business. Get started with help from our example statement:

### Canvas Starter

Our target customer is primarily  between the ages of  with an average income of  and they work in the  business/industry.

### Details

### Business Model Canvas

Users complete a canvas that may be customized to the specific business.



# Tennessee SmartStart | Checklist to Guide

Smart Businesses Start Here

Tennessee SmartStart™



- STEP ONE: Choose a name**  
- What is your business name?

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- STEP TWO: Choose a Legal Structure**  
- Recommendation: Consult an attorney, CPA, business counselor

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- STEP THREE: Obtain Your Taxpayer ID Number**  
- SSN or FEIN: Sole Proprietor/General Partnership (Social Security Administration or IRS)  
- FEIN: Corporation, LLC, LLP, LP (IRS)

---

- STEP FOUR: Taxes**  
Identify the basic tax obligations of operating your business in Tennessee.  
- Register: TN Dept. of Revenue  
- County Tax Assessor, possibly others...

---

- STEP FIVE: Register Your Business**  
- Sole Proprietor/General Partnership (Municipal/County Clerk)  
- Corporation, LLC, LLP, LP (TN Secretary of State and Municipal/ County Clerk)

---

- STEP SIX: Employees**  
- Will your business employ additional staff?  
- Yes/No: TN Dept. of Labor and Workforce Development

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- STEP SEVEN: Regulations/Licensures**  
Is your business required to register with other departments or agencies?  
- Based on business: ABC, Ag, Commerce and Insurance, TDEC, Health, Labor WFD, ATF, USDA, etc

*This information is a general guideline for registering your business. Aspects of your business may require additional steps, registrations and/or licenses. You may need to consult an attorney, CPA or business counselor.*

## Checklist

It provides a simplified step-by-step guide to registering a business in Tennessee. As it develops, this portion of the interactive guide will continue to become more tailored to user.

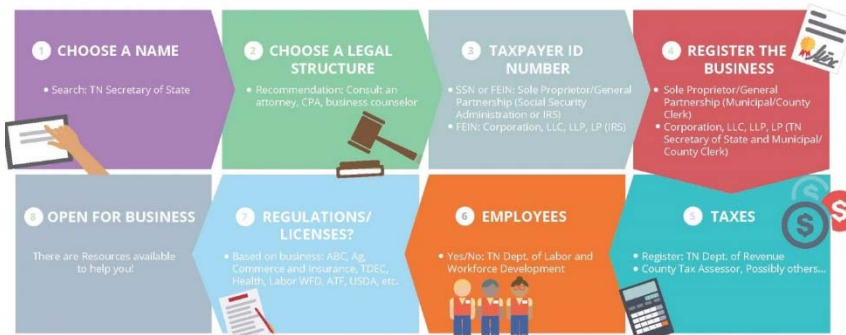
The simplified version from the hard copy/PDF version serves as a quick reference visual guide and is easy to access.

## Tennessee SmartStart | Next Steps

Resources continue to be added and updated as well as become more localized.

This tool is part of the mobile platforms (see Governor's Rural Task Force Update) as well as the No Wrong Door/Front Door approach to reach the new and existing entrepreneurs and small business in Tennessee.

The development is an ongoing process. Other steps that are under consideration are soft referrals and virtual mentorship.



This information is a general guideline for registering your business. Aspects of your business may require additional steps, registrations or licenses. You may need to consult an attorney, CPA or business counselor.

tn.gov/ecid/bero



# LIFTTN: Microenterprise | Rural and Urban Core

LiftTN: Microenterprise, Rural and Urban Core Editions (LiftTN), is an initiative to foster microenterprise development in rural and urban core areas of the state. Grantees provide education, tools and resources to underserved and underrepresented existing and future microenterprises located in and/or whose current/future owners reside in eligible areas of Tennessee. Grantees organizations may include existing nonprofits, city/county governments and educational institutions.

TNECD launched the Rural Edition as a pilot program in February 2015 with \$400,000 in total grant money awarded over a two-year contract to five grantees. The program, funded through the United States Department of Housing and Urban Development (HUD) chose to meet the national objective of low to moderate income (LMI). At the time of its launch, Tennessee was the only state using this approach with HUD’s Community Development Block Grants (CDBG) dollars. In FY2017, the Urban Core Edition launched its first pilot round of funding, which was made available through state dollars. LiftTN is a reimbursable grant program. The first fully competitive rounds of application for both Rural and Urban Core Editions opened in FY2018.

