



Purchasing (Goods and Services) & Construction Projects Report

Fiscal Year 2009 (July 1, 2008 to June 30, 2009)

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EXECUTIVE SUMMARY

When examining Fiscal Year 2009 (July 1, 2008-June 30, 2009) HUB participation by category, significant participation variations are observed, including:

<i>Purchasing (Goods and Services)</i>	<i>7.63 percent</i>	<i>\$376,916,008 of \$4,940,654,978</i>
<i>Construction Projects</i>	<i>18.24 percent</i>	<i>\$123,567,901 of \$677,474,669</i>

While the amount of funds spent on **HUB Purchasing** (goods and services) between FY2005-06 and FY2008-09 has varied from a low of \$338.5 million to a high of \$442.6 million, the percentage of HUB participation in total state purchasing has remained fairly steady during the same period, ranging from 7.25 percent to 8.1 percent, for an average annual rate of 7.7 percent. The FY2008-09 rate was 7.63 percent. The State's goal is 10 percent.

Significant variations also are seen in the participation rates in categories of various qualified HUB entities, **based on actual purchases** of 7.63 percent in FY 2008-2009:

<i>Minority Business Enterprise (MBE)</i>	<i>2.57 percent</i>
<i>Woman Business Enterprise (WBE)</i>	<i>4.48 percent</i>
<i>Disabled-Owned Business Enterprise (DOBE)</i>	<i>0.24 percent</i>
<i>Disabled Business Enterprise (DBE)</i>	<i>0.10 percent</i>
<i>Non-Profits Work Center for the Blind and Severely Disabled (NPWC)</i>	<i>0.03 percent</i>
<i>Hub Subcontractor (SUB):</i>	<i>0.20 percent</i>
<i>TOTAL</i>	<i>7.63 percent</i>

HUB participation in **State Construction** projects was 18.24 percent during FY2008-09, **as reported by State Reporting Entities**, varying from a low of 15.57 percent of a high of 19.26 percent. Statewide Construction projects reported total spending of \$677,474,669, with \$123,567,901 reported HUB participation. Participation varies by enterprise type:

<i>Black (B)</i>	<i>\$35,064,387</i>	<i>5.18 percent</i>
<i>Hispanic (H)</i>	<i>\$9,948,345</i>	<i>1.47 percent</i>
<i>Asian American (AA)</i>	<i>\$6,275,443</i>	<i>0.93 percent</i>
<i>American Indian (AI)</i>	<i>\$829,756</i>	<i>0.12 percent</i>
<i>White Female (WF)</i>	<i>\$69,412,488</i>	<i>10.25 percent</i>
<i>Socially and Economically Disadvantaged (SED)</i>	<i>\$1,919,343</i>	<i>0.28 percent</i>
<i>Disabled (D)</i>	<i>\$118,140</i>	<i>0.02 percent</i>
<i>TOTAL</i>	<i>\$123,567,901</i>	<i>18.24 percent</i>

**Note: Source for all cited data is the HUB Office-Quarterly HUB Reporting Database.*

STATEWIDE UNIFORM CERTIFICATION (SWUC) PLAN

During FY2008-09, considerable staff effort was focused on developing SWUC standards and protocols for July 1, 2009, roll out. SWUC was designed to streamline the certification process, reduce the redundancy in certifying minority and women owned businesses and create a centralized HUB and minority/women business database. The HUB Office will take the lead in certifying HUB and Minority/Women Business Enterprise (M/WBE) firms that previously had to apply for certification both through the state HUB Office and local M/WBE program offices.

SWUC is the result of [NC General Statute 143-128.4, 143-48.4](#). It was developed by the HUB Office in collaboration with local M/WBE program directors and with feedback from HUB firms, prime contractors and HUB resource advocates. In addition to increasing efficiency and service to the HUB community, SWUC will establish a centralized database for state agencies, local municipalities and contractors looking to identify and utilize HUB vendors and sub-contractors.

DOA's Management Information Systems developed the online system used to certify potential HUB firms.

A branded logo was created to accompany the roll out announcement, which was made in a [news release issued by Gov. Bev Perdue](#) on June 30. The logo is available for use by certified vendors.



PURCHASING (GOODS AND SERVICES) SUMMARY

Cabinet Agencies achieved 100 percent reporting conclusively for all four quarters. At year-end, Cabinet Agencies reported 8.43 percent HUB participation based on a total purchasing amount of \$1,181,388,174 with \$99,573,818 reported HUB participation.

