

Executive Summary

In Texas, certification as a historically underutilized business (HUB) can increase the opportunities of small businesses 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 the first six months of fiscal 2020, Texas had 14,741 certified HUBs. About 22.8 percent of them participated in state contracts as prime contractors or subcontractors, collectively receiving 12.18 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 the first half of fiscal 2020, 3,312 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 2020 totaled \$271.4 million, an increase of \$16.7 million compared to the same period of the previous year. The total dollars spent with HUBs as a result of term contract purchases decreased by \$527,820.

The state's overall spending through group purchases for the first half of fiscal 2020 fell by \$34 million from the same period in the previous year, however, the total group-purchasing dollars spent with HUBs increased by 4.7 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 2020 increased by more than \$1.8 billion compared with the previous fiscal year's decrease of \$403 million during the same period, while statewide expenditures to HUBs increased by \$184 Million, the share to HUBs decreased from 12.59 percent to 12.18 percent.

Fiscal Year	Total Statewide Expenditures	Total HUB Expenditures	HUB Share
Fiscal 2020 – Semi-annual	\$11,673,226,116	\$1,422,282,185	12.18%
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%

Who Owns Texas HUBs

Eligible HUB Groups	Fiscal 2020 – Semi-annual			Fiscal 2019 – Semi-annual		
	Number of Certified HUBs	Males	Females	Number of Certified HUBs	Males	Females
Asian-Pacific American	1,187	791	396	1,138	768	370
Black American	3,474	2,000	1,474	3,352	1,963	1,389
Hispanic American	4,615	3,237	1,378	4,579	3,217	1,362
Native American	248	279	69	265	193	72
Woman*	5,012	0	5,012	4,992	0	4,992
Service-disabled Veteran**	205	205	0	173	173	0
TOTAL	14,741	6,412	8,329	14,499	6,314	8,185

* 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

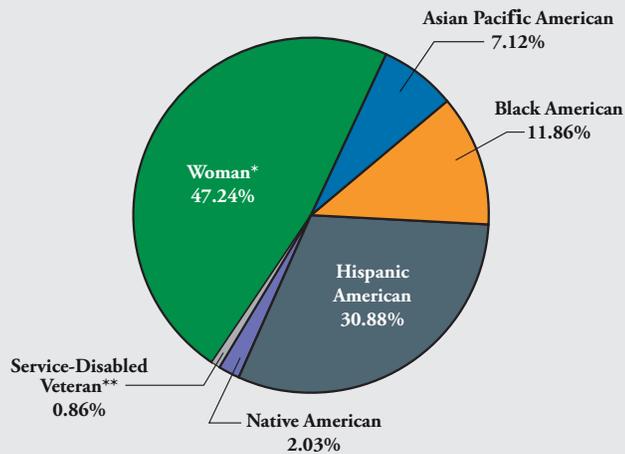
Between the first half of fiscal 2019 and the first half of fiscal 2020, state spending with HUBs owned by Asian-Pacific Americans, Black Americans, Hispanic Americans, Native-American and American Women increased by 12.27 percent, 10.23 percent, 14.26 percent, 11.15 percent and 18.21 percent respectively, awards to service-disabled veterans declined by 17 percent. Overall state expenditures to HUBs rose by 14.86 percent (approximately \$184 million).

The subcontracting totals within business categories for the first half of fiscal 2020, increased in all categories except for building construction.

Eligible HUB Groups	Fiscal 2020 – Semi-annual		Fiscal 2019 – Semi-annual	
	Number of Awards	Total HUB Expenditures	Number of Awards	Total HUB Expenditures
Asian-Pacific American	239	\$179,615,414	251	\$159,991,492
Black American	398	\$163,519,964	387	\$148,345,831
Hispanic American	1,036	\$468,394,282	1,073	\$409,941,021
Native American	68	\$22,921,245	70	\$20,621,464
Woman*	1,585	\$581,816,169	1,624	\$492,169,438
Service-disabled Veteran**	29	\$6,015,108	23	\$7,247,391
TOTAL	3,355	\$1,422,282,182	3,428	\$1,238,316,637

