

Executive Summary

In Texas, certification as a historically underutilized business (HUB) can increase the opportunities of companies owned by minority members, service-disabled veterans and women to do business with the state, thus furthering the Legislature's goal of supporting such businesses. The HUB certification process is administered by the Statewide Procurement Division (SPD) of the Texas Comptroller of Public Accounts.

During fiscal 2019, Texas had 15,687 certified HUBs. About 26.6 percent of them participated in state contracts as prime contractors or subcontractors, collectively receiving 12.77 percent of all statewide expenditures.

State entities must search the Centralized Master Bidders List (CMBL) when planning to buy goods and services that cost more than \$5,000. Based on the results of their searches, they contact vendors directly by mail, fax, email or telephone with invitations for bids. At the end of fiscal 2019, about 21.19 percent of the state's certified HUBs were registered with the CMBL.

The state's overall spending through term contract purchases during fiscal 2019 totaled nearly \$42.4 million more than in the same period of the previous year. The percentage of dollars HUBs received as a result of term contract purchases fell from 2.07 percent to 1.27 percent.

The state's overall spending through group purchases for fiscal 2019 rose by 107.35 percent from the same period in the previous year, from \$159.4 million to about \$330.5 million. Total group-purchasing dollars spent with HUBs, increased by about 145.15 percent.

This report summarizes current HUB status and spending trends.

Total Statewide Expenditures

The state's total spending for fiscal 2019 rose by more than \$518 million compared with the previous fiscal year (or 2.53 percent) during the same period, while the share of statewide expenditures to HUBs decreased from 13.08 percent to 12.77 percent.

Fiscal Year	Total Statewide Expenditures	Total HUB Expenditures	HUB Percent
Fiscal 2019	\$21,023,711,787	\$2,684,434,187	12.77%
Fiscal 2018	\$20,505,202,813	\$2,682,307,194	13.08%
Fiscal 2017	\$20,269,152,162	\$2,426,751,956	11.97%

Who Owns Texas HUBs

Eligible HUB Groups	Fiscal 2019 – Annual			Fiscal 2018 – Annual		
	Number of Certified HUBs	Males	Females	Number of Certified HUBs	Males	Females
Asian Pacific American	1,227	818	409	1,207	817	390
Black American	3,638	2,115	1,523	3,543	2,088	1,455
Hispanic American	4,956	3,494	1,462	4,968	3,510	1,458
Native American	274	200	74	305	218	87
Woman*	5,396	0	5,396	5,483	0	5,483
Service-Disabled Veteran**	196	196	0	161	161	0
TOTAL	15,687	6,823	8,864	15,667	6,794	8,873

*The "Woman" category does not include women who are Service-Disabled Veterans or of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.

**The "Service-Disabled Veteran" category does not include women or individuals who are of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.

Source: Texas Comptroller of Public Accounts.

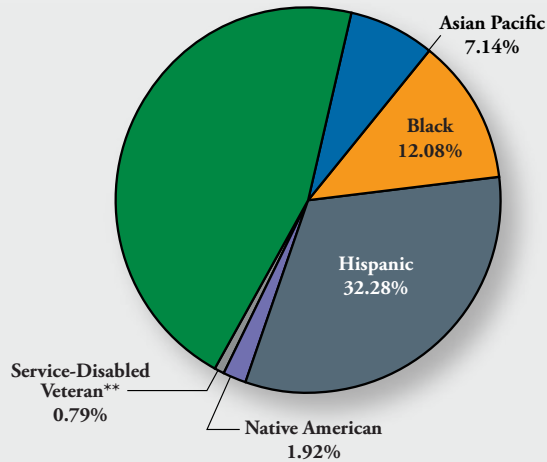
Expenditures with HUB Groups

Between fiscal 2018 and fiscal 2019, state spending with HUBs owned by Black-Americans, Hispanic-Americans, Native Americans, and service-disabled veterans increased by 3.49 percent, 2.45 percent, 20.9 percent, and 15.13 percent, respectively; spending with HUBs owned by Asian-Pacific Americans, and American women decreased by 7.81 percent, and 1.27 percent respectively. The overall share of money going to HUBs rose by 0.08 percent (approximately \$2.13 million).

