

Sowing the seeds of Growth



OFFICE FOR HISTORICALLY UNDERUTILIZED BUSINESSES 2014 ANNUAL REPORT

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MESSAGE FROM THE GOVERNOR



Governor Pat McCrory

I am pleased to present the FY 2014 Annual Report for the Office for Historically Underutilized Businesses (HUB). Encouraging and expanding opportunity for minority and women-owned businesses in North Carolina is one of my top priorities. Small businesses are at the heart of North Carolina's economy and will be the catalyst for growth and job creation.

Historically Underutilized Businesses have a lot to offer. The customer focus that's required for a HUB to succeed gives them a wide range of expertise in a variety of projects. To that end, we've actively sought HUB to participate in a special \$90 million program of repairs and renovations to state facilities. The projects are varied, ranging from a few thousand to those in the millions of dollars.

We've also partnered with private industry to conduct peer-to-peer training sessions with subjects spanning from project management to marketing. More importantly, students and instructors benefit by sharing their collective knowledge and experience gained while on the job.

I also created by executive order the Governor's Advisory Council on Small and Historically Underutilized Businesses. This council will make specific recommendations on legislative and policy changes to make it less complicated to do business with the state.

As you will learn in this annual report, we are pursuing an aggressive agenda. The reason is simple- when opportunity is provided to everyone, all of North Carolina benefits.

Sincerely,

A handwritten signature in black ink that reads "Pat McCrory".

Governor Pat McCrory.

MESSAGE FROM THE SECRETARY



*Secretary of Administration
Bill Daughtride, Jr.*

Greetings,


Thank you for your interest and support of North Carolina's Office of Small and Historically Underutilized Businesses (HUB). I'm sure you would agree that an engaged small and HUB business community strengthens North Carolina's economy and makes our state a national leader in emerging trends and innovation. I am pleased to report that under Governor McCrory's leadership, the NC HUB office has taken significant steps forward in the right direction.

HUB's outreach efforts this year have been impressive; seminars, conferences, workshops and presentations have been well attended by the small business community and it has been inspirational to see our State's economy grow. The key to success this year has been educating businesses about the marketplace and providing companies with professional networking events.

The HUB Networking Expo is an excellent example of how the HUB office connects small and minority businesses with economic opportunity. Vendors were able to meet business owners, forge relationships and contract for success. The cumulative benefit of these relationships has created a positive chain reaction for North Carolina's economy with very little investment of taxpayers' money.

Thank you again for your interest in the HUB office and for your support as we continue our mission of advocating for increased opportunities for small and historically underutilized businesses.

Sincerely,


Secretary Bill Daughtride, Jr.

Department of Administration

MESSAGE FROM THE DIRECTOR



*HUB Director
Dennis English, Jr.*

Dear Friends,

I would like to begin by saying how grateful I am that Secretary Bill Daughtridge has trusted me to lead the North Carolina Office of Small and Historically Underutilized Businesses. I would like to thank all of our stakeholders in the non-profit, private-sector and across all levels of government who remain committed to small, minority and women owned business development in North Carolina.

We see the economy improving. However, it is one of my priorities to ensure that our HUB businesses play a significant role in the Carolina come back.

Governor McCrory recently approved over \$150 million dollars for state government repair and renovation projects of state buildings. We are encouraging HUB firms to bid on these projects across our cabinet agencies. Through our new Gateway to Opportunity portal via our website, our Capital Project Coordinators will be able to find HUB firms and to include them in the informal bidding process.

One of our biggest successes for the year was the launch of the NC Contractor's College. My goal was to develop a program that allowed HUB contractors the opportunity to get the tools they need to compete in the ever changing competitive construction industry. We plan to offer this opportunity in different areas of the state each year.

I believe that we have just scratched the surface and we plan to continue doing our part to help grow North Carolina's economy.

Best regards,

A handwritten signature in black ink, appearing to read "D. English".

Dennis M. English, Jr., MPA
Director



Policy Statement

The Office for Historically Underutilized Businesses will advocate and promote the utilization of HUB firms in the purchase of goods and services, including construction, certify HUB firms, and monitor reporting requirements to determine compliance in accordance with North Carolina General Statutes and Administrative Rules.

