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ATTORNEY GENERAL OF TEXAS

Supplemental Letter FY 2021 Semi Annual HUB Report Agency 302

It is the policy of the Office of the Attorney General (OAG) to promote and encourage contracting and subcontracting opportunities for Historically Underutilized Businesses (HUBs) in all contracts. The COVID 19 Pandemic altered many of our agency's business processes, including specifically the transition to a remote workforce. As a result of this transition, the OAG experienced a steep reduction in the purchase of commodities and services. Notably, the OAG has experienced more than a \$9 million dollar reduction in our typical expenditures when compared to the same period last year. This reduction in expenditures has led to a decline in the overall HUB percentage because HUB participation has been historically higher in those areas. This letter serves to recognize the OAG additional and ongoing efforts to increase HUB participation in the OAG's purchases and contracts. The OAG is committed to expanding our HUB participation through outreach efforts as briefly summarized below:

- OAG continues to participate in the HUB Discussion Workgroup which remains a key component to the success of the HUB program. By partnering with Department of Information Resources (DIR) and the Comptroller of Public Accounts (CPA), Statewide HUB Program to produce the HUB Talk Series. This tool has allowed vendors and agencies to remain informed and engaged during the COVID 19 Pandemic ("Pandemic"). Additionally, the OAG recently partnered with the Houston Supplier Diversity Council and participated in a virtual Zoom conference.
- During our analysis for semi-annual reporting we identified areas that we are experiencing success in working with HUB vendors such as litigation related services. As the state entity charged with the legal representation of the State of Texas, we require and engage substantial litigation related services such as service of process and court reporting. Some of these vendors are registered HUBs and others provide services through a broad network of subcontractors. Unfortunately, these ancillary legal services are unreportable object codes and do not contribute to our HUB attainment goals. Nevertheless, the contracts were subject to HUB subcontracting requirements and ongoing reporting for HUB subcontracting use.
- In order to respond to the gap experienced as a result of the reduction in expenditures, the OAG conducted an internal HUB expenditure analysis to fully understand the agency's current spending patterns and trends in order to identify potential additional opportunities to engage HUB vendors and in what categories those vendors are most prevalent. The OAG will continue to perform these reviews to identify where future opportunities exist.
- The OAG is actively expanding our engagement with HUB businesses by increasing networking opportunities for both potential prime vendors and subcontractors, establishing new mentor protégé agreements, and encouraging industry leaders to engage HUB vendors.

The OAG is committed to maximizing HUB participation by fostering collaborative efforts and innovative approaches to address OAG's expenditures post-Pandemic, The OAG submits this supplemental letter to provide additional information and background related to its HUB program. Please address inquiries to Lisa.massock@oag.texas.gov.

Respectfully,

Lisa Massock

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