



June/July 2018

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## Women in the Texas Workforce

By Brian Wellborn



Left to right: Susan M. Distefano, CEO of Children's Memorial Hermann Hospital; Mary Kipp, president and CEO of El Paso Electric; and Brig. Gen. Heather L. Pringle, U.S. Air Force

### STATE ECONOMY DEPENDS ON WOMEN'S SUCCESS

Women play a critical role in the Texas economy. Their earnings represent an increasingly significant portion of household income, while their entrepreneurial efforts support hundreds of thousands of Texas workers.

On International Women's Day, March 8, Texas Comptroller Glenn Hegar announced he was hitting the road again for another *Good for Texas* tour, this one focused on working women and their contributions to the Texas economy.

"A financially secure Texas depends on financially successful women," Hegar says. "From the factory floor to the boardroom, from retail trade to manufacturing, women make up nearly half of all working Texans. And more women than ever are leading a diverse range of enterprises."

The first tour stop was in Houston, where Comptroller Hegar met with Susan M. Distefano, chief executive officer of Children's Memorial Hermann Hospital and a strong advocate of women in leadership positions.

"Why would you leave 50 percent of your opportunity, 50 percent of your intellect?" Distefano says. "Why would you not tap into that? I say most companies want to perform well, and that means bringing all the intellectual capital to the table."

During the tour, Hegar is sharing the results of a study the Comptroller's office recently completed examining the economic impact of Texas women. He's touring facilities and meeting with women across the state who hold leadership roles in a variety of economic sectors.

"The focus of this tour is to highlight the profound impact Texas women have on the health of the state economy," Hegar says. "I hope it also will emphasize the importance of ensuring women have equal access to advancement in the workplace."

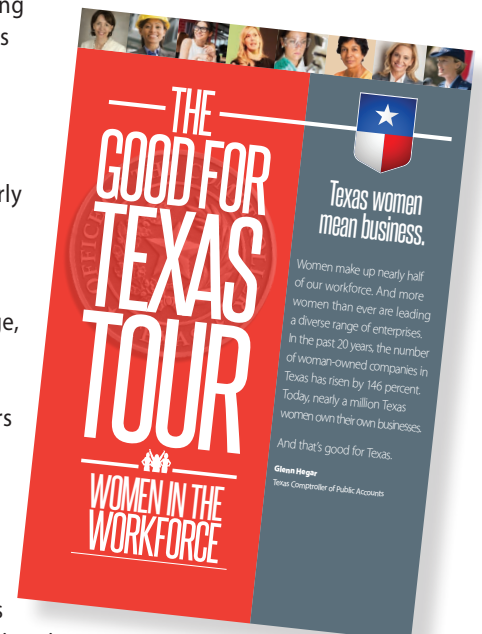
#### THE BIG PICTURE

In 2017, women held nearly half of the state's 12.4 million jobs (**Exhibit 1**). The Comptroller's office estimates that, on average, every dollar women earn supports \$2.05 in compensation for workers throughout the state economy.

Texas' economy would see even greater returns from women in the workforce if women's access to high-level positions increases and barriers to female entrepreneurship are eliminated, Hegar says.

Three of the state's most female-dominated major occupational categories, for instance — health care support, personal care and service and office and administrative support — are also among the

CONTINUED ON PAGE 3



# A Message from the Comptroller

Since I became comptroller, I've embarked on several *Good for Texas* tours, meeting with folks around our state to highlight various aspects of our fast-growing economy. Our latest tour focuses on the enormous contributions made by Texas



working women. In this issue of *Fiscal Notes*, we're profiling the results of a study we completed for this tour, one that shows just how big those contributions are to a number of key industries and the state as a whole.

Women hold nearly half of the jobs in Texas, and the work they do and the money they earn ripples throughout the state economy. We estimate that every dollar they earn supports \$2.05 in wages for Texans throughout the state.

But they're not just workers, they're entrepreneurs and, increasingly, corporate leaders. In the last 20 years, Texas women have started businesses at a greater rate than in the nation as a whole, and today they own nearly a million Texas businesses, despite hurdles such as difficulties in finding startup capital. It's an interesting and important story.

We also look at the state contracting process, the tens of thousands of agreements the state uses to turn taxpayer dollars into a huge variety of public services. As of last December, state government was managing contracts worth more than \$250 billion. In recent years, some high-profile failures in this process have spurred the Legislature to make important reforms, including increased oversight by my agency's Statewide Procurement Division.

As always, I hope you enjoy this issue!

**GLENN HEGAR**

Texas Comptroller of Public Accounts

## TEXAS WOMEN IN TRADE, TRANSPORTATION AND UTILITIES

The trade, transportation and utilities industry sells merchandise at wholesale and retail, transports passengers and cargo and provides utility services. In 2016, these sectors contributed \$317.3 billion to Texas' GDP. Women account for 40 percent of the state's 2.4 million jobs in this industry.

THIS INDUSTRY CONTRIBUTED

# \$317.3 BILLION

to state GDP in 2016.

JOBS HELD BY TEXAS WOMEN IN THIS INDUSTRY

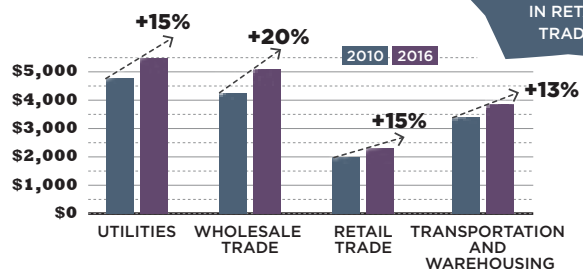
# 985,000

These jobs generate additional business activities that ultimately support nearly 1.8 million jobs in other industries of the Texas economy.

TEXAS HAS A HIGHER SHARE OF WOMEN WORKING IN TRANSPORTATION AND WAREHOUSING AND UTILITIES THAN IN THE NATION AS A WHOLE.