<i>Administration</i>	<i>2.98 percent</i>
<i>Commerce</i>	<i>6.97 percent</i>
<i>Correction</i>	<i>11.12 percent</i>
<i>Crime Control</i>	<i>4.24 percent</i>
<i>Cultural Resources</i>	<i>13.85 percent</i>
<i>Environment and Natural Resources</i>	<i>11.58 percent</i>
<i>Health and Human Services</i>	<i>12.01 percent</i>
<i>Revenue</i>	<i>0.40 percent</i>
<i>Transportation</i>	<i>6.40 percent</i>
<i>Juvenile Justice</i>	<i>5.33 percent</i>

Council Agencies achieved 100 percent reporting conclusively for all four quarters. At year-end, Council Agencies reported 7.69 percent HUB participation. Agencies reported a total of \$85,921,245 in purchases with \$6,607,198 in HUB participation.

<i>Agriculture</i>	<i>9.00 percent</i>
<i>State Auditor</i>	<i>15.39 percent</i>
<i>Insurance</i>	<i>12.30 percent</i>
<i>Justice</i>	<i>13.84 percent</i>
<i>Labor</i>	<i>14.72 percent</i>
<i>Lt. Governor's Office*</i>	<i>0.00 percent</i>
<i>Public Instruction</i>	<i>4.41 percent</i>
<i>Secretary of State</i>	<i>14.77 percent</i>
<i>Treasurer</i>	<i>11.50 percent</i>

**The Lt. Governor's Office reported no purchasing activity in FY2008-09.*

Supporting Agencies reported 100 percent conclusively for all four quarters. At year-end, Supporting Agencies reported 23.10 percent HUB participation. Agencies reported a total of \$148,814,877 in purchases with \$34,373,947 reported HUB participation.

<i>Administrative Hearings</i>	<i>0.71 percent</i>
<i>Admin. Office of the Courts</i>	<i>11.44 percent</i>
<i>Board of Elections</i>	<i>42.16 percent</i>
<i>Community College System</i>	<i>2.34 percent</i>
<i>Employment Security Commission</i>	<i>8.84 percent</i>
<i>General Assembly</i>	<i>9.03 percent</i>
<i>N.C. Institute of Min. Econ. Dev.</i>	<i>55.53 percent</i>
<i>Ports Authority</i>	<i>13.12 percent</i>
<i>Rural Economic Development</i>	<i>21.92 percent</i>
<i>Office of the State Controller</i>	<i>19.67 percent</i>
<i>Wildlife Resources Commission</i>	<i>7.52 percent</i>
<i>Information Technology Services</i>	<i>21.53 percent</i>
<i>N.C. Education Lottery</i>	<i>72.14 percent</i>

Community Colleges reported 100 percent conclusively for all four quarters. At year-end, Community Colleges reported 7.12 percent HUB participation. As a group, the Community Colleges reported a total of \$408,864,107 in purchases with \$29,126,521 reported HUB participation.

Public Schools Districts reported 76 percent conclusively for all four quarters. At year-end, Public School Districts reported 8.32 percent HUB participation. The Districts reported a total of \$1,945,609,155 in purchases with \$161,794,817 reported in HUB participation.

State Universities reported 95 percent conclusively for all four quarters. At year-end, Universities reported 3.88 percent HUB participation. The Universities reported a total of \$1,170,057,421 in purchases with \$45,439,707 reported in HUB participation.

SUMMARY OF ENTITIES REPORTING CONCLUSIVELY

<i>AGENCY/ENTITY TYPE</i>	<i>REPORTING</i>	<i>TOTAL</i>	<i>PERCENTAGE</i>
<i>Cabinet Agencies</i>	<i>10</i>	<i>10</i>	<i>100 percent</i>
<i>Council Agencies</i>	<i>8</i>	<i>9</i>	<i>89 percent</i>
<i>Supporting Agencies</i>	<i>13</i>	<i>13</i>	<i>100 percent</i>
<i>Community Colleges</i>	<i>58</i>	<i>58</i>	<i>100 percent</i>
<i>Public School Districts</i>	<i>87</i>	<i>115</i>	<i>76 percent</i>
<i>State Universities</i>	<i>18</i>	<i>19</i>	<i>95 percent</i>
<i>TOTAL</i>	<i>194</i>	<i>224</i>	<i>86.6 percent</i>

**"Reporting Conclusively" means that the entity has reported its outcomes for all four quarters.*

ENTITIES THAT MET OR EXCEEDED STATE'S 10 PERCENT GOAL

Four of 10, or **40 percent of Cabinet Agencies** met or exceeded the State's goal, with the **Department of Cultural Resources** at 13.85 percent; the **Department of Health and Human Services** at 12.01 percent; the **Department of Environment and Natural Resources** at 11.58 percent; and the **Department of Correction** at 11.12 percent.

