

Title: *Nano-Capital*

Thesis: The state of Tennessee should implement a nano-capital program through a public-private partnership between the Department of Economic & Community Development's Business Enterprise Resource Office (BERO) and the Tennessee Small Business Development Centers (SBDC) network to provide low barrier capital to support small businesses and reduce racial inequality.

Background & Analysis: Disparities exist all across the small business landscape. Many small businesses lack the initial capital needed in order to get their small businesses off the ground. In order to ameliorate this issue, our proposal for a nano-capital program would provide low barrier capital to small businesses across the state of Tennessee.

Talking Points & Facts:

- In 2019, the Federal Reserve Bank of New York found that small businesses seeking capital face both significant obstacles and financing shortfalls.¹
- The nano-capital plan would provide direct capital grants up to \$5,000 for small businesses in Tennessee.
- Nano-capital would be provided through a public-private partnership between the Tennessee Department of Economic & Community Development's Business Enterprise Resource Office (BERO) and the Tennessee Small Business Development Centers (SBDC) network.

Policy Idea: The provision of nano-capital through a public-private partnership between the Tennessee Department of Economic & Community Development's Business Enterprise Resource Office (BERO) and the Tennessee Small Business Development Centers (SBDC) network should be implemented to provide crucial start-up capital for small businesses in Tennessee.

Policy Analysis: Currently, the BERO's main objectives are to 1) serve as a voice for and advocate of economic inclusion, 2) analyze, disseminate, and promote best practices and access to capital to service providers, and 3) report on the status of disadvantaged businesses (DBEs) statewide.² This nano-capital plan would expand on the second objective of the BERO through direct start-up capital investments for small businesses.

¹ <https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2019/sbcs-nonemployer-firms-report-19.pdf>

² <https://www.tn.gov/eecd/small-business/bero/bero-about.html>

The nano-capital program would involve a public-private partnership between the BERO and the Tennessee SBDC network. Currently, the Tennessee SBDC network is hosted by Middle Tennessee State University (MTSU) and is funded by the federal U.S. Small Business Administration.³ This plan would make the BERO an official state partner of the Tennessee SBDC and would authorize the direct provision of capital grants up to \$5,000 for small business development. These capital grants would not be cash transfers. Instead, they would be direct provisions of goods and services for small businesses.

³ <https://www.tsbdc.org/>