	2017		WOMEN EMPLOYED	WOMEN'S SHARE OF TOTAL JOBS
	TOTAL JOBS	AVG. ANNUAL EARNINGS PER JOB		
TRADE, TRANSPORTATION AND UTILITIES	2,433,195	\$59,151	984,953	40%
Utilities	49,965	\$147,695	13,312	27%
Wholesale Trade	581,902	\$91,532	174,618	30%
Retail Trade	1,326,367	\$36,603	662,735	50%
Transportation and Warehousing	474,961	\$73,131	134,287	28%

AVERAGE MONTHLY EARNINGS OF WOMEN



67% OF WOMEN IN TRADE, TRANSPORTATION AND UTILITIES WORK IN RETAIL TRADE.

## CONCLUSION

Texas women working in trade, transportation and utilities generate additional business activities that ultimately support about 1.8 million jobs in other industries throughout the state economy. Texas has a higher concentration of women working in the industry than in the nation.

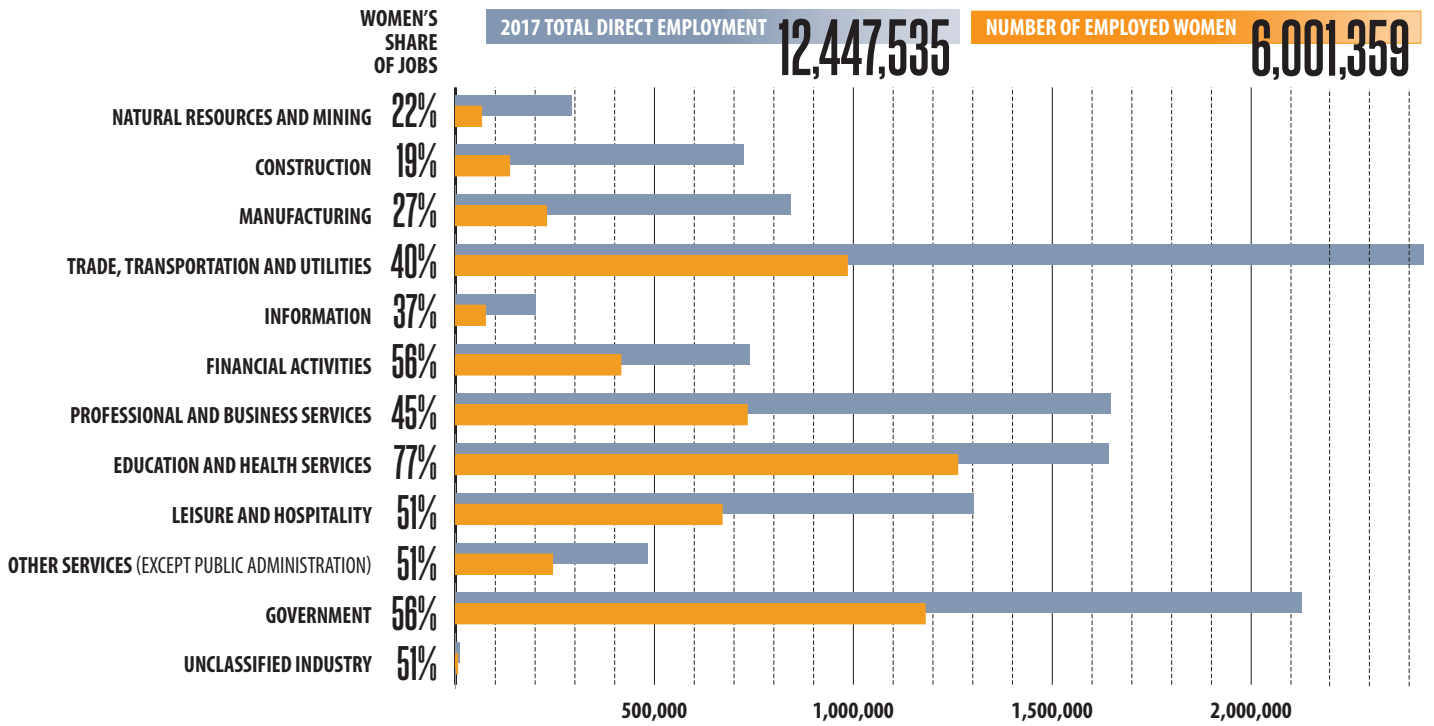
To see more in-depth data on women in the workforce, visit:

[comptroller.texas.gov/economy/economic-data/women/](http://comptroller.texas.gov/economy/economic-data/women/)

If you would like to receive paper copies of *Fiscal Notes*, contact us at [fiscal.notes@cpa.texas.gov](mailto:fiscal.notes@cpa.texas.gov)

## EXHIBIT 1

### TEXAS WOMEN: EMPLOYMENT BY INDUSTRIAL SECTOR, 2017



Source: Emsi

state's lowest-paid (**Exhibit 2**). These three categories accounted for more than 48 percent of all women employed in Texas in 2017.

Women are scarcer at the other end of the economic scale, accounting for just 26 percent of jobs in computer and mathematical occupations and 15 percent of architecture and engineering jobs, categories that paid average hourly earnings of \$41.59 and \$44.52, respectively, in 2017. Women hold fewer than a third (27.8 percent) of all top-level executive positions in the state and just 22.6 percent of chief executive positions.

The number of businesses owned by Texas women rose by 146 percent in the last 20 years, outpacing growth at the national level. Today, they own nearly 939,000 businesses. While many of these are one-person companies, women-owned businesses also employ more than 808,000 Texans other than their owners. In all, companies owned by Texas women generated about \$134.2 million in sales in 2017.

**57.7 PERCENT OF WOMEN 16 YEARS OLD OR OLDER ARE EITHER EMPLOYED OR LOOKING FOR WORK.**

Source: U.S. Census Bureau

Yet female entrepreneurs continue to face a variety of challenges, including a lack of access to capital. A recent report by the National Women's Business Council found that women start their businesses with an average of \$75,000 in capital — about 56 percent of that available to male business owners (\$135,000).

