

PROSPERITY BY DESIGN

ECONOMIC IMPACT STUDY

WHITE PAPER

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PROSPERITYBYDESIGNNC.ORG

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EXECUTIVE SUMMARY

Historically Underutilized Businesses (HUBs)—firms owned by women, minorities, disabled and other disadvantaged groups—play a vital role in North Carolina’s economy. This white paper summarizes results from the 2025 North Carolina HUB Economic Impact Study commissioned by the NC MWBE Coordinators’ Network and conducted by BJM Solutions, LLC. The study used a survey of 154 HUB firms and a proprietary economic impact model to quantify the statewide and local economic effects of HUB procurement. Key findings include:

- \$2.6 billion in total statewide economic impact generated from HUB sales to state, county and municipal governments. For every \$1 in direct spending, the model estimates \$0.12 in business-to-business (indirect) activity and \$0.88 in induced spending by workers, meaning that \$1 of direct spend produces roughly \$2 in overall economic activity.
- 54,000+ jobs supported across North Carolina. The study notes that HUB procurement created roughly 27,000 full-time jobs within HUB firms and another 27,000 jobs in non-HUB firms.
- \$51.5 million in state tax revenue (FY 2024) and an estimated \$13.7 million in combined county and municipal taxes for eight studied counties.
- Strong return on investment: For every \$1 spent administering the State HUB program, HUB firms generated \$1,347 in sales and \$2,694 in total impact, while creating \$60.60 in tax revenue.

These results demonstrate that the North Carolina HUB Program is not only equitable but also an efficient economic development tool. The report recommends expanding HUB procurement, improving training and data collection, integrating HUB into broader economic development initiatives, and enhancing networking among HUB firms.

INTRODUCTION

North Carolina's Historically Underutilized Business (HUB) Program certifies minority-, women- and disadvantaged-owned firms and promotes their participation in public procurement. Research shows that when HUB firms secure government contracts, they hire local workers, purchase supplies from other small businesses and reinvest in their communities. The 2025 study described in this report is the first comprehensive evaluation of the state and local economic impacts of HUB participation.

Beginning in 1999 with Executive Order 150 from then Governor Hunt, the Historically Underutilized Business program has promoted public and private sector business with businesses owned and operated by women, ethnic and racial minorities, the disabled, and the disadvantaged. The program became a North Carolina law in 2004 when General Statue 143-48.4 was passed by both houses of the North Carolina legislature and signed into law by Governor Mike Easley.

Purpose and Mission

NC MWBE Coordinators' Network launched this Impact Study to uncover and elevate the economic story behind North Carolina's HUB and HUB-certified businesses, highlighting the measurable contributions to statewide prosperity. This study uses survey data collected from HUB firms, state data, national census data, and a focus group analysis to support its findings. The results demonstrate not just participation, but the measurable value that HUB businesses bring to North Carolina's economy. By capturing the economic contributions of these firms, the study supports data-informed strategies for inclusion and growth. It reflects a broader vision that prosperity in North Carolina should be intentionally shared and shaped by all.

This White Paper conveys the key findings of the 2025 HUB Impact Study into a format suitable for policymakers, business leaders and community stakeholders with data organized into sections covering statewide impact, county-level analysis, firm demographics, program efficiency and policy recommendations. The tool used to make this case is data-based economic impact analysis.

METHODOLOGY OVERVIEW

The HUB Impact Study used a multi-pronged approach to quantify economic outcomes:

1. **Survey of HUB firms:** A questionnaire was administered to 154 certified HUB businesses. Respondents provided information about sales, employment, payroll, taxes, purchases from local suppliers, philanthropic contributions and participation in local procurement opportunities.
2. **Focus groups:** Qualitative focus group with 10 HUB firms provided context to validate the economic impact multiplier and explore challenges faced by HUB businesses.
3. **Economic impact modeling:** BJM Solutions applied a proprietary input–output model to translate survey data into statewide and county-level economic impacts. The model estimates direct, indirect and induced effects of HUB spending.
4. **Database analysis:** Researchers analyzed the state HUB certification database and county-specific firm lists to extrapolate survey findings to the population of HUB firms across North Carolina.

The resulting multipliers allow the study to infer how spending by public agencies with HUB firms ripples through the economy—supporting jobs, generating tax revenue and stimulating additional business activity.

