

**OFFICE FOR HISTORICALLY UNDERUTILIZED BUSINESSES**  
**HUB PARTICIPATION REPORT**

**PURCHASING (GOODS AND SERVICES) AND  
CONSTRUCTION PROJECTS**

**Fiscal Year 2013 (July 1, 2012 to June 30, 2013)**



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## INTRODUCTION

The mission of the state of North Carolina Office for Historically Underutilized Businesses is to promote economic opportunities for certified firms in state government contracting and procurement that will foster their growth and profitability.

The HUB Office provides outreach, training and networking opportunities for new and established, certified HUB firms. The HUB website ([www.doa.state.nc.us/hub/](http://www.doa.state.nc.us/hub/)) provides access to programs and core services, a HUB vendor/firm database, upcoming bids with various state agencies and public entities, HUB Annual Reports, information on the HUBSCO Construction Reporting System, and the latest news and calendar for training and conference sessions.

The HUB Office was created by Executive Order 150 on April 20, 1999. The HUB Office was codified, established by law and provided with operational funding during the 2001 Legislative Session.

The HUB Office was established to:

- Increase the amount of goods and services acquired by state agencies from certified HUB firms
- Eliminate barriers that reduce the participation of HUB firms in the marketplace, and in state government procurement and contracting
- Encourage purchasing officers and capital project coordinators within state agencies, departments, universities and community colleges to identify and utilize HUB vendors, contractors and service providers
- Educate HUB firms on “How To Do Business” with the State of North Carolina
- Provide resources for HUB firms

When reading this report, links to websites, legislation and documents are available by clicking the **<link>** character/symbol or words in underlined [blue text](#).

## EXECUTIVE SUMMARY

HUB participation in North Carolina state Purchasing and Construction for Fiscal Year 2013 (July 1, 2012-June 30, 2013) was as follows:

Category	Total Spending	HUB Spending	HUB %
Purchasing	\$4,833,994,106	\$245,530,837	5.08%
Construction	\$315,242,874	\$70,408,843	22.33%

Based on HUB Annual Reports [<link>](#), HUB participation in state Purchasing (Goods and Services) has ranged from \$245,530,837 to \$460,315,864 million between fiscal year 2000 and fiscal year 2013:

FISCAL YEAR	TOTAL PURCHASES	HUB PURCHASES	HUB %
2000	\$4,331,476,351	\$384,307,890	8.87%
2001	\$5,195,006,350	\$460,315,864	8.86%
2002	\$5,493,749,153	\$431,307,304	7.85%
2003	\$5,984,410,852	\$435,903,962	7.28%
2004	\$4,290,863,992	\$288,686,783	6.73%
2005	\$4,671,886,832	\$338,548,716	7.25%
2006	\$4,671,063,040	\$381,322,909	8.16%
2007	\$4,795,305,661	\$372,682,156	7.77%
2008	\$5,525,951,064	\$442,606,269	8.01%
2009	\$4,940,654,978	\$376,916,008	7.63%
2010	\$4,466,041,356	\$292,210,342	6.54%
2011	\$5,776,666,933	\$380,375,160	6.58%
2012	\$5,181,560,178	\$316,599,464	6.11%
2013	\$4,833,944,106	\$245,530,837	5.08%
<b>TOTAL</b>	<b>\$70,158,580,846</b>	<b>\$5,147,313,664</b>	<b>7.34%</b>

The reported total for fiscal year 2013 was **\$245,530,837**. As compared to fiscal year 2012, this indicates a decrease in HUB participation of \$71,068,627.

HUB participation in state Purchasing (Goods and Services) between fiscal year 2000 and fiscal year 2013 has ranged from 5.08% to 8.87%. The reported total for fiscal year 2013 was **5.08%**. The percentage calculated for fiscal year 2012 (based on reported information) was 6.11%.

Between fiscal year 2002 and fiscal year 2013, reported HUB participation in State Construction projects has ranged from \$434,477 to \$143,619,331. The reported total for fiscal year 2013 was **\$70,408,843**.