Vision and Mission

The HUB Office is an organization that advocates actions which increase opportunities for historically underutilized businesses and promotes diversity and inclusion in state government procurement and contracting. The mission of the HUB office is to promote economic opportunities for historically underutilized businesses in state government contracting and procurement that will foster their growth and profitability.

Office for Historically Underutilized Businesses

State of North Carolina Department of Administration

Phone: 919-807-2330

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HUB Office Staff

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Construction Coordinator, Grover Burthey
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Office Assistant, Traci Fleming
Office Manager, Patricia Jones
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Statistician, Jerry Ryan

Contributors

Jayce Williams
Christopher Mears
Joey Ennis

STATE CONSTRUCTION CONFERENCE 2014



Reports

The HUB Office took a different approach to the State Construction Conference this year. For the first time ever the office hosted a reverse trade fair and a matchmaking session allowing our HUB businesses an opportunity to showcase who they are by displaying and marketing their companies to large corporations, government agencies, small businesses and policy makers.

The matchmaking session gave our HUB firms opportunity to meet one on one with specific corporations and agencies they have been interested in meeting.

STATE CONSTRUCTION CONFERENCE – GOOD FAITH EFFORT AWARD



The HUB Office presented its **Good Faith Effort Awards** at the 33rd Annual Construction Conference to multiple winners on the Fayetteville State University (FSU) project that broke records for HUB business participation with 53%. (NC General Statutes require a Good Faith Effort Goal of only 10% participation by HUB businesses for each building project done by a private entity on a State facility.) The Winners were: Fayetteville State University- Owner/Agency, Rentenbach- Construction Industry; RJ Leeper Constructors- Construction Industry; M-R Electric & Security Alarms, Inc.- HUB Firm



GOVERNOR'S ADVISORY COUNCIL

On September 3, 2013, Governor Pat McCrory signed Executive Order No. 24, which created the Governor's Advisory Council on Small and Historically Underutilized Businesses. The Council provides support and guidance to the Governor, Secretary of the Department of Administration, and the HUB Office, on matters specific to small businesses and HUB firms to doing business with the State of North Carolina. The council is made up of:

- Two representatives of minority owned business enterprises
- Two representatives of women owned business enterprises
- Two representatives of small business enterprises
- Two representatives of physical disabled enterprises
- Five at-large members

“The members of the Council are prominent business men and women who have volunteered their time to serve the State.”- Wayne Branch, Chairman



The Governor's Advisory Council for Small and Historically Underutilized Businesses held two of its monthly meetings using state of the art CISCO video conferencing technology originating at the Innovation Center located in the DENR Building in Raleigh. The Council members, who live throughout the state, were able to save travel time by joining the meeting by using the distance learning facilities at their local Community College.



EDUCATION

This year, in an endeavor to provide a sustainable education program, the HUB Office partnered with industry leaders from across the State to provide cutting-edge training for companies to help them prepare for success in the modern era of construction via the **NC Contractors College**. During the 12 week course sponsored by Turner Construction Company, Skanska USA, Lend Lease project Management, and Construction, Balfour Beatty Construction, North Carolina Central University, and SRS Construction Inc., Small Business Owners increased their knowledge in the following areas:

- Digital documentation
- Contracts
- Law and Ethics
- Project Management and productivity
- Public Construction Processes
- Marketing and Business Development
- Project Scheduling
- Estimating
- Bidding
- Purchasing
- LEED Certification

The state's Office for Small and Historically Underutilized Businesses is taking a more proactive approach in helping minority businesses win more work on state and local government construction jobs."

*Amanda J. Hoyle, Staff Writer
Triangle Business Journal*

Turner

RECEIVED

Turner Construction Company
The Hanna Building
1422 Euclid Avenue, Suite 1400

June 11, 2014

JUN 13 2014

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Mr. Dennis English
Assistant to Secretary for HUB Outreach
North Carolina Department of Administration
Office for Historically Underutilized Businesses
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DOA
HUB OFFICE

Dear Mr. English:

On behalf of Turner, it was a truly delight to participate with our fellow contractors in bringing to fruition the first annual North Carolina Contractors College. To work with your staff was a joy. As you know, Turner's School of Construction Management is currently celebrating its 45th year of existence. We exhibit a significant interest in partnering with the State of North Carolina. Over the last five years, Turner Construction Company in the Carolinas has done \$122.2 million with minority and women owned businesses. Nationally, we have for the last 9 years let over \$1 billion with minority and women owned businesses. We are also pleased that our vice president and general manager of the Carolinas, Mark Dent is a part of your advisory board.