STATEWIDE ECONOMIC IMPACT

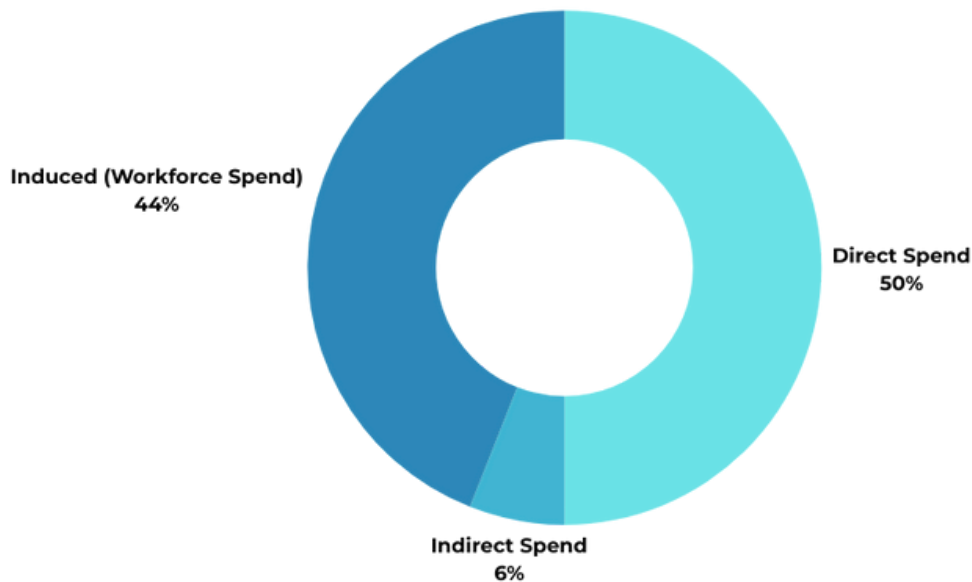
Economic Impact Multiplier

The study finds that each dollar of direct spend with a HUB firm generates approximately \$2 in total economic output. This multiplier reflects three components that are presented in the following tables.

METHODOLOGY OVERVIEW

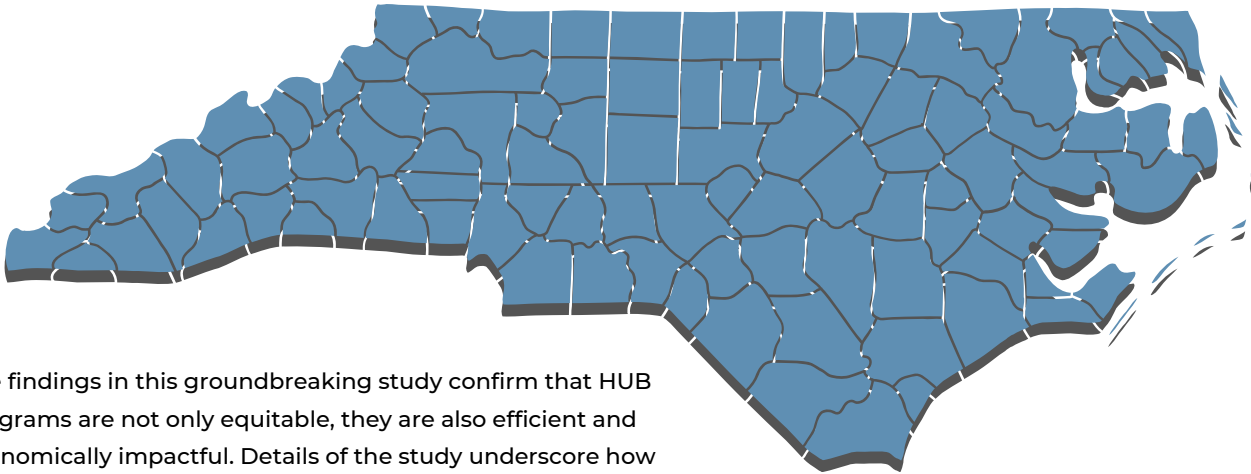
Component	Description	Value per \$1 Direct Spend
Direct Spend	Payment to HUB firm for goods/services	\$1.00
Indirect (Business-to-Business) Spend	Spending by the HUB firm on supplies and services from other businesses	\$0.12
Induced (Workforce) Spend	Household spending by employees whose jobs are supported by HUB procurement	\$0.88
Total Economic Impact	Sum of direct, indirect and induced effects	~\$2.00