FISCAL YEAR	TOTAL CONSTRUCTION	HUB CONSTRUCTION	HUB %
2002	\$2,752,519	\$434,477	15.78%
2003	\$211,864,707	\$38,624,435	18.23%
2004	\$271,799,065	\$39,581,113	14.56%
2005	\$750,834,641	\$125,744,548	16.75%
2006	\$652,390,561	\$113,791,100	17.44%
2007	\$781,070,180	\$100,367,227	12.85%
2008	\$1,031,739,875	\$139,865,141	13.56%
2009	\$677,474,669	\$123,567,901	18.24%
2010	\$776,545,058	\$143,619,331	18.49%
2011	\$475,944,753	\$101,242,582	21.27%
2012	\$476,258,120	\$74,118,772	15.56%
2013	\$315,242,874	\$70,408,843	22.33%
TOTAL	\$6,423,917,022	\$1,071,365,470	16.68%

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As compared to fiscal year 2012, this indicates a decrease in HUB participation of \$3,709,929. HUB participation in state Construction projects between fiscal year 2002 and fiscal year 2013 has ranged from 12.85% to 22.33%. The reported total for fiscal year 2013 was 22.33%.

## PURCHASING (GOODS AND SERVICES) SUMMARY

Per [§ 143-48](#), based on the North Carolina fiscal year (July 1 to June 30), 10 Cabinet Agencies, 9 Council of State Agencies, 13 Supporting Agencies, 19 State Universities, 58 Community Colleges and 115 Public School Districts are required to submit reports on a quarterly basis detailing the percentage of purchases made from minority-owned businesses.

The reporting schedule of submission dates is as follows:

<i>Period</i>	<i>Dates</i>	<i>Report Due</i>
<b>1st Quarter</b>	July 1 to September 30	October 30
<b>2nd Quarter</b>	October 1 to December 31	January 30
<b>3rd Quarter</b>	January 1 to March 31	April 30
<b>4th Quarter</b>	April 1 to June 30	July 30

The schedule is also available at the HUB office website [<link>](#)

*Cabinet Agencies:* For fiscal year 2013, Cabinet Agencies reported 4.11% HUB participation. Agencies reported total purchases of \$946,441,882 with \$38,863,760 reported HUB participation.

50.00% reported for all four quarters.

<i>Cabinet Agencies</i>	<i>Total (\$)</i>	<i>HUB (\$)</i>	<i>HUB (%)</i>
Administration	\$83,860,866	\$1,085,086	1.29%
Commerce	\$56,913,872	\$849,796	1.49%
Cultural Resources	\$3,294,807	\$362,313	11.00%
)            h    o	\$377,393,067	\$6,157,002	1.63%
Environment and Natural Resources	\$80,752,311	\$3,372,359	4.18%
Health and Human Services	\$53,407,965	\$7,836,607	14.67%
Revenue	\$15,293,297	\$442,375	2.89%
Transportation	\$275,525,697	\$18,758,222	6.81%
<b>TOTAL</b>	<b>\$946,441,882</b>	<b>\$38,863,760</b>	<b>4.11%</b>

*Council of State Agencies:* For fiscal year 2013, Council Agencies reported 2.30% HUB participation. Agencies reported total purchases of \$171,027,366 with \$3,932,412 reported HUB participation.

77.78% reported for all four quarters.

<i>Council of State Agencies</i>	<i>Total (\$)</i>	<i>HUB (\$)</i>	<i>HUB (%)</i>
Agriculture	\$24,755,102	\$761,877	3.08%
Auditor	\$1,645,839	\$67,875	4.12%
Insurance	\$1,628,757	\$121,908	7.48%
Justice	\$18,364,639	\$983,152	5.35%
Labor	\$1,564,583	\$327,318	20.92%
Lt. Governor	\$6,884	\$614	8.92%
Public Instruction	\$97,011,663	\$370,457	0.38%
Secretary of State	\$871,910	\$215,325	24.70%
Treasurer	\$25,177,989	\$1,083,886	4.30%
<b>TOTAL</b>	<b>\$171,027,366</b>	<b>\$3,932,412</b>	<b>2.30%</b>

*Supporting Agencies:* For fiscal year 2013, Supporting Agencies reported 4.03% HUB participation.

Agencies reported total purchases of \$177,552,978 with \$7,154,775 reported HUB participation.

61.54% reported for all four quarters.

