

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 Office of the Comptroller of Public Accounts.

During the first six months of fiscal 2019, Texas had 14,449 certified HUBs. About 24 percent of them participated in state contracts as prime contractors or subcontractors, collectively receiving more than 12 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 these searches, they contact vendors directly by mail, fax, email or telephone with invitations for bids. At the end of the first half of fiscal 2019, about 24 percent of the state's certified HUBs were registered with the CMBL.

The state's overall spending through term contract purchases during the first half of fiscal 2019 totaled nearly \$4.5 million more than in the same period of the previous fiscal year. However, the share of dollars that HUBs received as a result of term contract purchases fell from 2.91 percent to 1.54 percent.

The state's overall spending through group purchases for the first half of fiscal 2019 rose by approximately 77 percent from the same period in the previous fiscal year, from \$113.7 million to about \$201.4 million. Total group-purchasing dollars spent with HUBs fell by more than 4 percent.

This report summarizes current HUB status and spending trends.

Total Statewide Expenditures

The state's total spending in the first six months of fiscal 2019 fell by more than \$403 million (or 3.94 percent) compared with the same period during the previous fiscal year, while the share of statewide expenditures to HUBs increased from 11.93 percent to 12.59 percent.

Fiscal Year	Total Statewide Expenditures	Total HUB Expenditures	HUB Share
Fiscal 2019 – Semi-annual	\$9,837,113,880	\$1,238,316,639	12.59%
Fiscal 2018 – Semi-annual	\$10,240,167,499	\$1,221,140,628	11.93%
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 – Semi-annual			Fiscal 2018 – Semi-annual		
	Number of Certified HUBs	Males	Females	Number of Certified HUBs	Males	Females
Asian-Pacific American	1,138	768	370	1,140	771	369
Black American	3,352	1,963	1,389	3,289	1,946	1,343
Hispanic American	4,579	3,217	1,362	4,705	3,334	1,371
Native American	265	193	72	291	210	81
Woman*	4,992	0	4,992	5,272	0	5,272
Service-disabled Veteran**	173	173	0	145	145	0
TOTAL	14,499	6,314	8,185	14,842	6,406	8,436

* The "Woman" category does not include women who are service-disabled veterans or of Asian-Pacific American, Black American, Hispanic American or Native American ethnicities.

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

Source: Texas Comptroller of Public Accounts

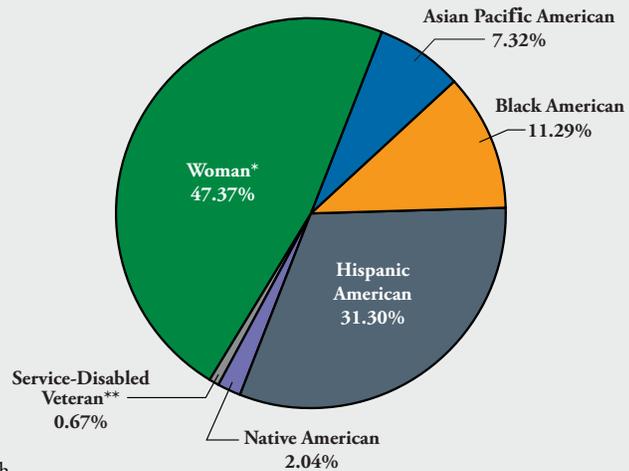
Expenditures with HUB Groups

Between the first half of fiscal 2018 and the first half of fiscal 2019, state spending with HUBs owned by Black Americans, Hispanic Americans and service-disabled veterans increased by 10.46 percent, 8.63 percent and 75.47 percent, respectively. State spending with HUBs owned by Asian-Pacific Americans, Native Americans and women declined by 8.80 percent, 16.71 percent and 2.57 percent, respectively. The overall share of money going to HUBs rose by 1.41 percent (approximately \$17.2 million).

