

**OVERVIEW**

The goal of certification as a Historically Underutilized Business (HUB) is to secure access to public contracts and procurement opportunities from state government as well as local and federal government for businesses that have historically been excluded from opportunities. HUBs are defined as those at least 51 percent owned by one or more minority persons or socially and economically disadvantaged individuals, or in the case of a corporation, in which at least 51 percent of the stock is owned by one or more minority persons or socially and economically disadvantaged individuals. HUB management and daily business operations are controlled by one or more of the minority persons or socially and economically disadvantaged individuals who own it.

The term “minority person” means a person who is a citizen or lawful permanent resident of the United States and who is Black, Hispanic, Asian American, American Indian, or Female. The term “socially and economically disadvantaged individual” means the same as defined in 15 U.S.C. 637.

**HOW IT WORKS**

The process to become HUB certified in the Statewide Uniform Certification Program is as follows:

1. Applicant must register electronically in the Electronic Vendor Portal (EVP): [vendor.ncgov.com/vendor/login](http://vendor.ncgov.com/vendor/login)
2. Download and review the Required Documents form
3. Download and complete the HUB/ SWUC application
4. Provide required documentation
5. Send the packet to the HUB Office
6. Allow 45-60 days for response

The North Carolina HUB Program states that certification as a HUB vendor provides greater exposure for business opportunities in state procurement and contracting. The names of HUB firms are listed in the Vendor Link System, which,

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**WHAT YOU CAN DO**

- **Encourage the HUB Office to simplify the certification process. Many minority business owners are discouraged by the arduous process for which there is no guarantee of a return on investment.**
- **Encourage the HUB office to promote successful HUB entities. Minority business owners who can see a successful HUB will be more likely to take part in the program.**
- **Work with the NC Department of Administration to engage communities in support of HUBs:**
  1. **Support entrepreneurship training in public schools, provide small business support, and connect entrepreneurs to affordable capital.**
  2. **Provide accessible information and support to certify as a HUB.**
  3. **Prominently advertise public contracts from all public institutions on government websites, newspapers, and other venues.**
  4. **Provide spaces for networking between business owners and local government institutions and actively recruit HUBs for opportunities with local government.**
  5. **Adopt a resolution to include as criteria in the bidding process whether the business is a HUB.**

### HOW IT WORKS (CONT'D)

according to the HUB Office, is widely used by state agencies, universities, community colleges, local schools, local governments and institutions, and the public to locate historically underutilized businesses for goods, services, and construction. In addition to valuable exposure for state contracting, the HUB office provides technical assistance in the form of 1) online vendor registration and HUB Certification, 2) updating vendor profiles, 3) bid searching techniques, 4) marketing strategies, 5) one-on-one consultation, 6) business development needs assessment, and 7) business resource and financial assistance referrals.

### IMPACTS IN N.C. TO DATE

It does not appear that eligible firms are participating in the HUB program. There are 826,332 firms in NC; 183,664 (22.3 percent of total) are minority firms. Of those 183,664 minority firms statewide, only 3,479 (1.9 percent) are certified as HUB.

Since the inception of the program in 1999, the HUB program has not registered much of an impact in terms of securing increased participation in the state's procurement process. A 2014 disparity study by the North Carolina Department of Transportation revealed that only 2.4 percent of contract dollars were distributed to minority-owned businesses. A forthcoming collaborative study from the Alliance of Black Elected Officials, North Carolina Justice Center, and Leadership Studies Department at North Carolina Agricultural and Technical State University evaluated the utilization of minority and women-owned business in public sector contracting and found gross underrepresentation in counties with high percentages of non-white populations. For example, in the 2014-2015 school year, Vance County Public Schools only awarded \$4,043 in goods and services to minority-owned businesses out of the \$4.8 million dollars awarded in total. That represents .08 percent share for minority-owned businesses in a county where 58 percent of the population is non-white.

### ASK YOUR LOCAL LEADERS

1. How many businesses are owned by people of color and/or women in this city/ county? How many are certified as Historically Underutilized Businesses?
2. Are you aware of the aspirational goal of 10 percent of all state contracts being awarded to Historically Underutilized Businesses?
3. What percentage of public contracts were awarded to HUBs last year (school system, local government, community college, etc.)?
4. Can you share the process of securing a public contract with this public entity?
5. What could be done to make more opportunities available to more businesses?
6. How can I work with you to address this issue?

### ADDITIONAL RESOURCES

- Detailed forms and process guidelines for certification can be found here: <https://ncadmin.nc.gov/businesses/hub/hub-certification>
- [TheGuideNC.com](http://TheGuideNC.com)
- North Carolina Department of Transportation Disparity Study, 2014: <http://bit.ly/2H4IHaV>