ECONOMIC IMPACT MULTIPLIER BREAKDOWN: \$1 DIRECT SPEND



HUB IMPACT

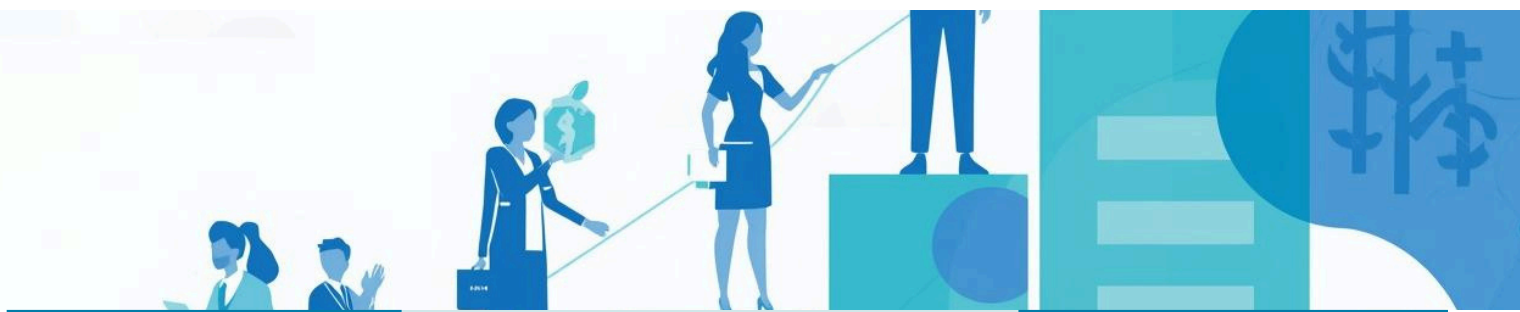
Key Statewide Findings



The findings in this groundbreaking study confirm that HUB programs are not only equitable, they are also efficient and economically impactful. Details of the study underscore how investing in HUB participation strengthens communities, creates jobs, and returns significant value to the state of North Carolina

The Measurable Impact of North Carolina's HUB Programs

An overview of the economic contributions from North Carolina's HUB programs, showcasing job support, tax revenue, and investment returns.



2.6 billion

Total economic impact generated by HUB programs in North Carolina.

Key Economic Metrics

- \$2.6 billion impact
- 54,000+ jobs supported
- \$51.5 million tax revenue

54,000

Jobs supported through HUB programs across the state of North Carolina.

DRIVING GROWTH THROUGH HUB ECONOMIC INITIATIVES.

COUNTY-LEVEL HUB IMPACT

Analyzing the economic benefits of HUB programs in North Carolina

Local HUB spending promotes **community growth** and increased tax revenue.



\$126M

Total Economic Impact to studied Cities and Counties

\$13.7M

Total Tax Revenue to Cities and Counties Studied

WHY THIS MATTERS

This study demonstrates that North Carolina’s HUB programs are more than just policy—they are a smart investment in the future of business that also address equitable business practices and economic inclusion. They fuel job creation, stimulate local economies, and deliver a high return on every public dollar spent. HUB programs that are created for successful impact offer a proven path forward that leads to prosperity and sustainability.



COUNTY-LEVEL HUB IMPACT

CITIES STUDIED

GREENVILLE
DURHAM
CHARLOTTE
GREENSBORO
RALEIGH
FAYETTEVILLE
ASHEVILLE
WINSTON-SALEM

COUNTIES STUDIED

PITT
DURHAM
MECKLENBURG
GUILFORD
WAKE
CUMBERLAND
BUNCOMBE
FORSYTH

WHY THIS MATTERS

For less than \$1 million per year at the state level, over \$1 billion in HUB sales is generated. For smaller investments at the county and city level, millions of dollars in HUB sales to the public sector are created.

Sales by HUB firms to state and local government organizations provide critical support for sales to private businesses and consumers.



SALES, JOBS AND TAX REVENUE

The State HUB program reveals impressive economic outcomes for fiscal year 2024 that can be applied to the program, resulting in better economic outcomes across the state.