For reference:

- A microenterprise is a business with five (5) or fewer employees including its owners.
- Underserved and underrepresented populations may include women, minorities and veterans; individuals with disabilities; previously incarcerated individuals; and areas of low- to moderate income (LMI), as determined by the Housing and Urban Development Agency (HUD).

Category	Projects	Dollars awarded	%Gender (Female: Male)	%Race (Minority: White)	%Ethnicity (Hispanic: Not Hispanic)
<b>All total</b>	34	1,254,860.00	62%:38%	59%:41%	67%:33%
<b>All Rural</b>	13	\$899,860.00	65%:35%	16%:84%	2%:98%
<b>All Urban Core</b>	21	\$355,000.00	61%:39%	81%:19%	80%:20%
<b>FY Breakdown</b>			Note: These percentages reflect all grants reported up to the end FY2018.		
<b>FY2018 Rural</b>					
<b>Edition</b>	8	\$499,860.00	Will complete in FY2020		
<b>FY2018 Urban Core</b>					
<b>Edition</b>	15	\$161,900.00	Complete early FY2019		
<b>FY2017 Urban Core</b>					
<b>(pilot)</b>	6	\$125,000.00	Completed		
<b>FY2015 Rural (pilot)</b>					
	5	\$400,000.00	Completed		

Note: There is a slight variance in the total dollar amounts on the fiscal year breakdown due to a contract termination and an addition.

Find the full list of grantees at [here](#) under the Entrepreneurship category.



# LIFTTN: Microenterprise | Good Business

**Propel, Mentor-Protégé,  
Regional**



Rural and Urban Core: East,  
Northeast and Southeast regions  
([knoxvillechamber.com](http://knoxvillechamber.com))

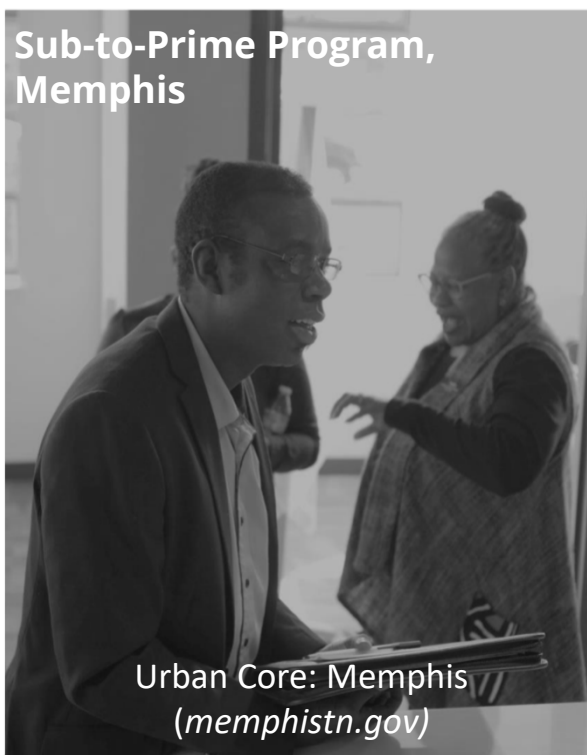
**SEEDCo \* Savannah**



Rural: TN Main Street Community  
([seedco.net](http://seedco.net))

Placemaking is about Connections

**Sub-to-Prime Program,  
Memphis**



Urban Core: Memphis  
([memphistn.gov](http://memphistn.gov))

**High School Entrepreneurship,  
Chattanooga**



Urban Core: Chattanooga  
[Regional partner]  
([launchchattanooga.org](http://launchchattanooga.org))

Placemaking is about Capacity Building



## TN Placemakers Entrepreneurship Fund | Next

Tennessee ranked No.1 in Small Business Growth in 2017. Source: PAYCHEX - IHS SMALL BUSINESS JOBS INDEX

### Etsy, Regional (east)



Rural: Northeast, East, Southeast  
and Upper Cumberland regions  
([knoxec.com](http://knoxec.com))

### Casa Azafran, Nashville



Urban Core: Nashville  
([conexionamericas.org](http://conexionamericas.org))

Placemaking is about Creative Emergence

#### Next Steps

For FY2019, the Tennessee Placemakers Entrepreneurship Fund launched. Upon reviewing TNECD's entrepreneurship and small business development initiatives, the department chose to consolidate and streamline its resources into a single fund. This consolidation increases the overall customer experience by streamlining and simplifying the application process. From a customer service perspective, this approach reduces time spent on applications to multiple programs over multiple time periods. The programs a part of TN Placemakers includes TNECD's Main Entrepreneur Grants\* and LiftTN: Microenterprise, Rural and Urban Core Editions.