<i>Supporting Agencies</i>	<i>Total (\$)</i>	<i>HUB (\$)</i>	<i>HUB (%)</i>
Administrative Hearings	\$71,494	\$9,892	13.84%
Administrative Office of the Courts	\$405,118	\$42,432	10.47%
Board of Elections	\$1,256,342	\$494,810	39.38%
Community Colleges	\$15,975,478	\$100,788	0.63%
Education Lottery	\$51,984,134	\$1,894,438	3.64%
Employment Security	\$1,628,691	\$220,320	13.53%
General Assembly	\$1,512,232	\$66,557	4.40%
Information Technology	\$57,163,713	\$1,396,927	2.44%
Minority Economic Development	\$1,019,971	\$536,146	52.56%
Ports Authority	\$12,375,634	\$682,331	5.51%
Rural Economic Development	\$1,095,468	\$173,040	15.80%
State Controller	\$22,461,275	\$7,811	0.03%
Wildlife Resources Commission	\$10,603,428	\$1,529,283	14.42%
<b>TOTAL</b>	<b>\$177,552,978</b>	<b>\$7,154,775</b>	<b>4.03%</b>

*State Universities:* For fiscal year 2013, State Universities reported 4.00% HUB participation. Universities reported total purchases of \$1,184,660,684 with \$47,391,002 reported HUB participation.

63.16% reported for all four quarters.



*Community Colleges:* For fiscal year 2013, Community Colleges reported 8.40% HUB participation. Colleges reported total purchases of \$435,050,401 with \$36,564,001 reported HUB participation. 77.59% reported for all four quarters.

*Public Schools Districts:* For fiscal year 2013, Public School Districts reported 5.82% HUB participation. Districts reported total purchases of \$1,919,260,795 with \$111,624,887 reported HUB participation. 65.22% reported for all four quarters.

**REPORTING STATUS (ALL FOUR QUARTERS)**

<b>Agency Group</b>	<b>All four Quarters</b>	<b>Total Agencies</b>	<b>Reporting %</b>
Cabinet Agencies	5	10	50.00%
Council of State Agencies	7	9	77.78%
Supporting Agencies	8	13	61.54%
State Universities	12	19	63.16%
Community Colleges	45	58	77.59%
Public School Districts	75	115	65.22%
<b>Total</b>	<b>152</b>	<b>224</b>	<b>67.86%</b>

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## CONSTRUCTION PROJECTS SUMMARY

§ 143-128.3 requires all public entities subject to § 143-128.2 to report construction spending information to the Department of Administration, Office for Historically Underutilized Businesses on a regular basis.

The HUB Office and the State Construction Office developed the web-based HUBSCO Construction Reporting System ([HUBSCO](#)) to capture construction project information from state and public entities. State agencies and public entities can also track their expenditures with the system, and use it as a benchmarking tool to meet or exceed their HUB utilization goals for construction-related expenditures in each of the following categories:

- Heavy Construction
- Building Construction
- Special Trade Construction
- Professional Services
- Other Services

The HUBSCO system captures data instantly. In some cases, dollar figures may change while the system is in the process of generating reports. The quarterly and annual HUBSCO reports were finalized on 07/15/2013. These reports showed the following information for each category of reporting entities:

**Airport Authorities:** For fiscal year 2013, Airport Authorities reported 0.00% HUB participation. Airports reported total construction spending of \$0 with \$0 reported HUB participation.

**Cabinet Agencies:** For fiscal year 2013, Cabinet Agencies reported 16.02% HUB participation. Agencies reported total construction spending of \$69,030,273 with \$11,060,304 reported HUB participation.

**Community Colleges:** For fiscal year 2013, Community Colleges reported 8.27% HUB participation. Colleges reported total construction spending of \$32,946,701 with \$2,723,876 reported HUB participation.

**Council of Government Agencies:** For fiscal year 2013, Council Agencies reported 0.00% HUB

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participation. Agencies reported total construction spending of \$0 with \$0 reported HUB participation.

**Council of State Agencies:** For fiscal year 2013, Council Agencies reported 0.00% HUB participation. Agencies reported total construction spending of \$0 with \$0 reported HUB participation.

**Counties:** For fiscal year 2013, Counties reported 5.99% HUB participation. Counties reported total construction spending of \$18,600,391 with \$1,113,259 reported HUB participation.

**Hospital Associations:** For fiscal year 2013, Hospital Associations reported 0.00% HUB participation. Associations reported total construction spending of \$5,137,919 with \$0 reported HUB participation.

**Municipalities:** For fiscal year 2013, Municipalities reported 30.68% HUB participation. Municipalities reported total construction spending of \$58,417,356 with \$17,923,341 reported HUB participation.