I commend your office for taking the stand and the State's commitment to provide visible educational opportunities for the small businesses in the State of North Carolina. I am particularly pleased to see this kind of proactive programming taking place in my home state.

Thank you for inviting me to be the keynote speaker at the graduation ceremony, it was a pleasurable experience to meet, greet and converse with the graduates of the program. I sincerely pray that the Contractors College will continue because of the thirst and hunger for knowledge that the businesses experienced. To a person they expressed their interest and delight in being the initial graduates of the College. The program allowed the participants to be motivated and stimulated to succeed.

I look forward to visiting with you at the Governor's Mansion on Wednesday, June 18th. Again, I congratulate you for initiating such a professional and worthwhile initiative on behalf of the State of North Carolina.

Warmest Regards,



Hilton O. Smith
Senior Vice President

HOS/tjct

CC: Governor Pat McCrory, State of North Carolina
Mr. Harvey Schmidt, President/CEO, Raleigh Chamber of Commerce
Mr. Mark Dent, Vice President/GM, Turner Construction Company

REPAIR & RENOVATION OUTREACH

The Repair & Renovation Initiative

This initiative provided an opportunity for HUB firms and Capital Project Coordinators to connect and review the \$90 Million Repair and Renovation funds that were released by Governor Pat McCrory.



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/) 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 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 2014 (July 1, 2013-June 30, 2014) was as follows:

Category	Total Spending	HUB Spending	HUB %
Purchasing	\$5,484,203,321	\$276,818,704	5.05%
Construction	\$265,266,679	\$63,733,105	24.03%

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 2014:

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%
2014	\$5,484,203,321	\$276,818,704	5.05%
TOTAL	\$75,642,784,167	\$5,424,132,368	7.17%

Between fiscal year 2002 and fiscal year 2014, reported HUB participation in State Construction projects has ranged from \$434,477 to \$143,619,331. The reported total for fiscal year 2014 was \$63,733,105.

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%
2014	\$265,266,679	\$63,733,105	24.03%
TOTAL	\$6,689,183,701	\$ 1,135,098,575	16.97%

In 2014 we utilized 24.03% minority participation. This indicates an increase of 1.7%.

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>
1st Quarter	July 1 to September 30	October 30
2nd Quarter	October 1 to December 31	January 30
3rd Quarter	January 1 to March 31	April 30
4th Quarter	April 1 to June 30	July 30

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

Cabinet Agencies: For fiscal year 2014, Cabinet Agencies reported 4.91% HUB participation. Agencies reported total purchases of \$1,048,939,598 with \$51,535,924 reported HUB participation. 100% reported for all four quarters.

<i>Cabinet Agencies</i>	<i>Total (\$)</i>	<i>HUB (\$)</i>	<i>HUB (%)</i>
Administration	\$137,637,625	\$2,968,162	2.16%
Commerce	\$16,430,832	\$343,623	2.09%
Public Safety	\$322,021,859	\$9,349,932	2.90%
Cultural Resources	\$2,273,686	\$328,717	14.46%
Environment and Natural Resources	\$83,406,244	\$5,717,084	6.85%
Health and Human Services	\$58,691,734	\$4,956,721	8.45%
Revenue	\$31,137,823	\$1,048,545	3.37%
Transportation	\$397,339,795	\$26,823,140	6.75%
TOTAL	\$1,048,939,598	\$51,535,924	4.91%

Council of State Agencies: For fiscal year 2014, Council Agencies reported 3.91% HUB participation. Agencies reported total purchases of \$128,141,322 with \$5,012,978 reported HUB participation. 88.89% reported for all four quarters.

<i>Council of State Agencies</i>	<i>Total (\$)</i>	<i>HUB (\$)</i>	<i>HUB (%)</i>
Agriculture	\$24,981,052	\$1,568,041	6.28%
Auditor	\$737,423	\$17,047	2.31%
Insurance	\$3,236,254	\$193,497	5.98%
Justice	\$15,651,934	\$1,837,239	11.74%
Labor	\$764,387	\$150,113	19.64%
Lt. Governor	\$12,330	\$2,682	21.75%
Public Instruction	\$67,578,694	\$381,408	0.56%
Secretary of State	\$576,605	\$185,129	32.11%
Treasurer	\$14,602,643	\$677,822	4.64%
TOTAL	\$128,141,322	\$5,012,978	3.91%

Supporting Agencies: For fiscal year 2014, Supporting Agencies reported 4.77% HUB participation. Agencies reported total purchases of \$185,262,452 with \$8,842,086 reported HUB participation. 100% reported for all four quarters.