For FY2019 the funds available are \$1,000,000 at a maximum of \$100,000 per grant with a 10% match is required.

To learn more about TN Placemaker, visit [here](#).

*"Talent is everywhere, opportunity is not."  
Nicholas Kristoff*

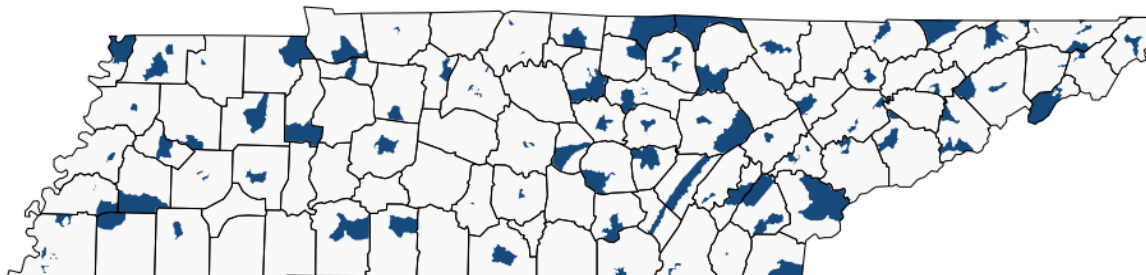
Placemakers leverage local assets (human and natural) in a way that impacts the cultural, economic and social aspects of their community to intentionally create a good sense of place and enhance a strong sense of community and wellbeing.





## Initiatives to Know About | Small Business Focus

Tennessee ranked No.1 in Small Business Growth in 2017. Source: PAYCHEX - IHS SMALL BUSINESS JOBS INDEX



### Opportunity Zones

They are a new community development tool established by Congress in the Tax Cuts and Jobs Act of 2017. This new tool is designed to drive long-term capital to low-income communities. The new law provides a federal tax incentive for investors to re-invest their capital gains into Opportunity Funds, which are specialized vehicles dedicated to investing in designated low-income areas, specifically 176 census tracts. Links to locate OZ tracts and other resources are maintained online.

[tn.gov/e cd /opportunity-zones.html](http://tn.gov/e cd /opportunity-zones.html)



### Rural Opportunity Fund

Access to at least \$18.75M over the next five years for Tennessee's rural small businesses.

([pathwaylending.org](http://pathwaylending.org))



### Mobile Labs

*theLab*: A mobile resource for youth & adults designed to create awareness, and *theVenture*: provides technical assistance for future and existing small businesses.

([tndrivinginnovation.com](http://tndrivinginnovation.com))

## Update | Governor's Rural Task Force



Recommendations from the Governor's Rural Task Force (RTF), began in FY2016, are in the execution process.

### Refresher

RTF was a year-long planning and engagement process, begun with initial meetings, followed by input sessions after which six committees were created to develop specific action steps. One of the six was the Agriculture, Entrepreneurship and Small Business subcommittee, which met regularly from March 2016 to June 2016. The subcommittee was comprised of 29 members including elected officials, stakeholders, service/resource providers, entrepreneurs, farmers, bankers, government agencies and nonprofits, among others representing all parts of the state. The subcommittee made recommendation to the RTF, and several of those recommendations at various stages of execution. The subcommittee continues to provide valuable input and support as the projects have launched and evolve. Most recently, they participated in program planning for theVenture.

The capacity building and placemaking initiatives mentioned previously, including [the mobile platforms](#), as well as expansions to [the Rural Opportunity Fund](#) and TN [Smart Start](#) were tied to the subcommittee's recommendations. [No Wrong Door](#) and the [AG Enterprise Fund](#) also emerged from that same subcommittee.



### What is a "No Wrong Door" Community?

It is a community that partners with BERO to support a thriving entrepreneurial environment by being trained in the utilization of available tools and resources for local entrepreneurs.

([tn.gov/ecd/bero](http://tn.gov/ecd/bero))



### Agriculture Enterprise Fund

A competitive grant for starting or expanding agricultural, food and forestry businesses; farmers, nonprofits, local governments, and other entities in or will be in Tennessee.