**Non-State Agencies:** For fiscal year 2013, Non-State Agencies reported 0.00% HUB participation. Agencies reported total construction spending of \$2,589,780 with \$0 reported HUB participation.

**Public Housing Authorities:** For fiscal year 2013, Housing Authorities reported 0.00% HUB participation. Authorities reported total construction spending of \$99,163 with \$0 reported HUB participation.

**Public School Districts:** For fiscal year 2013, Public School Districts reported 12.64% HUB participation. Districts reported total construction spending of \$47,919,479 with \$6,055,400 reported HUB participation.

**State Universities:** For fiscal year 2013, State Universities reported 41.74% HUB participation. Universities reported total construction spending of \$68,348,912 with \$28,529,547 reported HUB participation.

**Supporting Agencies:** For fiscal year 2013, Supporting Agencies reported 0.00% HUB participation. Agencies reported total construction spending of \$873,914 with \$0 reported HUB participation.

**Water and Sewer Authorities:** For fiscal year 2013, Water and Sewer Authorities reported 26.63% HUB participation. Authorities reported total construction spending of \$11,278,987 with \$3,003,116 reported HUB participation.

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## ANALYSIS

### HIGHLIGHTS:

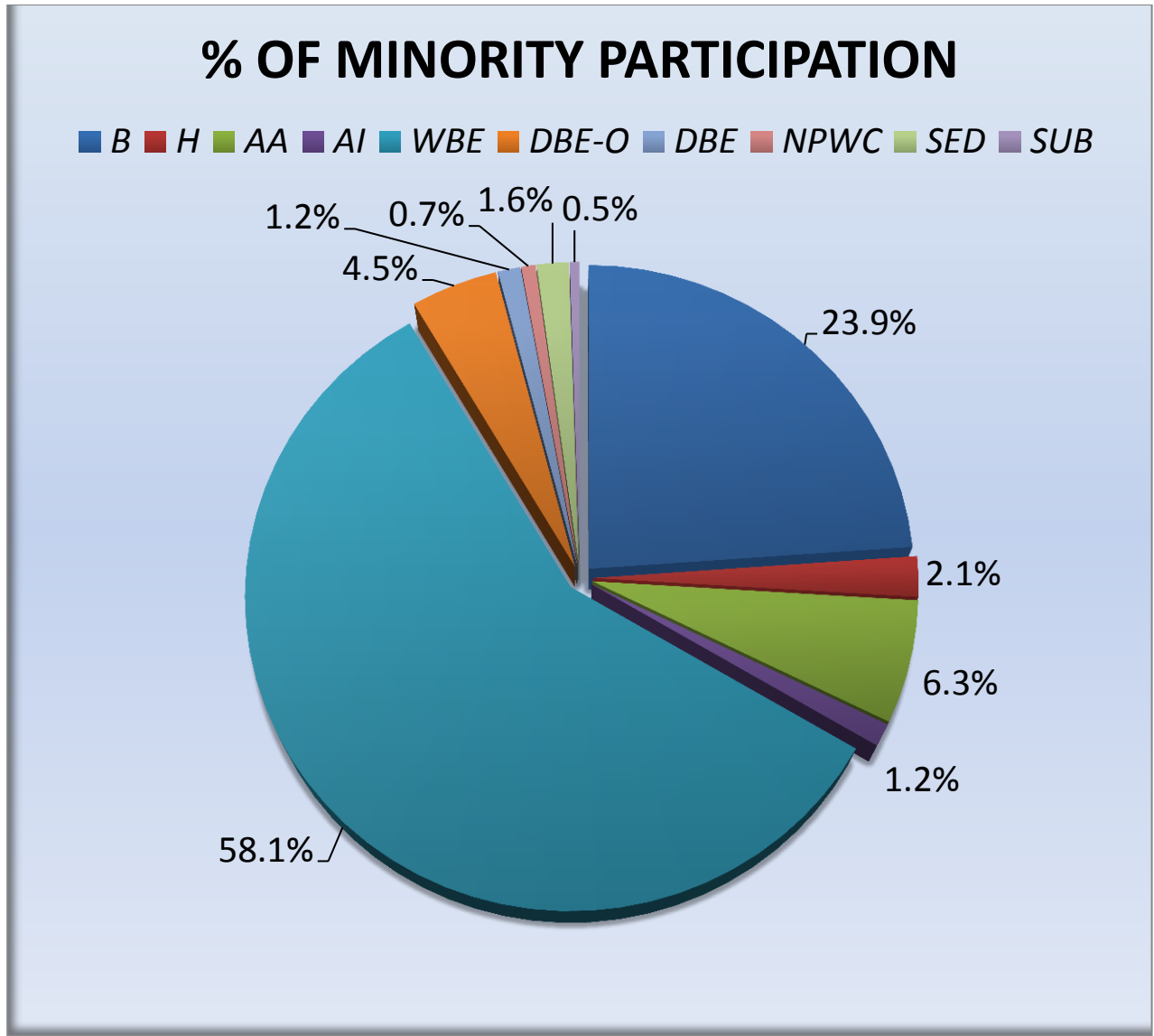
Since inception, over \$5 billion has been awarded to HUB vendors via Goods and Services contracts under the HUB program.