Eligible HUB Groups	Fiscal 2019 – Annual		Fiscal 2018 – Annual	
	Number of Awards	Total HUB Expenditures	Number of Awards	Total HUB Expenditures
Asian Pacific American	298	\$333,474,104	288	\$361,711,975
Black American	504	\$299,120,213	494	\$289,020,645
Hispanic American	1,347	\$901,384,813	1,341	\$879,811,807
Native American	80	\$62,924,493	93	\$52,046,375
Woman*	1,911	\$1,074,716,204	2,028	\$1,088,585,859
Service-Disabled Veteran**	33	\$12,814,357	34	\$11,130,531
TOTAL	4,173	\$2,684,434,184	4,278	\$2,682,307,192

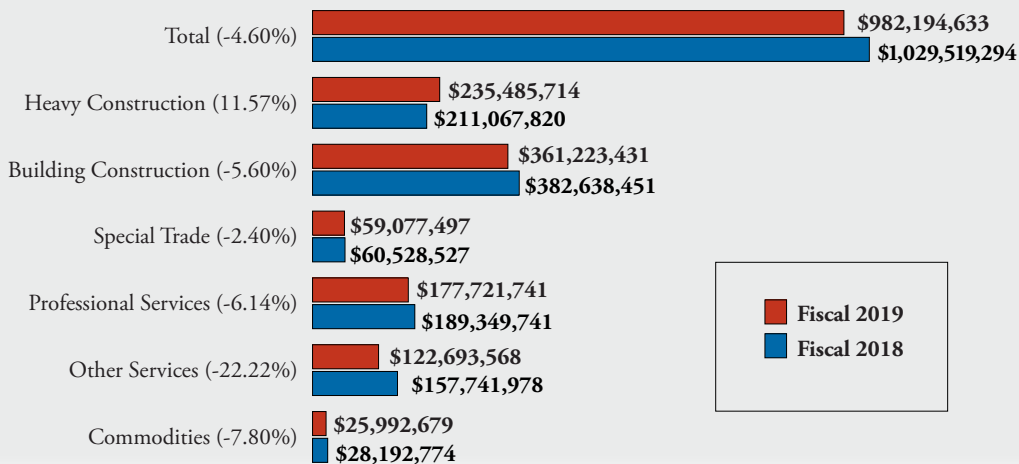
Who Receives HUB Awards?

Businesses owned by Anglo women received 45.79 percent of the state awards with HUBs in fiscal 2019 Hispanic American-owned businesses came in second at 32.28 percent.



Subcontracting

The following chart compares subcontracting spending with HUBs for fiscal 2019 and 2018:



Note: The number of awards reflected in the table above are those made to Vendor ID Numbers eligible for HUB credit. Similarly, the percentages reflected in the pie chart above are based on the number of Vendor ID Numbers eligible for HUB credit.

*The "Woman" category does not include women who are Service-Disabled Veterans or of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.

**The "Service-Disabled Veteran" category does not include women or individuals who are of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.

Source: Texas Comptroller of Public Accounts.

Business Categories

From fiscal 2018 to fiscal 2019, state spending with HUBs increased in three business categories. The increases were 0.78 percent for heavy construction, 0.35 percent for building construction, and 1.24 percent for commodities industries. Decreases in spending occurred in three categories: 1.11 percent for special trade, 1.8 percent for professional services, and 0.2 percent for other services.

Fiscal 2019

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$6,472,170,520	\$390,877,742	6.04%
Building Construction	21.10%	\$2,481,473,373	\$451,147,184	18.18%
Special Trade	32.90%	\$866,662,299	\$198,085,333	22.86%
Professional Services	23.70%	\$1,271,742,338	\$362,971,229	28.54%
Other Services	26.00%	\$4,555,348,858	\$653,776,939	14.35%
Commodities	21.10%	\$5,376,314,397	\$627,575,758	11.67%
TOTAL**		\$21,023,711,787	\$2,684,434,187	12.77%

Fiscal 2019 Statewide HUB Subcontracting Expenditures: \$982,194,633

Fiscal 2018

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$6,130,813,815	\$387,871,467	6.33%
Building Construction	21.10%	\$2,684,579,011	\$449,573,277	16.75%
Special Trade	32.90%	\$765,405,553	\$200,301,273	26.17%
Professional Services	23.70%	\$1,108,634,928	\$369,619,518	33.34%
Other Services	26.00%	\$4,810,368,102	\$655,069,017	13.62%
Commodities	21.10%	\$5,005,401,403	\$619,872,640	12.38%
TOTAL**		\$20,505,202,813	\$2,682,307,194	13.08%

Fiscal 2018 Statewide HUB Subcontracting Expenditures: \$1,029,519,294

Fiscal 2017

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$6,860,140,547	\$364,471,113	5.31%
Building Construction	21.10%	\$2,046,897,725	\$384,135,898	18.77%
Special Trade	32.90%	\$773,138,784	\$177,389,708	22.94%
Professional Services	23.70%	\$1,022,953,287	\$264,879,500	25.89%
Other Services	26.00%	\$4,608,825,330	\$652,071,559	14.15%
Commodities	21.10%	\$4,957,196,486	\$583,804,174	11.78%
TOTAL**		\$18,898,542,734	\$2,135,516,671	11.30%

Fiscal 2017 Statewide HUB Subcontracting Expenditures: \$892,691,686

* For HUB reporting purposes, expenditures with all HUBs certified at any time during the current fiscal year are counted toward annual HUB procurement usage goals.