([tn.gov/agriculture](http://tn.gov/agriculture))





# BERO | Program Data and Reports

## **Program Data**

*The department shall maintain complete and consistent program data. (TCA §4-26-104(C)(b)(2))*

Data continues to be organized in a similar fashion as is presented here. BERO is housed within the strategy division of TNECD.

## **Reports**

The enabling statute for the Office of Business Enterprise, otherwise known and referred to as the Business Enterprise Resource Office (BERO) requires several written reports. The reports fall under the following:

- TCA [§4-26-105](#). Reports.
- TCA [§4-26-106](#). Disadvantaged business loan guarantee program.
- TCA [§4-26-107](#). Guidelines and reports to the government operations committees of the senate and house of representatives.
- TCA [§4-3-728](#). Community development block grants to disadvantaged businesses.

### **TCA [§4-26-105](#) Reports.**

*(a) The department shall make a written report to the governor, the speaker of the senate, the speaker of the house of representatives, the chair of the commerce and labor committee of the senate, the chair of the business and utilities committee of the house of representatives, and any governor's advisory committee on minority economic development, at least once each year, such report to be made no later than December 1.*

*(b) The report shall advise the officials and committees mentioned in subsection (a) on the administration and operation of this chapter.*

The Office of Business Enterprise, otherwise known and referred to as the Business Enterprise Resource Office (BERO), was created in the Department of Economic and Community Development (TNECD) by Chapter 135 of the Public Acts of 1977, codified as TCA §4-26-101 et seq.

### **Update**

During FY2015, BERO went through sunset hearings and was unanimously continued for five years.

Given the era of BERO's establishment and the changes that have taken place in the 40 years since its original statute, suggested revisions for consideration were submitted to the department by BERO prior to the issuance of this report.

### **Staffing**

The office is composed of a dedicated director charged with managing the statutory duties of the office.



## BERO | Program Data and Reports

### Reports – 2 (continued)

#### **TCA §4-26-106. Disadvantaged business loan guarantee program.**

*(d) The commissioner shall annually submit to the governor and the speakers of the senate and house of representatives, within ninety (90) days after the end of the fiscal year, a complete and detailed report setting forth the operations, transactions and accomplishments of the disadvantaged business loan guarantee fund.*

*HISTORY: Acts 1990, ch.1071, § 1.*

#### Comment

This loan program remains unfunded within TNECD.

#### **TCA §4-26-107. Guidelines and reports to the government operations committees of the senate and house of representatives.**

*The office of business enterprise shall provide guidelines to address any impediments by other state agencies to the conduct of the office of business enterprise to the members of the government operations committees of the senate and the house of representatives. The office of business enterprise shall also provide periodic reports to the government operations committees of the senate and house of representatives relative to the audit findings of the office of the comptroller. [Acts 2006, ch. 935, § 3.]*

#### Comment:

There is nothing to report relative to this section.

#### **TCA §4-3-728. Community development block grants to disadvantaged businesses.**

*BERO shall annually report on advisements regarding disadvantaged businesses and the number of or amount of community block grants received by disadvantaged businesses.*

#### Community Development Block Grants (CDBG)

TNECD awards CDBGs to rural municipalities and communities for infrastructure, health and safety projects, and downtown improvement. The communities in turn contract with a company for its CDBG project performance.

Per federal guidelines under Section 570.491 of the State Community Development Block Grant (CDBG) Rule requires states to submit to HUD data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in or beneficiaries of CDBG programs. The following shows what the participation report reflected for the applicants, and *does not include* entitlement communities. Entitlement areas are Shelby County and Memphis, Jackson, Clarksville, Davidson County, Murfreesboro, Franklin, Hendersonville, Oak Ridge, Knox County and Knoxville, Chattanooga, Cleveland, Morristown, Kingsport, Bristol and Johnson City.



## BERO | Program Data and Reports

### Reports – 3 (continued)

As the following data does not include the entitlement communities data, it is not an accurate representation of the total DBE participation in projects funded through HUD CDBG dollars statewide.