- Across all categories, total agency spending reached approximately \$14.4 billion. HUB firms reported \$1.145 billion in sales to state agencies or 7.96%
- Jobs: State spending with HUB firms supported approximately 54,000 full-time equivalent (FTE) jobs—27,264 within HUB firms and another 27,264 in the broader economy.
- Preliminary estimates suggest the HUB Program has generated over \$15Billion in economic activity since 2013

ROI and Efficiency

One of the study's most striking findings is the program's efficiency.

- \$1,347 in HUB sales
- \$60.60 in tax revenue
- \$2,694 in economic impact



These results show that North Carolina's HUB programs are not only equitable but economically smart."

Denisha Harris, President NC MWBE Coordinators Network.



SALES, JOBS, AND TAX REVENUE

County-Level and Local Impact

The study examined eight counties—Pitt, Durham, Mecklenburg, Guilford, Wake, Cumberland, Buncombe and Forsyth—along with their principal cities. Although data granularity varies across counties, the combined results are notable:

ROI and Efficiency

At the county level, every dollar for the administration of HUB programs generates \$20.97 of HUB sales, \$41.84 in economic impact, and \$ 3.25 in tax revenue, proving that even smaller local HUB programs are efficient and effective.

Total Economic Spend From All 8 Counties

\$126,004,664.76

Combined Cost Budget Data For 5 Programs

\$3,117,189, or an average of \$623,438

Significant Difference in cost from different counties

Pitt County \$60,000

Guilford County \$1.2M



CHARACTERISTICS OF HUB FIRMS

HUB firms are certified by the state of North Carolina and span a wide range of industries, from construction and professional services to technology and manufacturing. These businesses participate in public sector contracting opportunities and play a vital role in promoting equity, innovation, and inclusive economic growth across North Carolina.

Per the NC HUB Office, the primary objectives of the Office are to:

- Increase the amount of goods and services acquired by the state from businesses owned and controlled by HUB firms.
- Encourage the purchasing officers within the state agencies, departments, and universities to identify and utilize prospective HUB-designated vendors and service providers.
- Educate vendors on how to do business with the state.
- Encourage participation of qualified HUB-designated vendors by directing them to agencies that can benefit from their product or service.
- Maintain a database of designated HUB vendors for use by state purchasers, general contractors, and other purchasing entities seeking qualified vendors.
- Sponsor seminars and conduct training workshops that assist HUB vendors become an active participant in state contracting opportunities.

Data retrieved from www.doa.nc.gov

Survey results reveal important characteristics of HUB firms:

1. Firm Size: About 73 % of HUB firms employ between 1 and 5 people, reflecting their small-business nature.
2. Payroll: Payroll accounts for 40 % of HUB revenue. This high labor share underscores the job-creating potential of HUB procurement.
3. Purchasing Patterns: 29% of purchases are with other small suppliers, demonstrating local supply-chain effects. Furthermore, 51 % of HUB firms supply goods and services to their home county, and 67 % have attempted to do so.
4. Philanthropy: HUB businesses donate 8 % of their revenues to non-profit and community organizations, highlighting their commitment to community development.

CHARACTERISTICS OF HUB FIRMS

Demographic Composition

The study also analyzed ownership demographics and state spending distribution. Within total HUB spending, the largest share by demographic group goes to white women-owned businesses, representing 56.3% of all HUB spending and 4.47% of total state spending. Women of color are added in with their racial demographic. This breakdown reveals that while HUB spending is broadly distributed, a significant concentration remains with women-owned businesses.

Ownership Type	Percentage of Total State Spend	Percentage of HUB Spending
Black Owned	1.22%	15.34%
White Woman Owned	4.47%	56.3%
Hispanic	0.38%	4.77%
Disabled	0.42%	5.23%
Native-American Owned	0.52%	6.51%
Asian Owned	0.86%	10.83%
Economically Disadvantaged	0.09%	1.08%

The percentage distribution of HUB spending varies by procurement category:

