



CITY OF CHARLOTTE

CONTRACTING & PROCUREMENT DEPARTMENT

A Race and Gender Neutral Small Business Enterprise (SBE) Program

Economic Development and Workforce Committee

August 3, 2026

Prepared by the City Attorney's Office and the Contracting & Procurement Department

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PURPOSE OF TODAY'S BRIEFING

Why Are We Here Today?

Recent State legislation significantly changed how local governments administer business inclusion programs. Today's briefing is designed to give Council a clear, high-level understanding of what occurred and how Charlotte is responding.



Clarify the difference between NC HB171 and NC SB257



Explain what was included in the State budget



Discuss what these changes mean for Charlotte



Share the City's proactive transition strategy



Next Steps



Our Message

**The law changed.
The mission to
support small
businesses did not.**

Charlotte remains committed to
expanding opportunity for small
businesses.

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UNDERSTANDING THE LEGISLATION

HB171 and SB257 Are Not the Same

**HB171**

PENDING LEGISLATION

- Broad DEI legislation
- Addresses government wide DEI programs
- Covers hiring, training, contracting and public expenditures
- Would impact all government operations

**SB257**

CURRENT LAW | SESSION LAW 2026-41

- Procurement legislation
- Specifically changes public contracting laws
- Eliminates the State's Historically Underutilized Business (HUB) Office
- Directly impacts CBI procurement operations



KEY MESSAGE FOR COUNCIL

HB171 represents the broader public policy discussion regarding diversity, equity and inclusion. SB257 is the law now requiring Charlotte to transition its contracting program from race- and gender- conscious participation measures to a race- and gender-neutral Small Business Enterprise program.

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SB257 | THE STATE BUDGET

What Was Included in the State Budget?

**Eliminated**

- The North Carolina HUB Office
- State HUB certification
- State minority participation statutes
- Local authority supporting race and gender conscious contracting programs

**Retained**

- Federally required DBE programs
- Small business development efforts
- Local flexibility to administer race and gender-neutral small business programs where otherwise authorized by law

KEY DATES

July 1, 2026

July 7, 2026

July 17, 2026

August 3, 2026

SB257 takes effect

State budget signed

Contractor notices issued

Council Committee briefing

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Legal Path Forward

- Local acts authorizing small business enterprise programs are not affected by the 2026 Appropriations Act.
- Council's ability to establish race- and gender- conscious goals pursuant to Section 8.82 of the Charter is **voided** by S.L. 2026-41
- The City of Charlotte has Charter authority under Section 8.88 to establish a race- and gender- neutral small business enterprise program to promote the development of small businesses in the Charlotte Metropolitan Statistical Area, and to enhance opportunities for small businesses to participate in City contracts
- The City's goal setting initiatives are now exclusively race- and gender- neutral in accordance with state law

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THE BOTTOM LINE

What Does This Mean for Charlotte?

NO LONGER PERMITTED

Locally imposed MBE and WBE participation requirements

The City cannot establish MBE or WBE goals on contracts after July 7, 2026.



THE PATH FORWARD

A legally compliant race and gender neutral SBE Program

Supported by the City's own Charter authority, allowing Charlotte to continue promoting opportunity while remaining fully compliant with State law.

Charlotte is not ending its business inclusion work. Charlotte is rebuilding it on a durable, race and gender-neutral legal small business program foundation.

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CHARLOTTE BUSINESS INCLUSION

The Mission Has Not Changed

Only the legal framework has changed. CBI continues to deliver every core function of business inclusion.



**Small Business
Certification**



**Small Business Goal
Setting**



**Outreach and
Engagement**



Compliance



Data Analytics



Reporting



Technical Assistance



Capacity Building



The difference: these efforts are now based upon business size rather than race or gender.

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CHARLOTTE'S CERTIFIED SMALL BUSINESS COMMUNITY

The Numbers At A Glance

471

SBE only certified firms

275

Former MBE firms holding dual SBE
certification

59

Former WBE firms holding dual SBE
certification

805

Total certified SBE firms today

625+

POTENTIAL FUTURE SBEs

Of the 570 MBE only and 184 WBE
only firms, approximately 485 and
140 could potentially qualify for SBE
certification based on business
location

Total opportunity

1,430

Potential future SBEs

625

Certified SBEs today

805

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RACE AND GENDER-NEUTRAL SBE FRAMEWORK



IMMEDIATE

Stabilize and Comply

- Remove MBE and WBE requirements
- Revise policies and procedures
- Update contracts and procurement language
- Coordinate with the City Attorney's Office
- Update technology systems



SHORT TERM

Relaunch and Educate

- Conduct best practices research of other communities
- Launch the revised SBE Certification Program
- Develop the revised goal setting methodology
- Update administrative procedures
- Launch contractor education
- Develop reporting dashboards



LONG TERM

Lead the State

Develop the premier race and gender-neutral Small Business Enterprise Program in North Carolina

A model other North Carolina municipalities can look to as a benchmark.

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PROGRAM CONTINUITY

How Will the SBE Program Move Forward?



Certification

Certify qualified SBEs using objective, race and gender-neutral eligibility criteria.



Goal Setting

Establish project specific SBE goals using documented market availability analyses, industry data and historical utilization.



Outreach

Provide business education, networking, technical assistance, pre bid meetings and contract readiness support.



Compliance

Monitor SBE commitments, Commercially Useful Function reviews, Good Faith Efforts, performance and prompt payment.



Data

Collect participation, certification, payment and goal attainment data to drive Council reporting and performance metrics.

Continuity in every function. Change only in the eligibility basis.

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ANTICIPATED QUESTION

Goal Setting Will Continue

The methodology is availability based, documented and changing very little. Only the certified pool used to establish goals is changing.



WHAT CHANGES

Only the certified pool used to establish goals. Instead of evaluating MBE and WBE availability, Charlotte evaluates qualified SBE availability. Goals remain project specific, and no goal determinations remain available when appropriate.

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Next Steps

At the September Economic Development and Workforce Committee meeting, staff will return with more guidance on the SBE program....



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