## EXHIBIT 2

### MOST WOMEN-DOMINATED OCCUPATIONAL CATEGORIES IN TEXAS, 2017

Occupational Category	2017 Total Jobs	Avg. Hourly Earnings Per Job*	2017 Women's Jobs	Women's Share of Jobs
Health Care Support	327,070	\$13.85	279,947	85.6%
Personal Care and Service	462,497	\$10.64	354,505	76.7%
Office and Administrative Support	2,104,088	\$17.50	1,550,032	73.7%
Education, Training and Library	749,588	\$23.66	550,690	73.5%
Health Care Practitioners and Technical	656,877	\$36.25	480,916	73.2%

\*Based on total jobs for each occupation, including both genders.

Source: Emsi

# Women in the Texas Workforce

The latest *Good for Texas* tour reflects the many contributions of women in Texas' various industries. Following are some highlights:

## WOMEN IN TRADE, TRANSPORTATION AND UTILITIES

The *trade, transportation and utilities sector* includes businesses that sell wholesale and retail merchandise, transport passengers, move and store cargo and provide utility services. In 2016, trade, transportation and utilities contributed \$317.3 billion to Texas' gross state product (GSP).

TEXAS WOMEN WORKING IN UTILITIES EARNED AN AVERAGE OF \$5,483 MONTHLY IN 2016.

Source: U.S. Census Bureau

The Comptroller's office estimates that Texas women held nearly 985,000 jobs in trade, transportation and utilities in 2017, or about 40 percent of all Texas jobs in this sector (**Exhibit 3**). Those jobs generate additional business activities that ultimately support about 1.8 million more jobs in other industries within the Texas economy.

From 2010 to 2016, the average monthly earnings of Texas women rose in all four subsectors of this sector. Those working in wholesale trade saw their earnings increase the most during the period, by 20 percent.

When all forms of compensation, including benefits, are considered, utilities represent the highest-paying subsector in this industry by far, and women working in utilities had the highest average monthly wages in 2016, at \$5,483. Texas women working in retail trade, wholesale trade and transportation and warehousing earned an average of \$2,294, \$5,090 and \$3,867 per month, respectively.

EXHIBIT 3

### TEXAS EMPLOYMENT IN TRADE, TRANSPORTATION AND UTILITIES, 2017

	2017 TOTAL JOBS	AVG. ANNUAL EARNINGS PER JOB*	2017 WOMEN'S JOBS	WOMEN'S SHARE OF JOBS
<b>TOTAL TRADE, TRANSPORTATION AND UTILITIES</b>	<b>2,433,195</b>	<b>\$59,151</b>	<b>984,953</b>	<b>40%</b>
Utilities	49,965	\$147,695	13,312	27%
Wholesale Trade	581,902	\$91,532	174,618	30%
Retail Trade	1,326,367	\$36,603	662,735	50%
Transportation and Warehousing	474,961	\$73,131	134,287	28%

\*Based on total jobs in the industry including both genders. Earnings include salaries, wages, benefits and other compensation.

Source: Emsi

## WOMEN IN GOVERNMENT

The *government sector* regulates certain industries and provides citizens with services in areas including the military, health care, education, transportation, environmental protection and more. The sector contributed \$175 billion to Texas' GSP.

A HIGHER SHARE OF TEXAS WOMEN WORK IN GOVERNMENT THAN IN THE NATION AS A WHOLE.

Source: Emsi

Women account for more than half of Texas' 2.1 million government jobs (**Exhibit 4**). They generate additional business activities that support about 2.2 million other Texas jobs.

Twenty percent of all jobs held by Texas women are in the government sector. At the state and local levels, women represent a majority of all workers; only the federal government's workforce in Texas is predominately male, due in part to Texas' large concentration of military personnel. Unsurprisingly, given the large numbers of women working in public schools, about three-fourths of all women in local government work in education.

Texas women working in government earned a monthly average of \$3,568 in 2016, 15 percent more than in 2010.

ABOUT THREE-FOURTHS OF ALL TEXAS WOMEN IN LOCAL GOVERNMENT WORK IN EDUCATION.

Source: Emsi

## WOMEN IN EDUCATION AND HEALTH SERVICES

The education and health services industry is a "supersector" comprising two major economic sectors — *educational services* and *health care and social assistance*.

These educational services consist mostly of private schools and universities and individuals offering specialized instruction and training; they do *not* include public schools or institutions of higher education, which fall in the government sector. Similarly, those employed in health care and social assistance typically work for private hospitals, nursing homes and residential

EXHIBIT 4

### TEXAS EMPLOYMENT IN GOVERNMENT, 2017

	2017 TOTAL JOBS	AVG. ANNUAL EARNINGS PER JOB*	2017 WOMEN'S JOBS	WOMEN'S SHARE OF JOBS
<b>TOTAL GOVERNMENT</b>	<b>2,126,331</b>	<b>\$67,139</b>	<b>1,180,615</b>	<b>56%</b>
Federal Government	378,875	\$82,045	112,055	30%
State Government	410,895	\$70,442	218,511	53%
Local Government	1,336,562	\$61,898	850,049	64%

\*Based on total jobs for each occupation, including both genders. Earnings include salaries, wages, benefits and other compensation.

Source: Emsi

care facilities, and for nonprofits providing various social services.

Women represent more than three-quarters of Texans employed in education and health services (**Exhibit 5**). The supersector includes multiple subsectors and individual industry groups, and all but one is dominated by women. In 2017, only private trade

school employees were predominately male, and even then, the margin was narrow, with women filling 47 percent of Texas jobs. By contrast, for instance, virtually *all* privately employed Texas preschool and kindergarten teachers (97.2 percent) were women. In 2016, education and health services contributed \$104.8 billion to Texas' GSP.

In 2017, women held 77 percent or 1.3 million of the state's 1.6 million jobs in the supersector — the highest share of female employment among all sectors in Texas. These women's business activities support nearly 1.2 million additional Texas jobs.