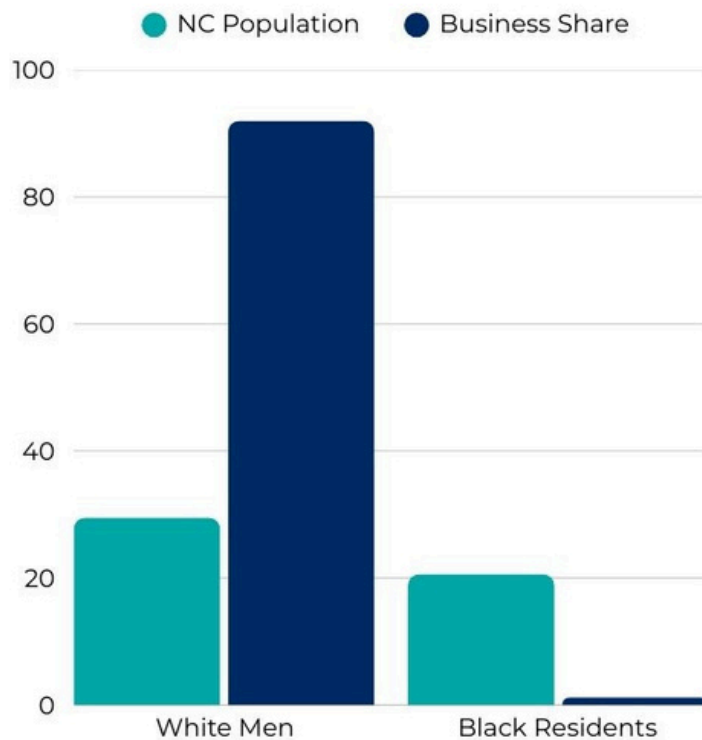
- In Goods and Services, Women-owned businesses received over half (53.1%) of HUB dollars, followed by Asian-owned (15.2%) and Black-owned (16.1%) businesses. Hispanic-owned businesses received 3.4%, and Native American businesses received 4.3%.
- In Construction, Women-owned businesses again led at 62.6% of HUB dollars, followed by Black-owned (14.1%), Hispanic (8.4%), and Native American (12.5%) businesses.
- In Design, Women-owned businesses dominated with 87.7% of HUB spending, while all other demographic categories received under 1% each. This suggests significant underrepresentation in design contracts, possibly due to lower certification rates or capacity barriers among minority-owned design firms.

CHARACTERISTICS OF HUB FIRMS

Demographic Composition

Spending patterns across the state remain inequitable. Efforts to diversify procurement could amplify economic benefits in North Carolina. While white men constitute about 29.5 % of North Carolina’s population, they account for 92 % of state procurement. Conversely, Black residents make up 22 % of the population but receive just 1.22 % of state spending. The chart below highlights these gaps.

NC POPULATION VS. BUSINESS SHARE



Business Ownership by Demographics

In North Carolina, as nationally, White men and women own the majority of businesses by volume and revenue. Minority-owned businesses, including those owned by Black and Hispanic entrepreneurs, are growing and often concentrate in sectors like retail, healthcare, and services.

Studies also show that Women-owned businesses are increasing across industries, but on average, remain smaller in size and face greater challenges accessing capital.

CHARACTERISTICS OF HUB FIRMS

Philanthropic Impact

HUB-certified businesses not only stimulate North Carolina’s economy, but they also strengthen the social fabric of their respective communities. Over 51% of HUB vendors serve clients within their own counties, creating a powerful local feedback loop where residents experience a direct benefit in the communities where they operate their businesses. This continuous loop amplifies the social impact of every dollar spent in the community. The HUB Economic Impact Study showed that HUB business owners donate more than 8% of their annual revenues and personal income to local nonprofits, youth mentorship, disaster recovery efforts, and community boards. Giving back to their respective communities creates an ecosystem of opportunity.

This network of local procurement, reinvestment, and civic leadership creates a powerful cycle of growth. Public contracts generate revenue, which supports employment, fuels philanthropic contributions, and strengthens community institutions. These stronger communities, in turn, expand the region’s economic footprint and potential capacity. The HUB spending multiplier, estimated at 2:1, is a representation of the transformative potential of equitable business systems and their respective communities.

THE IMPACT OF HUB SPENDING

LOCAL IMPACT

Over half of HUB-certified vendors supply goods and services within their home counties — keeping dollars circulating locally

PHILANTHROPIC POWER

HUB firms reinvest over 8% of their income into community nonprofits, mentorships, disaster recovery, and education



ECONOMIC MULTIPLIER

HUB spending is estimated 2:1 in total economic activity through direct, indirect, and induced effects.