<i>Supporting Agencies</i>	<i>Total (\$)</i>	<i>HUB (\$)</i>	<i>HUB (%)</i>
Administrative Hearings	\$91,094	\$14,294	15.69%
Administrative Office of the Courts	\$1,500,657	\$114,387	7.62%
Board of Elections	\$1,844,159	\$1,214,679	65.87%
Community Colleges	\$13,712,763	\$78,443	0.57%
Education Lottery	\$57,300,145	\$1,612,969	2.81%
General Assembly	\$1,822,643	\$252,000	13.83%
Information Technology	\$72,531,345	\$1,803,765	2.49%
Minority Economic Development	\$797,703	\$275,755	34.57%
Ports Authority	\$9,792,140	\$1,229,808	12.56%
Rural Economic Development	\$109,112	\$17,738	16.26%
State Controller	\$10,669,458	\$249,232	2.34%
Wildlife Resources Commission	\$15,091,233	\$1,979,016	13.11%
TOTAL	\$185,262,452	\$8,842,086	4.77%

State Universities: For fiscal year 2014, State Universities reported 3.15% HUB participation. Universities reported total purchases of \$1,504,733,135 with \$47,389,841 reported HUB participation.

63.16% reported for all four quarters.

Community Colleges: For fiscal year 2014, Community Colleges reported 7.16% HUB participation. Colleges reported total purchases of \$467,650,079 with \$33,481,582 reported HUB participation.

71.30% reported for all four quarters.

Public School Districts: For fiscal year 2014, Public School Districts reported 6.07% HUB participation. Districts reported total purchases of \$2,149,476,735 with \$130,556,293 reported HUB participation.

71.30% reported for all four quarters.

REPORTING STATUS (ALL FOUR QUARTERS)

Agency Group	All four Quarters	Total Agencies	Reporting %
Cabinet Agencies	8	8	100.00%
Council of State Agencies	8	9	88.89%
Supporting Agencies	11	11	100.00%
State Universities	12	19	63.16%
Community Colleges	45	58	77.59%
Public School Districts	82	115	71.30%
Total	166	220	75.45%

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. These reports showed the following information for each category of reporting entities:

Airport Authorities: For fiscal year 2014, Airport Authorities reported 0.00% HUB participation. Airports reported total construction spending of \$195,372 with \$0 reported HUB participation.

Cabinet Agencies: For fiscal year 2014, Cabinet Agencies reported 35.53% HUB participation. Agencies reported total construction spending of \$26,345,549 with \$9,359,841 reported HUB participation.

Community Colleges: For fiscal year 2014, Community Colleges reported 19.51% HUB participation. Colleges reported total construction spending of \$23,296,574 with \$4,544,799 reported HUB participation.

Council of Government Agencies: For fiscal year 2014, Council Agencies reported 0.00% HUB participation. Agencies reported total construction spending of \$0 with \$0 reported HUB participation.

Council of State Agencies: For fiscal year 2014, Council Agencies reported 0.00% HUB participation. Agencies reported total construction spending of \$0 with \$0 reported HUB participation.

Counties: For fiscal year 2014, Counties reported 21.25% HUB participation. Counties reported total construction spending of \$58,681,207 with \$12,468,857 reported HUB participation.

Hospital Associations: For fiscal year 2014, Hospital Associations reported 0.00% HUB participation. Associations reported total construction spending of \$2,843,431 with \$0 reported HUB participation.

Municipalities: For fiscal year 2014, Municipalities reported 20.56% HUB participation. Municipalities reported total construction spending of \$23,403,484 with \$4,811,074 reported HUB participation.

Non-State Agencies: For fiscal year 2014, Non-State Agencies reported 0.00% HUB participation. Agencies reported total construction spending of \$3,530,871 with \$0 reported HUB participation.

Public Housing Authorities: For fiscal year 2014, Housing Authorities reported 0.00% HUB participation. Authorities reported total construction spending of \$195,007 with \$0 reported HUB participation.