### WOMEN IN PROFESSIONAL AND BUSINESS SERVICES

The professional and business services industry, another supersector, comprises three sectors — *professional, scientific and technical services; management of companies and enterprises; and administrative and support and waste management and remediation services*. Management of companies and enterprises has the largest share of jobs in the industry, at 48 percent, while professional, scientific and technical services have seen the most growth in recent years, adding 165,000 jobs between 2010 and 2016.

In 2016, professional and business services contributed \$179.4 billion to Texas' economy. Women accounted for 45 percent or 733,000 of the state's 1.6 million jobs in this industry in 2017 (**Exhibit 6**).

EXHIBIT 5

#### TEXAS EMPLOYMENT IN EDUCATION AND HEALTH SERVICES, 2017

	2017 TOTAL JOBS	AVG. ANNUAL EARNINGS PER JOB*	2017 WOMEN'S JOBS	WOMEN'S SHARE OF JOBS
<b>TOTAL EDUCATION AND HEALTH SERVICES</b>	<b>1,642,459</b>	<b>\$56,068</b>	<b>1,262,283</b>	<b>77%</b>
Educational Services	203,684	\$50,580	130,449	64%
Health Care and Social Assistance	1,438,775	\$56,844	1,131,834	79%

\*Based on total jobs for each occupation, including both genders. Earnings include salaries, wages, benefits and other compensation.

Source: Emsi

IN 2017, TEXAS WOMEN HELD MORE THAN THREE-QUARTERS OF ALL JOBS IN EDUCATION AND HEALTH SERVICES.

Source: Emsi

Among the sectors, women had near-equal participation rates with men, ranging from 44 to 48 percent. Women represented more than 60 percent of Texas positions in two of the highest-paying subsectors within professional, scientific and technical services — *legal services, accounting, tax preparation, bookkeeping and payroll* and *other professional, scientific and technical services*. Within the management of companies sector, Texas women accounted for 60 percent of accounting and auditing positions.

IN PROFESSIONAL AND BUSINESS SERVICES, WOMEN HAVE NEAR-EQUAL PARTICIPATION RATES WITH MEN.

Sources: Emsi and Texas Comptroller of Public Accounts

### WOMEN IN NATURAL RESOURCES AND MINING

The *natural resources and mining sector* comprises two distinct subsectors: workers in the agriculture, forestry, fishing and hunting subsector grow crops, raise animals and harvest timber and fish. Those in the other subsector, mining, quarrying and oil and gas extraction, extract naturally occurring minerals and gases. In Texas, as one might expect, oil and gas extraction and its support activities account for nearly all of the job count.

In 2016, natural resources and mining contributed \$122.6 billion to Texas' economy.

This sector currently employs relatively few women; in 2017, they held more than 65,000 jobs in natural resources and mining, or just 22 percent of the state total (**Exhibit 7**). Those jobs, however, generate additional business activities that ultimately support about 73,000 other jobs in other Texas industries.

TEXAS WOMEN MAKE UP 22 PERCENT OF NATURAL RESOURCES AND MINING EMPLOYMENT.

Source: Emsi

EXHIBIT 6

#### TEXAS EMPLOYMENT IN PROFESSIONAL AND BUSINESS SERVICES, 2017

	2017 TOTAL JOBS	AVG. ANNUAL EARNINGS PER JOB*	2017 WOMEN'S JOBS	WOMEN'S SHARE OF JOBS
<b>TOTAL PROFESSIONAL AND BUSINESS SERVICES</b>	<b>1,647,002</b>	<b>\$81,002</b>	<b>733,326</b>	<b>45%</b>
Professional, Scientific and Technical Services	734,955	\$103,858	324,574	44%
Management of Companies and Enterprises	123,761	\$147,971	59,577	48%
Administrative and Support and Waste Management and Remediation Services	788,286	\$49,178	349,176	44%

\*Based on total jobs for each occupation, including both genders. Earnings include salaries, wages, benefits and other compensation.

Source: Emsi

# Women in the Texas Workforce

## EXHIBIT 7

### TEXAS EMPLOYMENT IN NATURAL RESOURCES AND MINING, 2017

TOTAL NATURAL RESOURCES AND MINING	2017 TOTAL JOBS	AVG. ANNUAL EARNINGS PER JOB*	2017 WOMEN'S JOBS	WOMEN'S SHARE OF JOBS
	292,301	\$122,645	65,452	22%
Agriculture, Forestry, Fishing and Hunting	78,563	\$37,208	21,269	27%
Mining, Quarrying and Oil and Gas Extraction	213,738	\$154,048	44,183	21%

\*Based on total jobs for each occupation, including both genders. Earnings include salaries, wages, benefits and other compensation.

Source: Emsi

Texas women working in mining, quarrying and oil and gas extraction — the state's highest-paying subsector — saw their earnings increase by 19 percent between 2010 and 2016, reaching a monthly average of \$8,997. Those in the relatively small agriculture, forestry,

fishing and hunting subsector saw even bigger gains; a rise of 23 percent during the period brought their average monthly earnings to \$2,600.

### MOVING FORWARD

Women working across Texas have substantial and beneficial effects on all Texas jobs. Dozens of educational institutions and public-private alliances in our state are working to increase female participation in high-paying occupations, particularly the crucial science, technology, engineering and mathematics fields. Encouraging and expanding such efforts is essential both to the economic security of women and the broader economy of Texas. **FN**

WOMEN HOLD JUST 27.8 PERCENT OF JOBS IN TOP-LEVEL EXECUTIVE OCCUPATIONS.

Source: Emsi

To learn more about women's contributions to the Texas workforce and read about other Texas economic topics, visit our website at [comptroller.texas.gov/economy/economic-data](http://comptroller.texas.gov/economy/economic-data).



## TEXAS ABLE<sup>®</sup> PROGRAM IS OPEN FOR ENROLLMENT

Texans with disabilities now have a path towards a better future. It's called the Texas Achieving a Better Life Experience (Texas ABLE<sup>®</sup>) Program. Eligible Texans with disabilities and their families can now save for disability-related expenses in a tax-advantaged account without losing eligibility for certain public benefits such as Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) if requirements are met.