COMMUNITY LEADERSHIP

HUB owners lead internships, disaster relief, and serve on nonprofit boards — fostering leadership and resilience

MAJOR FINDINGS AND POLICY RECOMMENDATIONS

Major Findings

From generating billions in economic activity and supporting tens of thousands of jobs, to returning significant tax revenue to state and local governments, HUB firms demonstrate strong, measurable impact. These outcomes clearly validate the effectiveness of HUB programs as tools for equitable growth and inclusive economic development.

1. HUB procurement is a high-return investment. Administrative costs are minimal and the program produces substantial tax revenue and job creation.
2. HUB firms are small but impactful. Most employ fewer than five people, yet they create thousands of jobs through direct and induced effects.
3. Spending patterns remain inequitable. White men receive a disproportionate share of state procurement relative to their population share. Efforts to diversify procurement could amplify economic benefits.

HUB firms contribute to community well-being through philanthropy and support for local schools and non-profits.

Policy Recommendations

In order to fully realize the economic potential of HUB programs, North Carolina must take deliberate steps that will strengthen their structure, visibility, and alignment with broader economic development efforts. The following recommendations are designed to enhance the capacity of HUB firms, improve program efficiency, and expand participation across the state. Grounded in the study's findings, these strategies offer a forward-looking approach to economic development, ensuring that HUB programs not only continue to deliver measurable economic returns but also evolve as a cornerstone of equitable growth and prosperity across the state.

MAJOR FINDINGS AND POLICY RECOMMENDATIONS

FUND

Increasing funding for HUB and small business programs will strengthen North Carolina's economic foundation by expanding business capacity, improving access to capital, and accelerating readiness for public and private sector opportunities.

Sustained investment allows these programs to deliver essential training and support that drive job creation, competitiveness, and long-term economic growth.

INVEST

Investing in targeted training strengthens financial management, marketing performance, and technology adoption, helping HUB firms improve competitiveness, scale operations, and pursue more public and private sector opportunities. These investments support long-term business sustainability, innovation, and job creation across North Carolina.

MAJOR FINDINGS AND POLICY RECOMMENDATIONS

CONNECT

Strengthening connections between HUB firms and procurement officers fosters collaboration, mentorship, and increased access to contracting opportunities. Building intentionally connected networks, both peer-to-peer and business-to-agency, helps small businesses share resources, form strategic partnerships, and navigate the complexities of procurement. These strong relationships expand visibility, open new market pathways, and contribute to a more inclusive supplier ecosystem across North Carolina.

ALIGN

Aligning HUB programs with statewide economic and workforce development efforts improves coordination, maximizes public investment, and ensures HUB businesses are better prepared to meet workforce and industry needs across North Carolina.

MAJOR FINDINGS AND POLICY RECOMMENDATIONS

Conclusions from the Study

MORE DATA

Data on HUB businesses needs to be improved. The more we know about HUB businesses and their challenges, the more we can focus future policies to improve their performance and the greater role they can play in the development of communities across the state.

INFORM

Build public awareness and understanding of HUB program outcomes through transparent reporting and data sharing. Informing stakeholders—policy makers, business leaders, and the public—is essential for driving informed decisions, reinforcing accountability, and sustaining long-term support for equitable economic development.

ACKNOWLEDGMENTS

Prosperity By Design proudly acknowledges the leadership, insight, and collaboration of our Steering Committee members, sponsors, and partners who made this study possible. Your shared commitment to economic equity and data-driven progress has helped illuminate the real impact of HUB businesses across North Carolina.

This work is a testament to what's possible when communities come together with purpose—to design prosperity that includes us all.

Steering Committee Members

Pam Adderley – City of Raleigh

Jamila Davis – Mecklenburg County

Pamela Gales – Wake County Public Schools

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ACKNOWLEDGMENTS

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FOR MORE INFORMATION ON THE HUB ECONOMIC IMPACT STUDY

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Prosperity by Design

www.reallprosperity.com
Prosperity by Design showcases the \$2.6 billion economic impact of North Carolina's Historically Underutilized Businesses (HUBs). Through data, storytelling, and collaboration, the initiative demonstrates how inclusive procurement and contracting expand opportunity, strengthen communities, and drive shared prosperity across the state.