Public School Districts: For fiscal year 2014, Public School Districts reported 19.64% HUB participation. Districts reported total construction spending of \$78,177,050 with \$15,354,908 reported HUB participation.

State Universities: For fiscal year 2014, State Universities reported 36.40% HUB participation. Universities reported total construction spending of \$46,646,924 with \$16,979,016 reported HUB participation.

Supporting Agencies: For fiscal year 2014, Supporting Agencies reported 0.00% HUB participation. Agencies reported total construction spending of \$0 with \$0 reported HUB participation.

Water and Sewer Authorities: For fiscal year 2014, Water and Sewer Authorities reported 11.00% HUB participation. Authorities reported total construction spending of \$1,951,210 with \$214,610 reported HUB participation.

ANALYSIS

HIGHLIGHTS

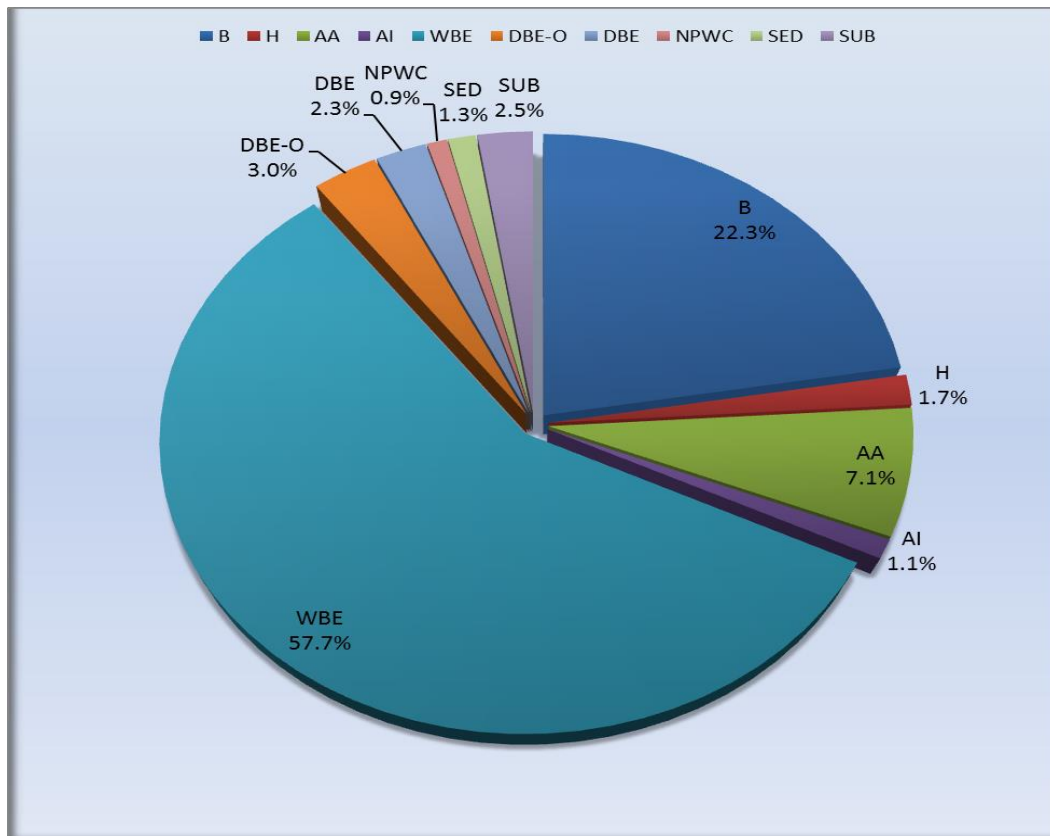
Since inception, over \$5 billion has been awarded to HUB vendors via Goods and Services contracts under the HUB program.

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

Awarded **\$276,818,704** in state Purchasing contracts to HUB firms in fiscal year 2014.