Go to [TexasABLE.org](http://TexasABLE.org) to learn more.

Questions? We are happy to help.

Call us at 844-489-2253 or email us at [customerservice@TexasABLE.org](mailto:customerservice@TexasABLE.org).

 **Glenn Hegar** Texas Comptroller of Public Accounts



Other than FDIC insurance for the Bank Savings Account Option, accounts are not insured or guaranteed and could lose money (including the principal invested). Before investing in the Program, investors should carefully consider the federal and state tax consequences, possible negative effects on eligibility for federal or state benefits, and possible Medicaid recapture, investment objectives, risks, administrative fees, service and other charges and expenses associated with the Program. The Program Disclosure Statement and Participation Agreement contains this and other information about the Program and may be obtained by visiting [www.TexasABLE.org](http://www.TexasABLE.org) or by calling 844-4TX-ABLE (844-489-2253). Investors should read the Program Disclosure Statement and Participation Agreement carefully before investing.

For comments or complaints, contact Prepaid Higher Education Tuition Program, Office of the Comptroller of Public Accounts, P.O. Box 13407, Austin, Texas 78711-3407, 512-936-2064.

# State Contracting

By Courtney King



## SPENDING — AND WATCHING — TAXPAYER DOLLARS

State government doesn't just serve and regulate the Texas business community; it's an important partner that relies on a wide variety of vendors to execute its many missions. In Texas, state agencies, public higher education institutions, local governments and other entities use contracts to purchase billions of dollars of goods and services from specialists and qualified suppliers.

The Legislative Budget Board's (LBB's) contract database lists more than 200 categories for these agreements. In December 2017, LBB reported Texas state

agencies and institutions of higher education were managing nearly 56,000 contracts with a total multi-year value of more than \$250 billion (**Exhibit 1**). Twenty-six of these contracts have a total value of more than \$1 billion each.

Complex and expensive contracts are essential to the state's operations, but they also represent significant risks that require careful management to achieve the best value possible for agencies and the taxpayers they serve.

### A (PARTLY) CENTRALIZED SYSTEM

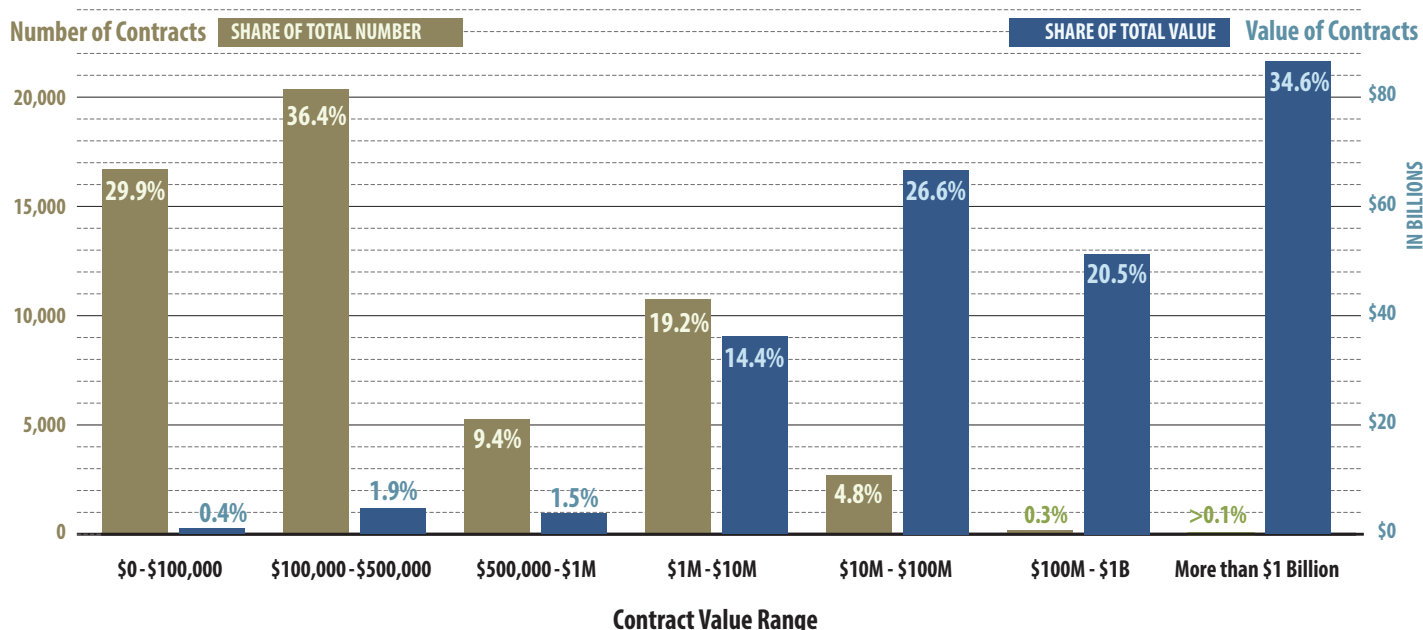
A 2016 Comptroller study of Texas' purchasing system found that the majority of state purchasing is conducted by individual state agencies through single-use contracts.

To help streamline the purchasing function, however, two state agencies with centralized procurement functions establish and manage *statewide contracts*, standing contracts between the state and vendors for common commodities and services that are available to any state agency that needs them. Statewide contracts help reduce duplicative contracting efforts, saving agencies time and money.

The Comptroller's Statewide Procurement Division (SPD) establishes and manages statewide contracts for all commodities and services other than information technology (IT). The Texas Department of

EXHIBIT 1

### CURRENT CONTRACTS WITH TEXAS STATE AGENCIES



Notes: Totals may not add due to rounding. All contract information self-reported by state agencies; LBB database was established on Sept. 1, 2015.