** Slight differences in some totals are due to rounding.

Source: Texas Comptroller of Public Accounts.

Spending on Statewide Term Contracts

Term contracts are developed to consolidate the needs of multiple agencies, providing a simpler purchasing process for commonly used items and yielding lower prices through higher-volume purchases.

During fiscal 2019, the state spent 7.41 percent more (about \$42.4 million) through term contracts than in fiscal 2018. Total state spending with HUBs through term contracts declined by approximately 33.8 percent (a decrease of \$3.7 million) during that period.

Fiscal 2019

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$4,491	\$0	0.00%
Building Construction	21.10%	\$98,910	\$38,665	39.09%
Special Trade	32.90%	\$222,549	\$7,212	3.24%
Professional Services	23.70%	\$1,954,694	\$19,082	0.98%
Other Services	26.00%	\$23,387,670	\$575,466	2.46%
Commodities	21.10%	\$546,922,375	\$6,616,175	1.21%
TOTAL**		\$572,590,689	\$7,256,600	1.27%

Fiscal 2018

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$112	\$0	0.00%
Building Construction	21.10%	\$3,933,642	\$14,613	0.37%
Special Trade	32.90%	\$323,127	\$453	0.14%
Professional Services	23.70%	\$1,830,194	\$4,246	0.23%
Other Services	26.00%	\$12,166,791	\$408,924	3.36%
Commodities	21.10%	\$511,924,822	\$10,537,437	2.06%
TOTAL**		\$530,178,688	\$10,965,673	2.07%

Fiscal 2017

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$9,831	\$0	0.00%
Building Construction	21.10%	\$506,411	\$17,009	3.36%
Special Trade	32.90%	\$1,101,408	\$122,751	11.14%
Professional Services	23.70%	\$1,812,822	\$23,508	1.30%
Other Services	26.00%	\$19,589,432	\$1,330,334	6.79%
Commodities	21.10%	\$588,545,067	\$21,305,788	3.62%
TOTAL**		\$611,564,971	\$22,799,390	3.73%

* For HUB reporting purposes, expenditures with all HUBs certified at any time during the current fiscal year are counted toward annual HUB procurement usage goals.

** Slight differences in some totals are due to rounding.

Source: Texas Comptroller of Public Accounts.

Spending on Statewide Group Purchasing

Group purchasing allows institutions of higher education to coordinate their purchases to maximize their purchasing power.

During fiscal 2019, state spending through group purchasing rose by approximately 107.35 percent (\$171.1 million) compared with fiscal 2018. State spending with HUBs through group purchasing increased by 145.15 percentage (approximately \$47.8 million).

Fiscal 2019

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$16,066,445	\$9,538,623	59.37%
Special Trade	32.90%	\$52,669,878	\$3,475,137	6.60%
Professional Services	23.70%	\$17,098,064	\$361,075	2.11%
Other Services	26.00%	\$36,178,790	\$3,542,614	9.79%
Commodities	21.10%	\$208,516,589	\$63,946,751	30.67%
TOTAL**		\$330,529,766	\$80,864,200	24.47%

Fiscal 2018

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$7,815,056	\$2,437,449	31.19%
Special Trade	32.90%	\$11,896,162	\$1,012,636	8.51%
Professional Services	23.70%	\$6,007,440	\$918,164	15.28%
Other Services	26.00%	\$16,286,709	\$2,907,748	17.85%
Commodities	21.10%	\$117,398,379	\$25,709,604	21.90%
TOTAL**		\$159,403,746	\$32,985,601	20.69%

Fiscal 2017

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$7,643,965	\$4,482,811	58.65%
Special Trade	32.90%	\$4,039,734	\$151,818	3.76%
Professional Services	23.70%	\$1,429,985	\$666	0.05%
Other Services	26.00%	\$17,140,994	\$6,350,566	37.05%
Commodities	21.10%	\$70,267,993	\$8,324,204	11.85%
TOTAL**		\$100,522,671	\$19,310,065	19.21%

* For HUB reporting purposes, expenditures with all HUBs certified at any time during the current fiscal year are counted toward annual HUB procurement usage goals.

** Slight differences in some totals are due to rounding.

Source: Texas Comptroller of Public Accounts.

State agencies and higher education institutions are responsible for the accuracy of their self-reported data and are required to confirm that they have reported correct information to the Comptroller's Statewide Procurement Division before the division finalizes its semi-annual and annual HUB reports.