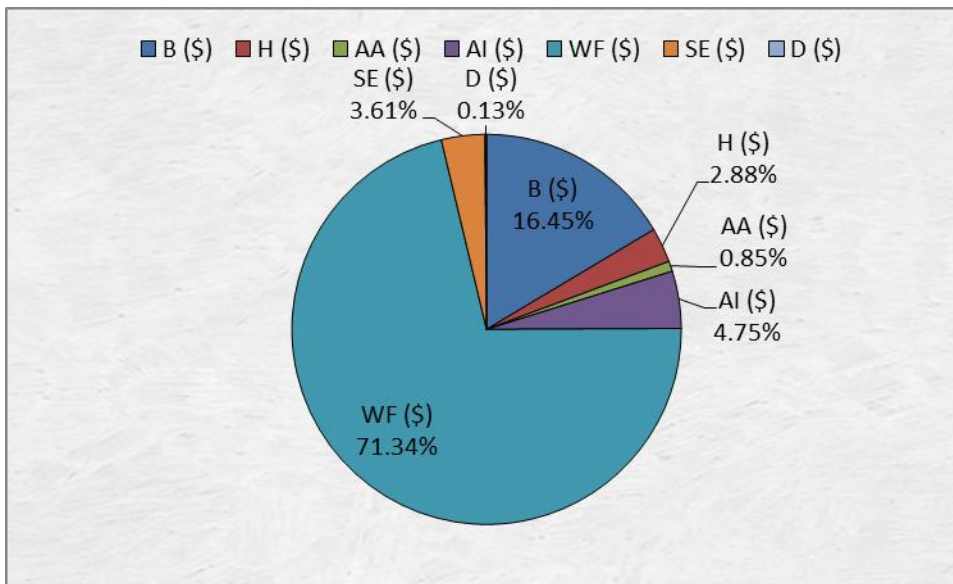
Awarded **\$63,733,105** in state Construction contracts to HUB firms in fiscal year 2014.

PURCHASING PARTICIPATION BY HUB BUSINESS TYPE (FISCAL YEAR 2014)



- The percentage of HUB purchasing dollars earned by American Indian-owned firms decreased, from **1.2%** in fiscal year **2013** to **1.1%** in fiscal year **2014**.
- Woman-owned businesses accounted for **57.7%** of HUB purchasing participation dollars in fiscal year **2014**, down from **58.1%** in fiscal year **2013**.
- Black owned businesses garnered **22.3%** of HUB participation dollars in fiscal year **2014**, down from **23.9%** in fiscal year **2013**.
- The percentage of HUB purchasing dollars that went to Asian-American owned businesses increased from **6.3%** in fiscal year **2013** to **7.1%** in fiscal year **2014**.
- Disabled-Owned Business Enterprises accounted for **3.0%** of HUB purchasing dollars in fiscal year **2014**, down from **4.5%** in fiscal year **2013**.
- Disabled Business Enterprises earned **2.3%** of HUB purchasing dollars in fiscal year **2014**, up from **1.2%** in the previous year.

CONSTRUCTION PARTICIPATION BY HUB BUSINESS TYPE (FISCAL YEAR 2014)



- White female-owned businesses accounted for **71.34%** of HUB construction dollars in fiscal year 2014.
- Black owned businesses earned **16.45%** of HUB construction participation dollars in fiscal year **2014**,
- The percentage of HUB purchasing dollars that went to Asian-American owned businesses decreased from **5.2%** in fiscal year **2013** to **0.85%** in fiscal year **2014**.
- Hispanic -Owned Business Enterprises accounted for 2.88% of HUB construction dollars in fiscal year **2014**, down from **4.4%** in fiscal year **2013**.
- American-Indian owned firms earned **4.75%** of HUB construction dollars in fiscal year **2014**.

Looking back at the yearly data reported in the HUBSCO system, it appears that the Construction portion of the HUB program has been successful every year:

Year	2008	2009	2010	2011	2012	2013	2014
HUB %	13.56%	18.24%	18.49%	21.27%	15.56%	22.33%	24.03%

The alternate possibility is that based on the high number of reports not being received (DNS), all activity is not being captured, and the HUB participation percentages in the above table are either inflated or unrealistic representations.

For example, over 33% (\$5,349,771) of the total reported HUB participation dollars in the first quarter HUBSCO report of fiscal year 2014 can be traced to a single entity, Appalachian State University. Universities which often engage in larger projects (such as UNC-Chapel Hill), did not report any HUB participation. This appears to be an anomaly.

HUB participation percentages are much lower on the purchasing side, although reporting percentages, total purchasing dollars and total HUB participation dollars are much higher.

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.

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:

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.



THANK YOU

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