Source: Texas Legislative Budget Board

# State Contracting

Information Resources (DIR) has similar responsibilities for statewide contracts concerning IT commodities, telecommunications and data center services.

Under the Texas Administrative Code, if statewide term contracts are not available, individual agencies may make commodity purchases of less than \$50,000 and service purchases of less than \$100,000 on their own. For larger purchases, the agency must seek review and approval from SPD to make the purchase.

SPD and DIR, then, both act as statewide purchasing agents for many goods and services agencies require.

## OTHER PLAYERS

In addition to the Comptroller's office and DIR, several other state agencies have overarching contract-related responsibilities (**Exhibit 2**). LBB maintains a database of state agency contracts. The State Auditor's Office regularly audits agency compliance with purchasing laws and the state's contract management guide. The Office of the Governor reviews and approves consulting service contracts valued at \$15,000 or more.

Two multi-agency groups, both including representatives from SPD, DIR and other agencies, also play purchasing roles. The Contract Advisory Team (CAT), coordinated by SPD, reviews major contract solicitations prior to public posting, while the Quality Assurance Team

(QAT) has similar duties regarding IT-related contracts and projects.

## PROCUREMENT POLICY AND TRAINING

In addition to acting as a central agency for statewide contracting, SPD is the state's central authority on purchasing policy and professional training.

SPD publishes and periodically updates a statewide procurement policy guide all agencies must follow, *The State of Texas Procurement and Contract Management Guide* (CMG). The CMG provides procurement staff with recommendations on sound purchasing and contract management processes and practices, and identifies laws, rules and regulations agencies must follow, as required by the Texas Government Code.

According to research by the National Association of State Procurement Officials (NASPO), staffing purchasing and contracting roles has been a challenge in many states; in a recent survey, 40 percent of state procurement offices reported being understaffed

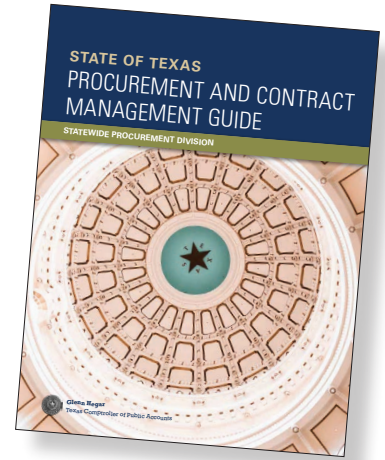


EXHIBIT 2

### TEXAS' CONTRACT OVERSIGHT SYSTEM

CONTRACT ADVISORY TEAM (CAT), WHICH INCLUDES ONE MEMBER OF:				QUALITY ASSURANCE TEAM (QAT), WHICH INCLUDES ONE MEMBER OF:	
	LEGISLATIVE BUDGET BOARD	OFFICE OF THE GOVERNOR	STATE AUDITOR'S OFFICE		
<ul style="list-style-type: none"> <li>Comptroller's office</li> <li>Department of Information Resources</li> <li>Health and Human Services Commission</li> <li>Office of the Governor</li> <li>Texas Facilities Commission</li> <li>Department of Public Safety</li> <li>Other agency members at the discretion of the chief procurement officer</li> </ul> <p>Reviews contract solicitations valued at \$5 million or more prior to public posting.</p>	<p>Reviews certain contracts to ensure compliance with laws and best practices.</p> <p>Maintains database of state agency contracts.</p>	<p>Required to review and approve consulting service contracts valued at \$15,000 or more.</p>	<p>Regularly audits compliance with procurement laws and contract management guide.</p>	<ul style="list-style-type: none"> <li>Legislative Budget Board</li> <li>State Auditor's Office</li> <li>Department of Information Resources</li> <li>Comptroller's office (NEW)</li> </ul> <p>Reviews and approves major information resources projects over \$10 million.</p> <p>Reviews and approves partially executed contracts associated with major information project contracts valued at \$10 million or more.</p> <p>Reviews and approves contract amendments if amendment increases value of the contract by 10 percent or more.</p>	

Source: Texas Comptroller of Public Accounts



compared to workload requirements. States are struggling to retain skills and institutional knowledge as experienced personnel retire or leave for private employment, making consistent standards and training for state purchasers all the more imperative.

SPD trains and certifies both new and experienced state purchasers and contract managers on the rules and best practices established in the CMG to further build and professionalize Texas' public procurement workforce.

In Texas, more than 4,000 state and local government purchasing and contracting personnel hold one or more professional designations, including Certified Texas Contract Developer (CTCD) and Certified Texas Contract Manager (CTCM).

### INCREASED COMPTROLLER OVERSIGHT

In recent years, some high-cost, high-profile state contracts in Texas and in states across the country have come under public criticism for budget overruns and delays. As a result, the Texas Legislature has examined contracting, purchasing and accounting practices closely, often resulting in reforms that encourage the adoption of newer techniques, greater attention on vendor performance and better tracking of contract execution.

In Texas, the state procurement system underwent sweeping changes following a series of laws in the 2015 and 2017 legislative sessions. Two bills in particular increased the Comptroller's role.

**Senate Bill (SB) 20**, approved in 2015, gave the Comptroller's office additional oversight responsibilities for contracting and established new ethics and reporting requirements for state contracts, including the disclosure of conflicts of interest. The legislation also required institutions of higher education to use contract processes established by the Comptroller's office and DIR for certain purchases.

In 2017, **SB 533** formally created the position of chief procurement officer of the state of Texas, to be designated by the comptroller; Jette Withers, director of SPD, has assumed this role. SB 533 also dropped the threshold for contract review by CAT from \$10 million to \$5 million, and, as noted in **Exhibit 2**, added a member of SPD to QAT, thereby expanding Comptroller oversight into IT matters.

### GRADING PERFORMANCE

State entities evaluate a variety of factors when selecting a vendor for a contract, including past performance. SPD helps the state procurement community identify exceptional vendors — and reduce risks inherent to the contract awarding process — by administering the state's Vendor Performance Tracking System (VPTS).