Six of nine, of **66.7 percent of Council Agencies** met or exceeded the State's goal, with the **Office of the State Auditor** at 15.39 percent; the **Department of Secretary of State** at 14.77 percent; the **Department of Labor** at 14.72 percent; the **Department of Justice** at 13.84 percent; the **Department of Insurance** at 12.30 percent; and the **Department of State Treasurer** at 11.50 percent.

Eight of 13, or **61.5 percent of Supporting Agencies** met or exceeded the State's goal, with the **NC Education Lottery** at 72.14 percent, the **NC Institute of Minority Economic Development** at 55.53 percent; **Board of Elections** at 42.16 percent; **Rural Economic Development** at 21.92 percent; **Information Technology Services** at 21.53 percent; **Office of the State Controller** at 19.67 percent; **NC State Ports Authority** at 13.12 percent; and the **Administrative Office of the Courts** at 11.44 percent.

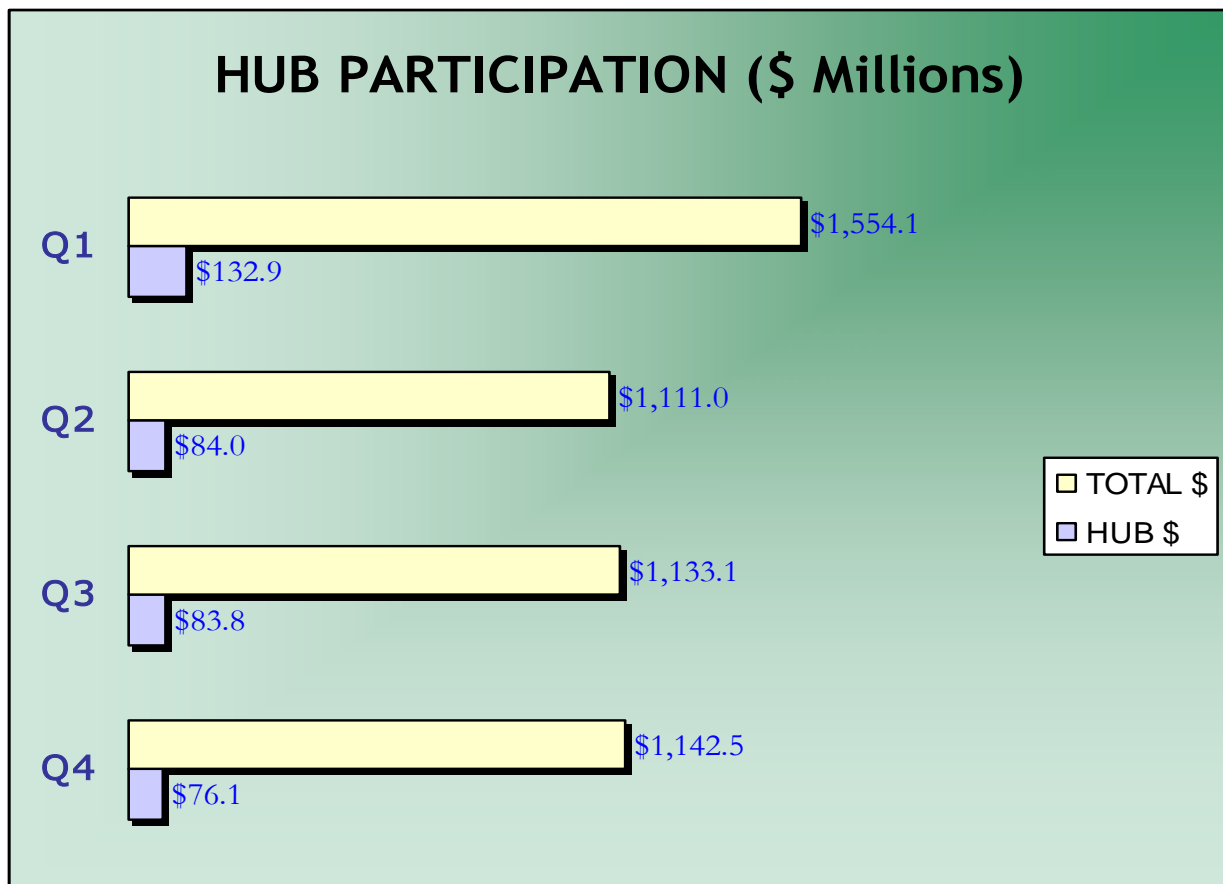
Eleven of 58, or **19 percent of Community Colleges**, met or exceeded the State's goal.