Since inception, over \$1 billion has been awarded to HUB vendors via Construction Projects contracts under the HUB program.

Awarded \$245,530,837 in state Purchasing contracts to HUB firms in fiscal year 2013.

Awarded \$70,408,843 in state Construction contracts to HUB firms in fiscal year 2013.

PURCHASING PARTICIPATION BY HUB BUSINESS TYPE (FISCAL YEAR 2013)

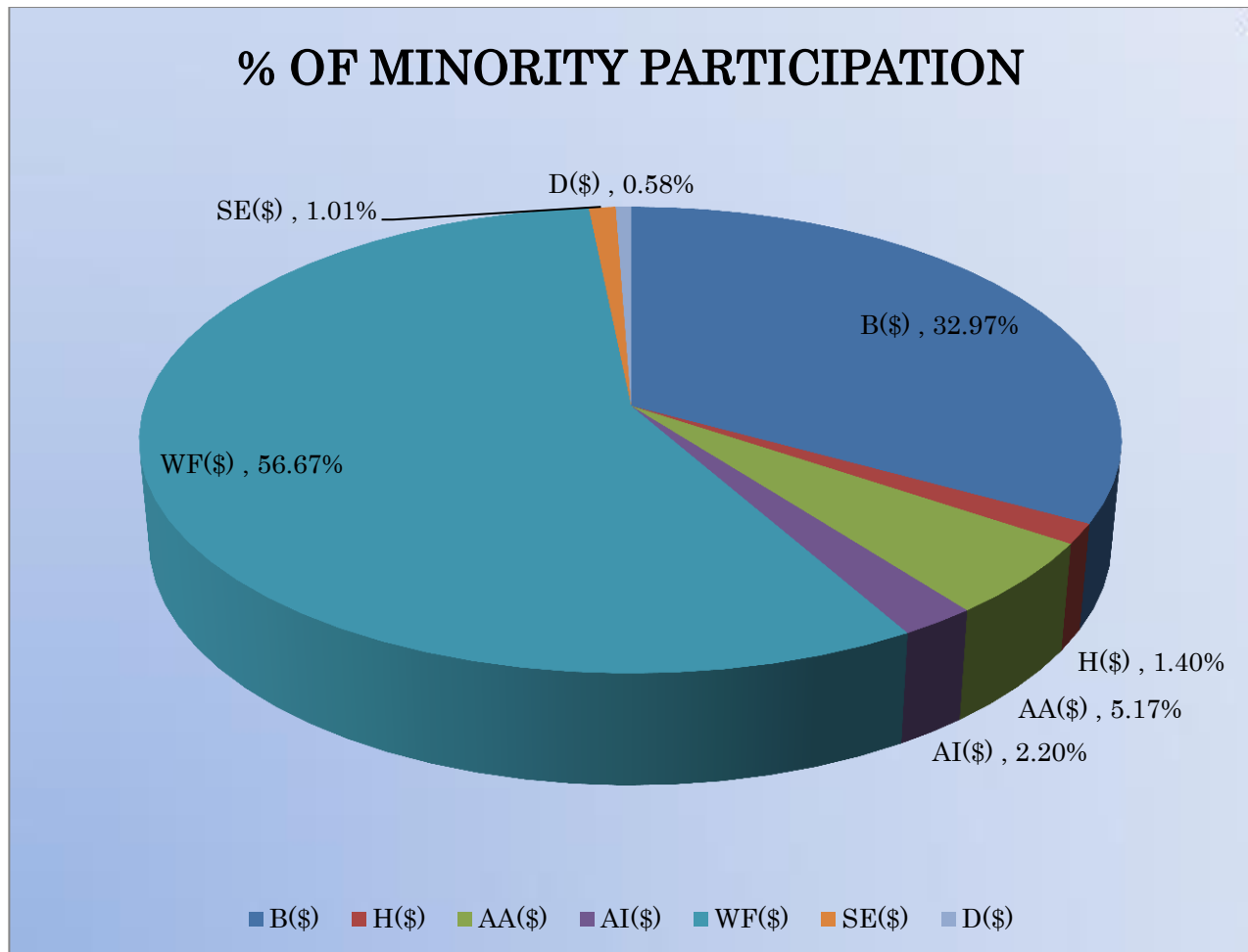


- The percentage of HUB purchasing dollars earned by American Indian-owned firms again increased, from 1.0% in fiscal year 2012 to 1.2% in fiscal year 2013.
- Woman-owned businesses accounted for 58.1% of HUB purchasing participation dollars in fiscal year 2013, up from 55.8% in fiscal year 2012.
- Black owned businesses garnered 23.9% of HUB participation dollars in fiscal year 2013, down from 24.8% in fiscal year 2012.
- The percentage of HUB purchasing dollars that went to Asian-American owned businesses increased from 5.4% in fiscal year 2012 to 6.3% in fiscal year 2013.

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- Disabled-Owned Business Enterprises accounted for 4.5% of HUB purchasing dollars in fiscal year 2013, down from 5.0% in fiscal year 2012.

Cabinet agencies totaled 4.11% participation, Council agencies totaled 2.30% participation, and Supporting agencies totaled 4.03% participation in fiscal year 2013. As a group, agencies/departments spent 26.8% of total purchasing dollars and HUB percentage was 3.86%. A 1% increase in HUB participation would mean almost \$13 million additional to HUB firms in fiscal year 2013.

## CONSTRUCTION PARTICIPATION BY HUB BUSINESS TYPE (FISCAL YEAR 2013)



- White female-owned businesses accounted for 56.7% of HUB construction dollars in fiscal year 2013, down from 72.9% in fiscal year 2012.
- Black-owned businesses earned 33.0% of HUB construction participation dollars in fiscal year 2013, up from 16.1% in fiscal year 2012.