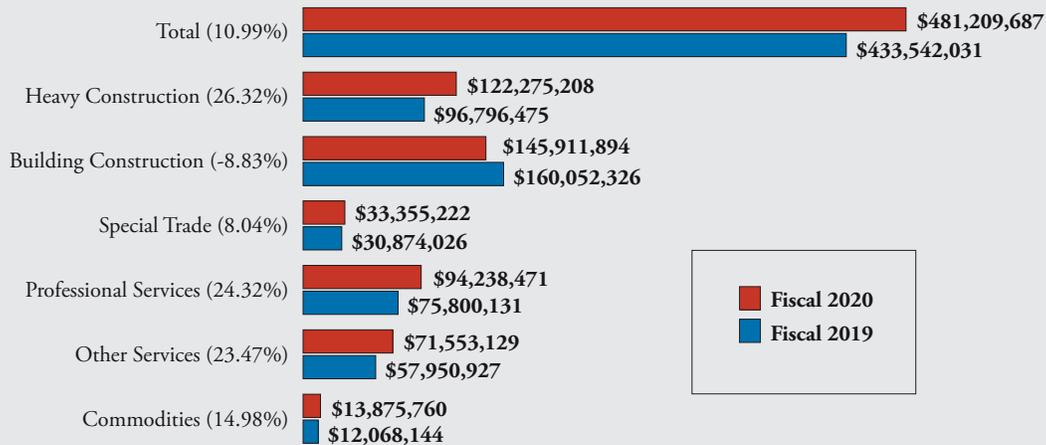
Who Receives HUB Expenditures?

For fiscal 2020 businesses owned by Anglo women received more than 47.24 percent of the state expenditures with HUBs in the first six months of fiscal 2020. Hispanic American-owned businesses came in second at 30.88 percent down from 2019.



Subcontracting

The following chart compares subcontracting spending with HUBs for the first six months of fiscal 2020 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

In comparing the first half of fiscal 2019 to the first half of fiscal 2020, state spending with HUBs increased in all business categories. The increase in Heavy Construction was 22.58 percent, Commodities was 19.39 percent, Other Services was 18.55 percent, Professional Services was 13.02 percent, Special Trade was 8.04 percent and Building Construction was 0.64 percent.

Fiscal 2020 – Semi-annual***

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Share
Heavy Construction	11.20%	\$3,871,300,290	\$204,863,551	5.29%
Building Construction	21.10%	\$1,104,269,679	\$200,701,889	18.18%
Special Trades	32.90%	\$454,669,364	\$102,502,328	22.54%
Professional Services	23.70%	\$637,332,869	\$189,805,318	29.78%
Other Services	26.00%	\$2,556,667,445	\$372,866,693	14.58%
Commodities	21.10%	\$3,048,986,466	\$351,542,402	11.53%
TOTAL**		\$11,673,226,116	\$1,422,282,184	12.18%

Fiscal 2020 Semi-annual Statewide HUB Subcontracting Expenditures: \$481,209,688

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 2019

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Share
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 Trades	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 Annual Statewide HUB Subcontracting Expenditures: \$982,194,633

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

* 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 2020, the state spent \$16.7 million more through term contracts as compared to the first half of fiscal 2019, however, total state spending with HUBs declined by approximately 13.47 percent to \$3.4 million) for the same periods.

Fiscal 2020 – Semi-annual***

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Share
Heavy Construction	11.20%	\$2,505	\$0	0.00%
Building Construction	21.10%	\$396,673	\$0	0.00%
Special Trades	32.90%	\$54,086	\$779	1.44%
Professional Services	23.70%	\$976,148	\$6,222	0.64%
Other Services	26.00%	\$12,936,217	\$253,916	1.96%
Commodities	21.10%	\$257,002,846	\$3,130,157	1.22%
TOTAL**		\$271,368,475	\$3,391,074	1.25%

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 2019

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Share
Heavy Construction	11.20%	\$4,491	\$0	0.00%
Building Construction	21.10%	\$98,910	\$38,665	39.09%
Special Trades	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 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%

* 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 their purchases to maximize their purchasing power.

During the first half of fiscal 2020, the statewide group purchases fell by approximately \$34 million compared to the first half of fiscal 2019. State spending with HUBs through group purchasing increased by 5.03 percent (approximately \$1.8 million).

Fiscal 2020 – 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%	\$4,150,626	\$1,736,452	41.84%
Special Trades	32.90%	\$8,257,012	\$1,496,676	18.13%
Professional Services	23.70%	\$2,501,388	\$190,366	7.61%
Other Services	26.00%	\$37,942,124	\$5,587,563	14.73%
Commodities	21.10%	\$114,546,111	\$31,795,116	27.76%
TOTAL**		\$167,397,261	\$40,806,173	24.38%

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 2019

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Share
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$16,066,445	\$9,538,623	59.37%
Special Trades	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 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%

* 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 and 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.