Forty of 115, or **34.8 percent of Public School Districts**, met or exceeded the State's goal.

Four of 19, or **21 percent of State Universities**, met or exceeded the State's goal, with the **NC School of Science and Mathematics** at 26.59 percent; **Elizabeth City State University** at 13.98 percent; **UNC-Greensboro** at 12.51 percent, and **NC Central University** at 11.97 percent.

IN CONCLUSION, FY2008-09 records **73 of the State's 224 reporting entities**, or **32.6 percent**, meeting the State's 10 percent goal.

The HUB Office reminds all reporting entities of the need to make continued efforts to increase the total amount of goods and services acquired from HUB vendors.



CONSTRUCTION SUMMARY

Cabinet Agencies reported 22.20 percent HUB participation. The Agencies reported a total of \$11,907,466 in construction, with \$2,643,535 reported HUB participation.

Council Agencies reported 0.00 percent HUB participation. The Agencies reported a total of \$0 in construction, with \$0 reported HUB participation.

Supporting Agencies reported 2.30 percent HUB participation. The Agencies reported a total of \$1,956,183 in construction, with \$44,940 reported HUB participation.

Community Colleges reported 19.77 percent HUB participation. The Colleges reported a total of \$30,640,748 in construction, with \$6,058,345 reported HUB participation.

Public School Districts reported 21.78 percent HUB participation. The Districts reported a total of \$383,077,255 in construction, with \$83,435,327 reported HUB participation.

State Universities reported 19.94 percent HUB participation. The Universities reported a total of \$68,103,978 in construction, with \$13,578,469 reported HUB participation.

Counties reported 6.17 percent HUB participation. The Counties reported a total of \$71,841,225 in construction, with \$4,429,673 reported HUB participation.

Municipalities reported 12.67 percent HUB participation. The Municipalities reported a total of \$105,345,128 in construction, with \$13,345,473 reported HUB participation.

Hospital Associations reported 1.61 percent HUB participation. The Hospital Associations reported a total of \$1,995,444 in construction, with \$32,139 reported HUB participation.

Non-State Agencies reported 0.00 percent HUB participation. The Non-State Agencies reported a total of \$0 in construction, with \$0 reported HUB participation.

Public Housing Authorities reported 0.00 percent HUB participation. The Authorities reported a total of \$2,607,242 in construction, with \$0 reported HUB participation.

Water and Sewer Authorities reported 0.00 percent HUB participation. The Water and Sewer Authorities reported a total of \$0 in construction, with \$0 reported HUB participation.

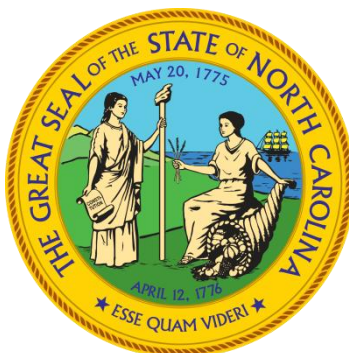
Airport Authorities reported 0.00 percent HUB participation. The Airport Authorities reported a total of \$0 in construction, with \$0 reported HUB participation.

ENTITIES THAT MET OR EXCEEDED STATE'S 10 PERCENT GOAL

- One of 10, or **10 percent**, of **Cabinet Agencies** registered to HUBSCO met or exceeded the State's goal.
- None of two, of **0 percent**, of **Council Agencies** registered to HUBSCO met or exceeded the State's goal.
- None of three, or **0 percent**, of **Supporting Agencies** registered to HUBSCO met or exceeded the State's goal.
- Ten of 58, of **17 percent**, of **Community Colleges** registered to HUBSCO met or exceeded the State's goal.
- Eleven of 66, or **17 percent**, of **Public School Districts** registered to HUBSCO met or exceeded the State's goal.
- Nine of 21, or **43 percent**, of **State Universities** registered to HUBSCO met or exceeded the State's goal.
- Six of 60, of **12 percent**, of **Counties** registered to HUBSCO met or exceeded the State's goal.
- Four of 65, of **6 percent**, of **Municipalities** registered to HUBSCO met or exceeded the State's goal.
- None of seven, or **0 percent**, of **Hospital Associations** registered to HUBSCO met or exceeded the State's goal.

IN CONCLUSION, FY2008-09 records **41** of the State's **283** reporting entities meeting or exceeding the State's 10 percent goal.