- The percentage of HUB construction dollars that went to Asian-American owned businesses increased from 3.3% in fiscal year 2012 to 5.2% in fiscal year 2013.
- Hispanic-Owned Business Enterprises accounted for 1.4% of HUB construction dollars in fiscal year 2013, down from 4.4% in fiscal year 2012.
- American-Indian owned firms earned 2.2% of HUB construction dollars in fiscal year 2013..

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## HUB OFFICE ACTIVITIES

Historically Underutilized Businesses (HUBs) are defined in N.C. General Statutes 143-48.4, and 143-128.4 (a), as businesses that are at least 51% owned and controlled by minority, women, disabled and disadvantaged individuals. The HUB Office also promotes the utilization of disabled business enterprises and non-profit work centers for the blind and severely disabled by state agencies and public entities. In fiscal year 2013, 549 businesses were certified as HUB firms and/or contractors by the specialists at the HUB office.

During the year, the HUB office participated in **22** workshops and conferences in order to promote:

1. The HUB Office
2. Vendor Link
3. E-Procurement
4. Higher Education Bond Program
5. Construction Reporting Requirements
6. Minority Business Purchasing Reporting Requirements

The staff of the HUB office responded to **7,240** telephone and email inquiries from HUB vendors/contractors, state agencies, other entities and the general public in fiscal year 2013. These inquiries covered topics such as:

1. North Carolina's HUB Program
2. HUB's Certification/Verification
3. E-Procurement
4. Purchasing and Construction Opportunities (Senate Bill 914/HUB)
5. Construction Reporting Requirements (§143-128.2, §143-128.2, and §143.131)
6. NC General Statute §143-48, Minority Business Purchasing Report Requirements.

HUB conducted **1** on-site HUBSCO training session in fiscal year 2013.