#### Contract Awards for Federal FY2018

In the U.S. Department of Housing and Urban Development (HUD) report, Contract and Subcontractor Activity for non-entitlement communities, the CDBG awards were reported for the federal fiscal year, October 1, 2017 to September 30, 2018. There were 199 total contracts made to 126 firms totaling \$40,493,366.00. Of the 199 contracts, 24 contracts (or 12 percent) totaling \$3,289,360.00 (or 8.1 percent) were awarded to firms classified as women-owned and none went to businesses classified as minority-owned. Of the 199 total contracts 74 (37.1 percent) contracts totaling \$26,429,687.00 (65.3 percent) were “new construction” projects; 123 (61.8 percent) contracts totaling \$14,055,139.00 (34.7 percent) were “repair” projects; and one contract each were categorized as “project management” or “architecture/engineer appraisal” (0.5 percent each) totaling 0.01 percent respectively of the total contract dollars. Additionally there were 42 total subcontracts totaling \$2,897,228.00. Of the 42 contracts, 4 for a total of \$299,200.00 were awarded to firms classified as women-owned and none went to businesses classified as minority-owned.

HUD uses the following racial and ethnic designations for its reporting: White Americans, Black Americans, Native Americans, Hispanic Americans, Asian/Pacific Americans and Hasidic Jews.

[\(CDBG\)](#)

#### Comment:

BERO partnered with the Governor’s Office of Diversity Business Enterprise (Go-DBE) to make CDBG opportunities available to a larger numbers of DBEs by posting contracting opportunities in the Current Procurement Opportunities section of [Go-DBE’s webpage](#).



## BERO | Recommended Reading

*Note: Look over the Recommended Reading in the annual report as well as the articles provided in the newsletters over the course of the last year for further DBE-related information.*

- Entrepreneurial Ecosystems in Appalachia, a suite of research reports and resources (Collaboration: EntreWorks Consulting, the Center for Regional Economic Competitiveness, and the Center for Rural Entrepreneurship, September 2018), [arc.gov/research/researchreportdetails.asp?REPORT\\_ID=147](http://arc.gov/research/researchreportdetails.asp?REPORT_ID=147).
- Fetsch, Emily, Including People of Color in the Promise of Entrepreneurship, Educational Policy Brief (Kansas City, MO: Entrepreneurship Policy Digest, Ewing Marion Kauffman Foundation, December 5, 2017), [kauffman.org/what-we-do/resources/entrepreneurship-policy-digest/including-people-of-color-in-the-promise-of-entrepreneurship](http://kauffman.org/what-we-do/resources/entrepreneurship-policy-digest/including-people-of-color-in-the-promise-of-entrepreneurship).
- GEM 2017/18 Global Report (London, UK: Global Entrepreneurship Research Association, June 2018), [gemconsortium.org/report](http://gemconsortium.org/report).
- Global Economic Forecast Q3 2018 (London, UK, Euromonitor International, November 2018), [consulting-analytics.euromonitor.com/Production/Content/MacroIndicatorsModel/Content/MacroScenarioPdf/Global-Economic-Forecast.pdf](http://consulting-analytics.euromonitor.com/Production/Content/MacroIndicatorsModel/Content/MacroScenarioPdf/Global-Economic-Forecast.pdf)
- Guillies, W., Hwng, V.W., et. al., 2018 State of Entrepreneurship Address, (Kansas City, MO: Ewing Marion Kauffman Foundation, February 28, 2018), [kauffman.org/what-we-do/entrepreneurship/policy/state-of-entrepreneurship-2018](http://kauffman.org/what-we-do/entrepreneurship/policy/state-of-entrepreneurship-2018).
- Kerr, Sari Pekkala and Kerr, William, HBS Working Paper: Immigrant Entrepreneurship in America: Evidence from the Survey of Business Owners 2007 & 2012 (Boston, MA: Harvard Business School, April 2018), [hbs.edu/faculty/Pages/item.aspx?num=54377](http://hbs.edu/faculty/Pages/item.aspx?num=54377).
- Klein, Joyce, Entrepreneurship as a re-entry strategy primer (Washington, D.C.: Field at the Aspen Institute, June 14, 2018), [aspeninstitute.org/podcasts/joyce-klein-talks-reentry-and-entrepreneurship-on-the-own-it-podcast](http://aspeninstitute.org/podcasts/joyce-klein-talks-reentry-and-entrepreneurship-on-the-own-it-podcast).
- Main Street Marshall Plan, State of Black America 2017 (New York, NY: National Urban League, May 2017), [stateofblackamerica.org](http://stateofblackamerica.org).
- Puente, Lucas, 2012-2018 Thumbtack Small Business Friendliness Surveys: Methodology & Analysis, (Thumbtack.com, August 2018), <https://www.thumbtack.com/survey#/2018/1/states>
- Seeds of Growth: Building Your Local Economy By Supporting Immigrant Entrepreneurs, Welcoming America and Global Detroit (Decatur, GA: Welcoming America), [welcomingamerica.org/sites/default/files/SeedsofGrowth\\_FINAL\\_web.pdf](http://welcomingamerica.org/sites/default/files/SeedsofGrowth_FINAL_web.pdf).
- The State of Women-Owned Businesses, 2018 (American Express OPEN, April 2018), [about.americanexpress.com/files/doc\\_library/file/2018-state-of-women-owned-businesses-report.pdf](http://about.americanexpress.com/files/doc_library/file/2018-state-of-women-owned-businesses-report.pdf)
- Still, Ashlyn and Spicer, Jonathan, Poorer Americans buckling as U.S. economy booms (New York, NY: Federal Reserve Bank of New York, July 2018), [fingfx.thomsonreuters.com/gfx/rngs/USA-ECONOMY-CONSUMERS/010071CJ2NK/index.html](http://fingfx.thomsonreuters.com/gfx/rngs/USA-ECONOMY-CONSUMERS/010071CJ2NK/index.html).
- Understanding the Landscape: Access to Capital for Women Entrepreneurs, (Washington, D.C.: Federal Research Division, Library of Congress, March 2018), [nwb.gov/2018/03/01/understanding-the-landscape-access-to-capital-for-women-entrepreneurs/](http://nwb.gov/2018/03/01/understanding-the-landscape-access-to-capital-for-women-entrepreneurs/)
- The Tapestry of Black Business Ownership in America: Untapped Opportunities for Success (Washington, D.C.: Association for Enterprise Opportunity, February 2017), [aeoworks.org/images/uploads/fact\\_sheets/AEO\\_Black\\_Owned\\_Business\\_Report\\_02\\_16\\_17\\_FOR\\_WEB.pdf](http://aeoworks.org/images/uploads/fact_sheets/AEO_Black_Owned_Business_Report_02_16_17_FOR_WEB.pdf).