Before 2015, state entities were required to report on vendor performance for purchases of more than \$25,000 in the VPTS using a coded system which rated vendors as "exceptional," "satisfactory" or "unsatisfactory." SB 20 changed this scoring system to an A to F scale and added "best value" criteria to the grading system (**Exhibit 3**). State purchasing entities now are also required to determine and report whether the vendor satisfied a "best value standard," a measure of quality that often addresses the trade-off between cost and past performance.

While entities aren't required to grade or comment on long-term or multi-phase contracts until completion, SPD does encourage comments on an ongoing basis or after specific contract milestones.

State and local procurement professionals can access VPTS to review a vendor's performance history. The general public also can see reports based on VPTS results on the Comptroller's Texas SmartBuy website ([txsmartbuy.com/vpts](http://txsmartbuy.com/vpts)).



**JETTE WITHERS**

DIRECTOR, COMPTROLLER'S  
STATEWIDE PROCUREMENT  
DIVISION



### EXHIBIT 3

#### CURRENT VENDOR PERFORMANCE TRACKING SYSTEM GRADING SYSTEM

- A** The contractor complied with all specifications and evaluation criteria with complete customer satisfaction.
- B** The contractor complied with all specifications and evaluation criteria or quickly remedied any deficiencies with substantial customer satisfaction.
- C** The contractor complied with the specifications and evaluation criteria and substantially remedied a majority of the instances of noncompliance with adequate customer satisfaction.
- D** The contractor did not substantially comply with specifications and evaluation criteria and/or failed to remedy a majority of instances of noncompliance in accordance with the terms of the contract.
- F** The contractor did not comply with the specifications and evaluation criteria, was in substantial noncompliance and failed to remedy a majority of instances of noncompliance in accordance with the terms of the contract; or work was done so as to subject the contractor to exclusion from further government contracts.

Source: Texas Comptroller of Public Accounts

In 2017, SPD reports that almost 88 percent of state vendors received a rating of A or B (Exhibit 4). Vendor response to the grading system generally has been positive.

Under current policy, a poor grade (D or F) doesn't preclude the state from reusing the vendor, especially when unique markets, one-of-a-kind contracts or circumstances beyond the control of the parties to the contract are involved.

To help protect the state and its resources, however, SB 20 authorizes SPD to bar vendors that exercise improper conduct or fail to meet contract specifications, thereby preventing them from participating in statewide contracts for a period of time or indefinitely.

### PLANNING ESSENTIAL

A clear needs assessment is a key first step toward developing contract requirements. Identifying and defining objectives and constraints early on in the planning phase can help ensure both parties to the contract are clear about expectations and mitigate risks that may emerge in the contract management process (Exhibit 5).

In addition to proper planning and qualified vendors, it's essential to have a carefully prepared contract. "Texas' oversight agencies can do little to improve a contract that has already been fully executed," says SPD Director Withers. "Too often, agencies give up key rights during contract negotiations only to discover later that such concessions had unfavorable consequences. That's why it's essential to have a well-drafted contract that ensures an agency can enforce its terms." **FN**

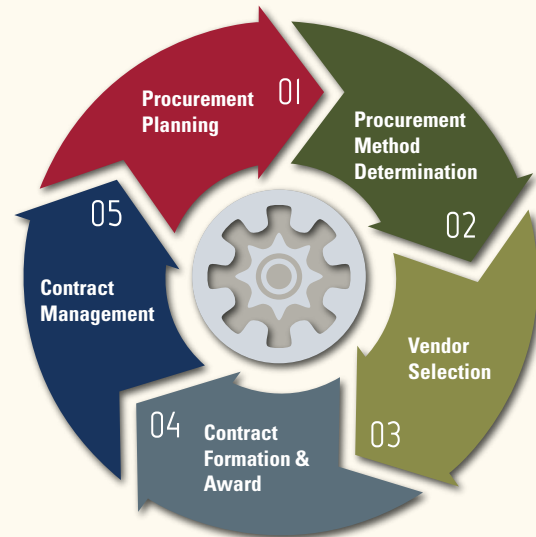
EXHIBIT 5

### CONTRACT MANAGEMENT PHASES

The procurement cycle identifies the five steps performed by procurement professionals for every procurement.

- 1 **Procurement Planning:** Define the business need and establish the procurement objectives;
- 2 **Procurement Method Determination:** Identify the appropriate procurement method and, if applicable, issue a solicitation;
- 3 **Vendor Selection:** Fairly and objectively select the vendor that provides best value to the state;
- 4 **Contract Formation and Award:** Ensure that the awarded contract complies with applicable procurement law and contains provisions that achieve the procurement objectives; and
- 5 **Contract Management:** Administer and enforce the terms of the contract.

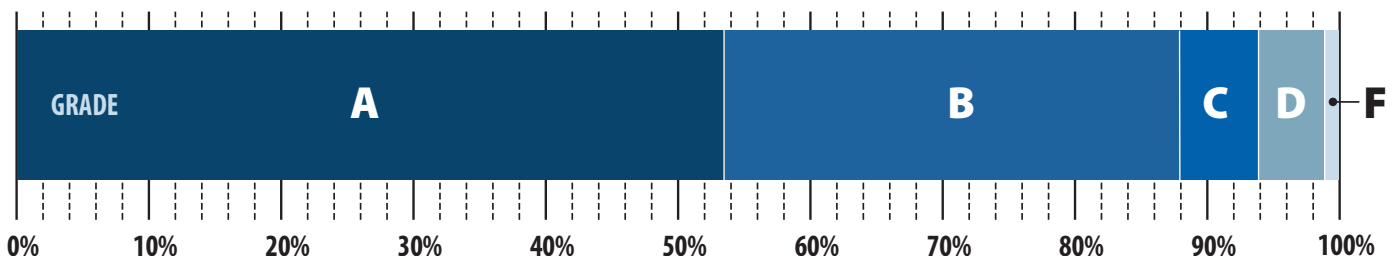
### THE PROCUREMENT CYCLE



Source: Texas Comptroller of Public Accounts

EXHIBIT 4

### 2017 VPTS CONTRACT GRADES (FEBRUARY 2017 TO DECEMBER 2017)



Source: Texas Comptroller of Public Accounts

# State Revenue Watch

This table presents data on net state revenue collections by source. It includes the most recent monthly collections, year-to-date (YTD) totals for the current fiscal year and a comparison of current YTD totals with those in the equivalent period of the previous fiscal year.