Eligible HUB Groups	Fiscal 2019 – Semi-annual		Fiscal 2018 – Semi-annual	
	Number of Awards	Total HUB Expenditures	Number of Awards	Total HUB Expenditures
Asian-Pacific American	251	\$159,991,492	238	\$175,431,780
Black American	387	\$148,345,831	374	\$134,298,827
Hispanic American	1,073	\$409,941,021	1,114	\$377,358,957
Native American	70	\$20,621,464	78	\$24,759,167
Woman*	1,624	\$492,169,438	1,712	\$505,161,712
Service-disabled Veteran**	23	\$7,247,391	25	\$4,130,183
TOTAL	3,428	\$1,238,316,637	3,541	\$1,221,140,628

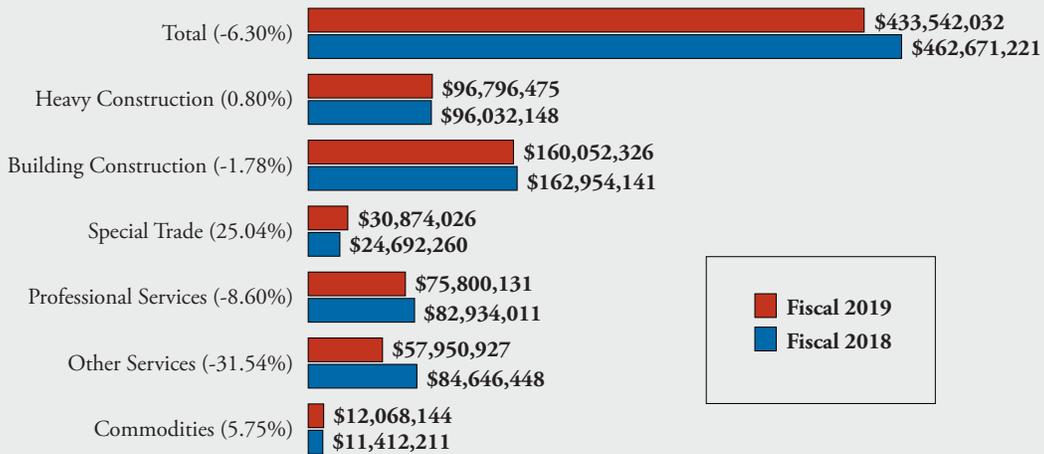
Who Receives HUB Expenditures?

Businesses owned by Anglo women received more than 47.37 percent of the state expenditures made with HUBs in the first six months of fiscal 2019.



Subcontracting

The following chart compares subcontracting spending with HUBs for the first six months of fiscal 2018 and 2019.



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 or 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 the first half of fiscal 2018 to the first half of fiscal 2019, state spending with HUBs increased in all business categories except heavy construction and other services. The increases were 3.61 percent for building construction, 9.80 percent for special trades, 5.49 percent for professional services and 4.39 percent for commodities industries. Heavy construction and other services declined by 7.72 percent and 1.69 percent, respectively.

Fiscal 2019 – Semi-annual***

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Share
Heavy Construction	11.20%	\$2,785,419,230	\$167,121,104	6.00%
Building Construction	21.10%	\$1,168,526,901	\$199,419,435	17.07%
Special Trades	32.90%	\$460,202,804	\$94,871,186	20.62%
Professional Services	23.70%	\$613,084,321	\$167,939,597	27.39%
Other Services	26.00%	\$2,269,201,777	\$314,511,652	13.86%
Commodities	21.10%	\$2,540,678,844	\$294,453,662	11.59%
TOTAL**		\$9,837,113,880	\$1,238,316,639	12.59%

Fiscal 2019 Semi-annual Statewide HUB Subcontracting Expenditures: \$433,542,032

Fiscal 2018 – Semi-annual***

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Share
Heavy Construction	11.20%	\$3,051,687,358	\$181,097,934	5.93%
Building Construction	21.10%	\$1,638,397,807	\$192,462,192	11.75%
Special Trades	32.90%	\$363,073,982	\$86,400,289	23.80%
Professional Services	23.70%	\$533,855,383	\$159,198,267	29.82%
Other Services	26.00%	\$2,266,104,013	\$319,907,021	14.12%
Commodities	21.10%	\$2,387,048,953	\$282,074,923	11.82%
TOTAL**		\$10,240,167,496	\$1,221,140,628	11.93%

Fiscal 2018 Semi-annual Statewide HUB Subcontracting Expenditures: \$462,671,221

Fiscal 2018

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Share
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 Trades	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 Annual Statewide HUB Subcontracting Expenditures: \$1,029,519,294

Fiscal 2017

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Share
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 Trades	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**		\$20,269,152,162	\$2,426,751,956	11.97%

Fiscal 2017 Annual 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.