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## STATUTORY REQUIREMENTS

Effective April 20, 1999, and as a result of Executive Order No. 150, the Office for Historically Underutilized Businesses (HUB Office) was established in the Office of the Secretary of the North Carolina Department of Administration. HUB participation goals and reporting requirements for state agencies and public entities are contained in North Carolina Statute (N.C.G.S.) §143-48 for goods and services and N.C.G.S. §143-128.2, §143-128.3 and §143-131 for construction. Further discussion of these statutes is mentioned below.

The report for Fiscal Year 2012-13 includes Purchasing (Goods and Services) and Construction projects data submitted to the HUB Office by state agencies and other public entities.

### PURCHASING (GOODS and SERVICES)

The Office for Historically Underutilized Businesses (HUB Office) serves as an advocate for HUB vendors, which includes businesses owned by minorities, women, persons with disabilities, disabled businesses, and non-profit work centers for the blind and severely disabled. The HUB Office promotes the State's on-line vendor registration and HUB certification process, provides technical assistance, and conducts training on how to conduct business with state government. The HUB Office captures data reflecting the State's HUB utilization and expenditures of the state agencies, community colleges, public schools and universities, while also serving as a resource to these agencies.

State law requires the submission of quarterly HUB purchasing reports to the HUB Office. The goal for Fiscal Year 2013 (July 1, 2012 through June 30, 2013) remained at 10%.

The following legislation also addresses the State's minority business goals and reporting requirements for goods and services: G.S. 143-48 (b) states in part: "Every governmental entity required by statute to use the services of the Department of Administration in the purchase of goods and services, every local school administrative unit, and every private, non-profit corporation other than an institution of higher education or a hospital that receives an appropriation of five hundred thousand dollars (\$500,000) or more during a fiscal year from the General Assembly shall report."

Cabinet Agencies, Council Agencies, Supporting Agencies, Community Colleges, Public School Districts and State Universities submit a quarterly HUB purchasing report to the Office for Historically Underutilized Businesses.

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The figures reported include multi-year contracts. Because those figures are only reported in the year that the contracts are actually awarded, HUB participation numbers may be reduced in subsequent fiscal years. Total purchases and HUB participation are subject to change or differ from the submitted quarterly purchasing report data due to the “run date” of each report.

Agencies reporting through NCAS (North Carolina Accounting System) provide a snapshot of its purchases quarterly. The HUB Office compiles the reported purchase transactions and generates a cumulative report.

Total Purchasing and HUB Participation Quarterly Report data include purchase orders, and service contracts awarded each quarter.

Reports from state reporting entities are due no later than thirty (30) days after the end of each quarter and reflect each entity’s HUB purchases within the following categories:

- Term Contracts
- Commodity Purchases (Non-term contract)
- Service Contracts

## CONSTRUCTION PROJECTS

Construction project data is an important component of the overall HUB participation reporting requirements. On December 6, 2001, the General Assembly enacted Senate Bill 914, which made historic changes to laws governing public construction in the State of North Carolina.

Current law affords flexibility in the public construction bidding process, provides for significant new requirements for promoting the use of minority contractors, as well as documenting and reporting good faith effort to that end. All public entities, including but not limited to state agencies, universities, community colleges, public schools, county governments, municipalities and other local governments, are required to report both formal bids (=>\$500,000) and informal bids (<\$500,000) construction project data. The following legislation addresses the State’s minority business goals and reporting requirements for construction:

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N.C.G.S. §143-128.2 states in part: “The State shall have a verifiable ten percent (10%) goal for participation by minority businesses in the total value of work for each State building project, including building projects done by a private entity on a facility to be leased or purchased by the State.”

N.C.G.S. §143-128.3 states in part: “All public entities subject to N.C.G.S. §143-128.2 shall report to the Department of Administration, Office of Historically Underutilized Businesses, the following with respect to each building project:

(1) The verifiable percentage goal.

(2) The type and total dollar value of the project, minority business utilization by minority business category, trade, total dollar value of: a. Contracts awarded to each minority group for each project, b. The applicable good faith effort guidelines or c. Rules used to recruit minority business participation, and good faith documentation accepted by the public entity from the successful bidder.

(3) The utilization of minority businesses under the various construction methods under N.C.G.S. §143-128 (a1).

N.C.G.S. §143-131 states in part “(b) All public entities shall solicit minority participation in contracts for the erection, construction, alteration or repair of any building awarded pursuant to this section. The public entity shall maintain a record of contractors solicited and shall document efforts to recruit minority business participation in those contracts.



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