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Enabling Statute



**Tennessee Department of Economic & Community Development  
Business Enterprise Resource Office (BERO)  
Enabling Statute: Attachment A**

**Title 4 State Government  
Chapter 26 Business Enterprise Office (2018)**

**4-26-101. Establishment.**

There is established within the department of economic and community development an office of business enterprise.

HISTORY: Acts 1977, ch. 135, § 1; T.C.A., § 4-2601.

**4-26-102. Chapter definitions.**

As used in this chapter, unless the context otherwise requires:

- (1) "Bid bond" means a bond conditioned upon the entering into a contract by a bidder, if the bidder receives the award thereof, and furnishing the prescribed payment bond and performance bond;
- (2) "Commissioner" means the commissioner of economic and community development;
- (3) "Department" means the department of economic and community development;
- (4) "Director" means the director of the office of business enterprise;
- (5) "Disability" means a physical impairment that, in the written opinion of a person's licensed physician, substantially limits one (1) or more of the major life activities of such person and is expected to continue to exist for more than five (5) years. As used in this subdivision (5), "major life activities" means caring for oneself and performing manual tasks, which includes writing, walking, seeing, hearing, speaking, and breathing;
- (6) "Disadvantaged business" means a business that is solely owned, or at least fifty-one percent (51%) of the outstanding stock of which is owned, by a person who is either:
  - (A) By reason of social background unable to obtain technical, business or financial assistance of a quality or quantity similar to that available to the average business;
  - (B) Impeded from normal entry into the economic mainstream because of past practices of discrimination based on race, religion, ethnic background, sex or service in the armed forces during the Vietnam war; provided, that it is not the policy of this state to encourage employment outside the home of mothers of minor children;
  - (C) Unable to compete effectively because of tendencies of regular financing and commercial organizations to restrict their services to established businesses;
  - (D) In a state of chronically low income because of long residence in an urban area with high unemployment and low income; or
  - (E) Impeded from normal entry into the economic mainstream because of a disability;
- (7) "Obligee" means:
  - (A) In the case of a bid bond, the person requesting bids for the performance of a contract; or
  - (B) In the case of a payment bond or performance bond, the person who has contracted with a principal for the completion of the contract and to whom the obligation of the surety runs in the event of a breach by the principal of the conditions of a payment bond or performance bond;
- (8) "Payment bond" means a bond conditioned upon the payment by the principal of money to persons under contract with the principal;

(9) "Performance bond" means a bond conditioned upon the completion by the principal of a contract in accordance with its terms;

(10) "Prime contractor" means the person with whom the obligee has contracted to perform the contract;

(11) (A) "Principal" means:

(i) In the case of a bid bond, a person bidding for the award of a contract; or

(ii) The person primarily liable to complete a contract for the obligee, or to make payments to other persons in respect of such contract, and for whose performance of such person's obligation the surety is bound under the terms of a payment or performance bond.