*** Total for first six months of fiscal year.

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 the first six months of fiscal 2019, the state spent 1.79 percent more (nearly \$4.5 million) through term contracts than in the first half of fiscal 2018. Total state spending with HUBs through term contracts declined by approximately 46.19 percent (less than \$7.3 million) during the same periods between fiscal 2018 and fiscal 2019.

Fiscal 2019 – Semi-annual***

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Share
Heavy Construction	11.20%	\$3,078	\$0	0.00%
Building Construction	21.10%	\$63,823	\$38,665	60.58%
Special Trades	32.90%	\$133,458	\$0	0.00%
Professional Services	23.70%	\$1,176,886	\$28,668	2.44%
Other Services	26.00%	\$10,791,452	\$600,836	5.57%
Commodities	21.10%	\$242,470,188	\$3,250,725	1.34%
TOTAL**		\$254,638,885	\$3,918,894	1.54%

Fiscal 2018 – Semi-annual***

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Share
Heavy Construction	11.20%	\$2,814	\$2,750	97.73%
Building Construction	21.10%	\$2,549,853	\$11,499	0.45%
Special Trades	32.90%	\$78,634	\$453	0.58%
Professional Services	23.70%	\$886,992	\$4,246	0.48%
Other Services	26.00%	\$8,064,729	\$304,751	3.78%
Commodities	21.10%	\$238,582,683	\$6,958,691	2.92%
TOTAL**		\$250,165,705	\$7,282,390	2.91%

Fiscal 2018

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Share
Heavy Construction	11.20%	\$112	\$0	0.00%
Building Construction	21.10%	\$3,933,642	\$14,613	0.37%
Special Trades	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 Share
Heavy Construction	11.20%	\$9,831	\$0	0.00%
Building Construction	21.10%	\$506,411	\$17,009	3.36%
Special Trades	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.

*** Total for first six months of fiscal year.

Source: Texas Comptroller of Public Accounts

Spending on Statewide Group Purchasing

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

During the first half of fiscal 2019, state spending through group purchasing rose by approximately \$87.7 million compared with the first half of fiscal 2018. State spending with HUBs through group purchasing fell by 4.21 percent (approximately \$1.7 million).

Fiscal 2019 – Semi-annual***

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Share
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$5,261,015	\$3,342,580	63.53%
Special Trades	32.90%	\$31,961,589	\$894,716	2.80%
Professional Services	23.70%	\$10,267,825	\$19,837	0.19%
Other Services	26.00%	\$27,310,237	\$2,676,297	9.80%
Commodities	21.10%	\$126,629,902	\$32,038,457	25.30%
TOTAL**		\$201,430,568	\$38,971,887	19.35%

Fiscal 2018 – Semi-annual***

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Share
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$3,015,460	\$749,629	24.86%
Special Trades	32.90%	\$8,728,216	\$459,521	5.26%
Professional Services	23.70%	\$1,755,914	\$441,759	25.16%
Other Services	26.00%	\$12,064,041	\$5,653,201	46.86%
Commodities	21.10%	\$88,172,043	\$33,379,974	37.86%
TOTAL**		\$113,735,674	\$40,684,084	35.77%

Fiscal 2018

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Share
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$7,815,056	\$2,437,449	31.19%
Special Trades	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 Share
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$7,643,965	\$4,482,811	58.65%
Special Trades	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	\$6,360,566	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.

*** Total for first six months of fiscal year.

Source: Texas Comptroller of Public Accounts

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