The HUB Office reminds all reporting entities of the need to make continued efforts to increase the total amount of construction projects awarded to HUB vendors.



HIGHLIGHTS OF SIGNIFICANT ACTIVITIES

- HUB staff focused considerable effort and worked with internal and external partners to prepare for the July 1, 2009, launch of the [Statewide Uniform Certification \(SWUC\) Plan](#) (G.S. 143-128.4 and 143-48.4). In addition to building consensus among entities that formerly issued certifications, HUB developed training modules with Management Information Systems for its new certification system, as well as presented [three live, statewide broadcasts](#) on different aspects of the SWUC Plan via the Agency for Public Telecommunications.
- Gov. Bev Perdue issued [Executive Order No. 13](#) on May 7, 2009, to assist HUB firms by reaffirming her expectation that state agencies seek to increase the amount of goods and services acquired from HUB businesses, especially in relation to American Recovery and Reinvestment Act (ARRA) procurements.
- Additionally, **HUB staff responded to 4,786 telephone and email inquiries** from HUB vendors/contractors, state agencies, other entities and the general public; providing assistance and/or information on the State's HUB Program, HUB's Certification/Verification, E-Procurement, Purchasing and Construction Opportunities, Senate Bill 914/HUB Minority Business Construction Reporting Requirements (G.S. 143-128.2, 143-128.3, and 143.131) and G.S. 143-48 HUB/MWBE – Minority Business Purchasing Reporting Requirements.
- **Participated in 42 conferences**, workshops, seminars, training session or presentations for the purpose of promoting the HUB Office, Vendor Link, E-Procurement, Higher Education Bond Program, Senate Bill 914/Minority Business Construction Reporting Requirements (G.S. 143-128.2, 143-128.3, and 143.131) and G.S. 143-48 HUB/MWBE – Minority Business Purchasing Reporting Requirements.
- **Certified 1,530 businesses** as HUB vendors and/or contractors.
- From the inception of the HUBSCO Construction Reporting System in March 2003 through the end of FY2008-09, **a total of 1,683 participants have been provided access** to the HUBSCO online training site and 310 participants have been provided access to the HUBSCO live-production site.
- A total of **88 on-site and off-site HUBSCO training sessions** were conducted by the HUB Office in FY2008-09.

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 (NCGS) 143-48 for goods and services and NCGS 143-128.2, 143-128.3 and 143-131 for construction. Further discussion of these statutes is mentioned below.

PURCHASING (GOODS AND SERVICES) AND CONSTRUCTION PROJECTS

The report for the fiscal year 2008 - 2009 includes purchasing (goods and services) and construction projects data submitted to the HUB Office by the state agencies and other public entities.

A. 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 a disability, 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.

Executive Order No. 150 states that North Carolina's Historically Underutilized Business participation goal is at least ten percent (10%), by dollar amount, of the State's purchases of goods and services, will be derived from HUB vendors. Executive Order No. 150 further requires the submission of quarterly HUB purchasing reports to the HUB Office. *The goal for fiscal year 2008-2009 (July 1, 2008 through June 30, 2009) remains at 10 percent.*

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 contract is 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 snap shot of its purchases quarterly. The HUB Office compiles the reported purchase transaction amounts and generates a cumulative report. The adjustments made to the purchase orders are not recorded in the subsequent periods.

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

Reports from the 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

B. 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.

Senate Bill 914 was signed by Governor Michael F. Easley on December 19, 2001, and became effective January 1, 2002. Senate Bill 914 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. Note: Effective August 23, 2007, projects funded on or after July1, 2007, the formal project threshold increased from \$300,000 to \$500,000.

The following legislation addresses the State’s minority business goals and reporting requirements for construction:

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.”

G.S. 143-128.3 states “in part “... “All public entities subject to 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: Contracts awarded to each minority group for each project, the applicable good faith effort guidelines or 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 G. S. 143-128 (a1).

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.

Construction data is captured electronically through the **HUBSCO Construction Reporting System** via a web-based Internet site. All public entities are required to report completed construction project data and submit it to the HUB Office. The HUBSCO system has the capability that allows each entity to generate and view its own report (<http://www.hubSCO.com/>).

The report includes both total construction project value and HUB participation for construction projects. The design related and miscellaneous values are captured by the HUBSCO system but not reported as a part of HUB participation (not required by G.S.143-128).

The HUB Office offers HUBSCO training to public entities on how to access and utilize HUBSCO Construction Reporting System. The training schedule, training request form, and system access form are available via the HUB Office website (www.doa.nc.gov/hub).

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