(B) A principal may be a prime contractor or a subcontractor;

(12) "Subcontractor" means a person who has contracted with a prime contractor or with another subcontractor to perform a contract; and

(13) "Surety" means the person who:

(A) Under the terms of a bid bond, undertakes to pay a sum of money to the obligee in the event the principal breaches the conditions of the bond;

(B) Under the terms of a performance bond, undertakes to incur the cost of fulfilling the terms of a contract in the event the principal breaches the conditions of the contract; or

(C) Under the terms of a payment bond, undertakes to make payment to all persons supplying labor and material in the prosecution of the work provided for in the contract if the principal fails to make prompt payment.

HISTORY: Acts 1977, ch. 135, § 2; T.C.A., § 4-2602; Acts 1987, ch. 369, § 2; 1993, ch. 488, § 1; 1994, ch. 767, §§ 1, 2.

**4-26-103. Powers and duties.**

The department is authorized to:

(1) Provide assistance to disadvantaged businesses by advising and counseling on all phases of procurement policies, by obtaining information concerning prime contractors in letting subcontracts and by encouraging the letting of subcontracts by prime contractors to disadvantaged businesses;

(2) Receive funding from sources other than the state;

(3) Make studies and conduct workshops, conferences and seminars, with owners and employees of disadvantaged businesses to enhance their understandings of business management, bidding, licensing procedures, procurement procedures and any other activities incident to their positions in business;

(4) Develop training and educational programs in cooperation with institutions, associations, and other state, local and federal agencies, and coordinate the training efforts of the various organizations presently providing technical assistance to disadvantaged businesses;

(5) Encourage and provide the direction and coordination necessary to secure franchises and dealerships from private firms for disadvantaged businesses;

(6) Review and evaluate legislation and determine its effect upon disadvantaged businesses and make appropriate

recommendations to the governor and the general assembly;

(7) Employ such personnel as may be required to implement and administer this chapter; and

(8) (A) Develop sources of capital for minority entrepreneurs;

(B) Assist in setting up new minority banks, small business investment companies, as defined in 15 U.S.C. § 681(a), and minority enterprise small business investment companies, being the companies authorized in 15 U.S.C. § 681(d) [repealed]; and

(C) Develop loan packages to assist minority business persons in the start-up or expansion of businesses, or any other financial counseling necessary to enable minority business operations to operate on a sound financial basis.

(b) (1) The department shall continually evaluate the progress of disadvantaged businesses through monitoring and techniques of evaluation, such as surveys and feasibility studies.

(2) The department shall maintain complete and consistent program data.

HISTORY: Acts 1977, ch. 135, § 3; T.C.A., § 4-2603; Acts 1988, ch. 532, §§ 3, 4.

**4-26-104. Purpose and construction.**

This chapter shall be liberally construed to carry out the following purposes and objectives that:

(1) Disadvantaged businesses share in the American economic system of private enterprise through free and vigorous competition;

(2) Such competition be fostered through the encouragement and development of disadvantaged businesses; and

(3) The state aid, counsel and assist in every practical manner disadvantaged businesses in order to preserve free competition on equal terms with those businesses constituting the major part of the business community.

HISTORY: Acts 1977, ch. 135, § 4; T.C.A., § 4-2604.

**4-26-105. Reports.**

(a) The department shall make a written report to the governor, the speaker of the senate, the speaker of the house of representatives, the chair of the commerce and labor committee of the senate, the chair of the business and utilities committee of the house of representatives, and any governor's advisory committee on minority economic development, at least once each year, such report to be made no later than December 1.

(b) The report shall advise the officials and committees mentioned in subsection (a) on the administration and operation of this chapter.

HISTORY: Acts 1977, ch. 135, § 5; T.C.A., § 4-2605; Acts 2013, ch. 236, § 14.

**4-26-106. Disadvantaged business loan guarantee program.**

(a) (1) The general assembly finds that conventional funding sources for emerging and expanding disadvantaged businesses are limited or nonexistent.

(2) The general assembly further finds that promoting and encouraging economic opportunity and development within the state's minority community is a worthy public purpose.