These numbers were current at press time. For the most current data as well as downloadable files, visit [comptroller.texas.gov/transparency](http://comptroller.texas.gov/transparency).

Note: Texas' fiscal year begins on Sept. 1 and ends on Aug. 31.

## NET STATE REVENUE — All Funds Excluding Trust

(AMOUNTS IN THOUSANDS)

### Monthly and Year-to-Date Collections: Percent Change From Previous Year

Tax Collections by Major Tax	MAY 2018	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
<b>SALES TAX</b>	\$2,758,373	\$23,554,482	9.96%
PERCENT CHANGE FROM MAY 2017	10.18%		
<b>MOTOR VEHICLE SALES AND RENTAL TAXES</b>	424,004	\$3,616,382	9.11%
PERCENT CHANGE FROM MAY 2017	11.68%		
<b>MOTOR FUEL TAXES</b>	309,864	\$2,417,285	2.62%
PERCENT CHANGE FROM MAY 2017	1.79%		
<b>FRANCHISE TAX</b>	3,228,303	\$3,464,857	11.31%
PERCENT CHANGE FROM MAY 2017	1.45%		
<b>OIL PRODUCTION TAX</b>	315,972	\$2,382,267	53.01%
PERCENT CHANGE FROM MAY 2017	63.63%		
<b>INSURANCE TAXES TAX</b>	27,595	\$1,490,382	5.29%
PERCENT CHANGE FROM MAY 2017	36.11%		
<b>CIGARETTE AND TOBACCO TAXES</b>	123,419	\$949,295	-9.85%
PERCENT CHANGE FROM MAY 2017	-5.39%		
<b>NATURAL GAS PRODUCTION TAX</b>	100,485	\$1,070,175	44.59%
PERCENT CHANGE FROM MAY 2017	36.00%		
<b>ALCOHOLIC BEVERAGES TAXES</b>	112,462	\$954,344	5.67%
PERCENT CHANGE FROM MAY 2017	7.90%		
<b>HOTEL OCCUPANCY TAX</b>	55,419	\$437,424	14.47%
PERCENT CHANGE FROM MAY 2017	29.00%		
<b>UTILITY TAXES<sup>1</sup></b>	8,334	\$304,998	2.29%
PERCENT CHANGE FROM MAY 2017	-86.80%		
<b>OTHER TAXES<sup>2</sup></b>	26,658	\$239,656	54.66%
PERCENT CHANGE FROM MAY 2017	-59.55%		
<b>TOTAL TAX COLLECTIONS</b>	<b>\$7,490,887</b>	<b>\$41,191,409</b>	<b>11.30%</b>
PERCENT CHANGE FROM MAY 2017	<b>6.05%</b>		
Revenue By Source	MAY 2018	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
<b>TOTAL TAX COLLECTIONS</b>	\$7,490,887	\$41,191,409	11.30%
PERCENT CHANGE FROM MAY 2017	6.05%		
<b>FEDERAL INCOME</b>	3,284,260	29,898,602	3.51%
PERCENT CHANGE FROM MAY 2017	7.53%		
<b>LICENSES, FEES, FINES, AND PENALTIES</b>	570,318	4,840,722	2.21%
PERCENT CHANGE FROM MAY 2017	0.60%		
<b>STATE HEALTH SERVICE FEES AND REBATES<sup>3</sup></b>	142,535	5,597,222	9.02%
PERCENT CHANGE FROM MAY 2017	-23.50%		
<b>NET LOTTERY PROCEEDS<sup>4</sup></b>	211,830	1,675,973	16.58%
PERCENT CHANGE FROM MAY 2017	34.93%		
<b>LAND INCOME</b>	138,973	1,471,372	17.49%
PERCENT CHANGE FROM MAY 2017	-4.60%		
<b>INTEREST AND INVESTMENT INCOME</b>	63,753	1,219,075	23.94%
PERCENT CHANGE FROM MAY 2017	-78.21%		
<b>SETTLEMENTS OF CLAIMS</b>	2,411	496,258	-4.08%
PERCENT CHANGE FROM MAY 2017	-48.57%		
<b>ESCHEATED ESTATES</b>	17,852	123,762	-75.00%
PERCENT CHANGE FROM MAY 2017	-20.94%		
<b>SALES OF GOODS AND SERVICES</b>	24,812	211,991	-7.76%
PERCENT CHANGE FROM MAY 2017	-13.26%		
<b>OTHER REVENUE</b>	391,686	2,094,862	7.57%
PERCENT CHANGE FROM MAY 2017	-4.35%		
<b>TOTAL NET REVENUE</b>	<b>\$12,339,318</b>	<b>\$88,821,248</b>	<b>7.49%</b>
PERCENT CHANGE FROM MAY 2017	<b>3.41%</b>		

<sup>1</sup> Includes public utility gross receipts assessment, gas, electric and water utility tax and gas utility pipeline tax.

<sup>2</sup> Includes taxes not separately listed, such as taxes on oil well services, coin-operated amusement machines, cement and combative sports admissions as well as refunds to employers of certain welfare recipients.

<sup>3</sup> Includes various health-related service fees and rebates that were previously in "license, fees, fines and penalties" or in other non-tax revenue categories.

<sup>4</sup> Gross sales less retailer commission and the smaller prizes paid by retailers.

Notes: Totals may not add due to rounding. Excludes local funds and deposits by certain semi-independent agencies.

Includes certain state revenues that are deposited in the State Treasury but not appropriated.



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