(3) Such economic opportunity and development serve the health, safety and welfare of all citizens through creation of long-term employment opportunities, reduction of unemployment, diminished demand for costly social services and increased revenue collections.



(b) (1) There is created within the state treasury a restricted account not to exceed fifty thousand dollars (\$50,000) to be known as the "disadvantaged business loan guarantee account."

(2) Amounts in the account at the end of any fiscal year shall not revert to the general fund but shall remain available to the department for the purposes set forth in this section.

(3) Amounts in the account shall be invested for the benefit of the account by the state treasurer pursuant to § 9-4-603. The account shall be administered by the commissioner.

(c) (1) There is created within the department the disadvantaged business loan guarantee program.

(2) The purpose of the loan guarantee program is to ensure the availability of conventional financial resources to emerging and expanding disadvantaged businesses by guaranteeing loans for disadvantaged businesses.

(3) To qualify for a loan guarantee, a disadvantaged business must demonstrate to the satisfaction of the commissioner that the loan will be fully repaid and will produce economic benefit for the community and state.

(4) The department is authorized to determine the total dollar amount of loans to be guaranteed, subject to a maximum of five (5) times the balance of appropriated funds within the loan guarantee account, plus income, less expenses associated with the program.

(5) The department is authorized to charge a premium to the borrower to help defray the cost of administering the program.

(6) The department may establish other terms and conditions for guarantees of loans.

(7) The total aggregate amount of the loan guarantee may not exceed eighty percent (80%) of any loan.

(8) All documentation evidencing a loan guarantee shall clearly state that such guarantee is an obligation of the disadvantaged business loan guarantee account and not of the general fund or the state of Tennessee, and that any amounts required to be paid pursuant to the loan guarantee are subject to the availability of sufficient funds within the guarantee account.

(d) The commissioner shall annually submit to the governor and the speakers of the senate and house of representatives, within ninety (90) days after the end of the fiscal year, a complete and detailed report setting forth the operations, transactions and accomplishments of the disadvantaged business loan guarantee fund.

HISTORY: Acts 1990, ch. 1071, § 1.

**4-26-107. Guidelines and reports to the government operations committees of the senate and house of representatives.**

The office of business enterprise shall provide guidelines to address any impediments by other state agencies to the conduct of the office of business enterprise to the members of the government operations committees of the senate and the house of representatives. The office of business enterprise shall also provide periodic reports to the government operations committees of the senate and house of representatives relative to the audit findings of the office of the comptroller.

HISTORY: Acts 2006, ch. 935, § 3.

**Additional TCA relative to BERO:****Title 4 State Government****Chapter 3 Creation, Organization and Powers of Administrative Departments and Divisions****Part 7 Department of Economic and Community Development****4-3-728. Community development block grants to disadvantaged businesses.**

(a) Notwithstanding any provision of the law to the contrary, in the allocation and use of community development block grants it is the policy of this state that a substantial portion of such grants shall be utilized whenever reasonably possible for the development of contracts with disadvantaged businesses as defined in § 4-26-102.

(b) The office of business enterprise in the department of economic and community development shall advise the commissioner, or any other official with authority to allocate or disperse community block grants, of disadvantaged businesses that should be considered as recipients of such block grants.

(c) The office of business enterprise shall annually report not later than December 1, to the general assembly, of all such advisements regarding disadvantaged businesses and the number of or amount of community block grants received by disadvantaged businesses.

HISTORY: Acts 1984, ch. 873, § 1.

**4-3-732. Enhanced policymaking role for minority business.**

Notwithstanding the provisions of any law to the contrary, the director of the office of business enterprise, created by § 4-26-101, may, in the discretion of the commissioner, serve as a full, voting member of each committee, board, task force, group or other entity that is formally or informally attached to or established within the department for the purpose of formulating, adopting or recommending state policies to enhance economic and community development. The general assembly urges the department of economic and community development to develop an enhanced policymaking role for minority business.

HISTORY: Acts 1996, ch. 976, § 1.

**Title 7 Consolidated Governments and Local Governmental Functions and Entities Local Government Functions****Chapter 53 Industrial Development Corporations****Part 3 Operation and Powers****7-53-313. Purpose.**

(b) To assist industrial development corporations in achieving such purposes and objectives, the department of economic and community development and the office of business enterprise, established by § 4-26-101, shall be available to provide technical assistance and consultation.

HISTORY: Acts 1999, ch. 298, § 1.