



GLENN HEGAR, TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. BOX 13528 • AUSTIN, TEXAS 78711-3528

November 15, 2023

The Honorable Greg Abbott, Governor
The Honorable Dan Patrick, Lieutenant Governor
The Honorable Dade Phelan, Speaker of the House of Representatives

Gentlemen,

The Comptroller of Public Accounts' Statewide Historically Underutilized Business (HUB) Program is pleased to submit the *Fiscal 2023 Annual HUB Expenditure Report* as required by [Texas Government Code Section 2161.121](#). This report summarizes the contract awards and expenditures to HUBs by state agencies and institutions of higher education (university) in fiscal 2023.

The document is a consolidated fiscal year report of state agency and university expenditures and includes the following:

- The number and total dollar amount of contracts awarded and paid to HUBs.
- An analysis of the relative level of opportunity for HUBs for purchases of goods and services.
- The gender and number of qualified groups participating in bidding and awards.

Each entity submits its expenditure data for Sept. 1, 2022, through Aug. 31, 2023. We analyze expenditure data by gender and qualified certification groups of Asian American-, Black American-, Hispanic American-, American Woman- and Service-Disabled Veteran-owned small businesses.

Overall, **3,653** of 16,845 eligible HUBs received awards totaling **\$3,754,505,195** up from \$3,410,520,298 in fiscal 2022. In comparing fiscal 2023 to fiscal 2022, the state's total expenditures increased by 1.79 percent, or an estimated \$514 million; however, the total percentage spent with HUBs was slightly higher in fiscal 2023 at **12.80 percent**, compared with 11.83 percent in fiscal 2022. Woman- and Hispanic-owned HUBs received \$1.27 billion and \$1.55 billion of the total HUB expenditure awards, respectively.

The Statewide HUB Program has transitioned to an online HUB certification application process with all application and audit processes documented within each HUB record. Applications are submitted, reviewed, accepted, certified and audited directly through the online system, which streamlines and documents the process. We maintain 12 memorandums of agreements (MOAs) with other certifying entities. At the end of fiscal 2023, the Statewide HUB Program held 16,845 active certified HUBs, with 9,482 HUBs directly certified by the program and 7,359 certified through our MOA partners.

In fiscal 2024, the Statewide HUB Program will focus its education and outreach initiatives on resources, training and discussions regarding revised HUB Subcontracting Plan (HSP) forms, updated 34 Texas Administrative Code (TAC) 20 rules and HUB Expenditure Reporting. These efforts will foster and empower the mission, vision and philosophy of the program.

The program's **mission** is to encourage agencies to increase the use of HUB vendors in state purchasing and provide HUBs with useful information on the state's procurement process.

The program's **vision** is to certify qualified minority-, woman- and service-disabled veteran-owned small businesses in Texas as HUBs and increase their award opportunities.

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The program's **philosophy** is to educate HUBs on the procurement process to improve their ability to respond to solicitations and be ready and capable to do business with the state of Texas, as well as educate the HUB Coordinators on maintaining a compliant internal HUB program.

The Statewide HUB Program remains committed to preparing HUBs for bid solicitation responses and strengthening their ability to use the online certification application system. The good faith effort by the state to certify HUBs should increase the number of awards.

For questions about this Annual HUB Report, please contact Linda Rogers, manager of the Statewide HUB Program, at linda.rogers@cpa.texas.gov or (512) 936-4115.

Respectfully,

A handwritten signature in black ink, appearing to read "Bobby Pounds".

Bobby Pounds, Director
Statewide Procurement Division
Texas Comptroller of Public Accounts

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 2023, Texas had **16,845** certified HUBs (16,528 certified EIN numbers and 317 sole proprietorships with multiple small, certified businesses using the same EINs). About **21.70 percent** were awarded state contracts as prime contractors or subcontractors, collectively receiving **12.80 percent** of all statewide expenditures, which is a slight increase from fiscal 2022 (11.83 percent).

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 phone with invitations for bids. At the end of fiscal 2023, about **34.27 percent** of the state’s certified HUBs were registered with the CMBL.

The state’s expenditures for fiscal 2023 totaled **\$29,334,301,886**, an increase of 1.79 percent compared with fiscal 2022, while the total HUB expenditures increased by **10.09 percent**. Overall, statewide term contract expenditures increased by \$158 million to \$507 million.

The state’s overall spending through group purchases for fiscal 2023 also increased by almost **3 percent** from the same period in the previous year, from \$396.3 million to about \$408.2 million. Total group-purchasing dollars spent with HUBs decreased by **0.94 percent**.

This report summarizes current HUB status and spending trends.

TOTAL STATEWIDE EXPENDITURES

The state’s total spending for fiscal 2023 increased by almost \$514 million (1.79 percent) compared with fiscal 2022, with statewide HUB expenditures also increasing by \$343 million (10.09 percent).

FISCAL YEAR	TOTAL STATEWIDE EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENT
Fiscal 2023	\$29,334,301,886	\$3,754,520,230	12.80%
Fiscal 2022	\$28,819,459,638	\$3,410,520,298	11.83%
Fiscal 2021	\$31,342,213,792	\$3,285,127,701	10.48%

WHO OWNS TEXAS HUBS

ELIGIBLE HUB GROUPS	FISCAL 2023			FISCAL 2022		
	Number of Certified HUBs	Males	Females	Number of Certified HUBs	Males	Females
Asian Pacific American	1,480	959	521	1,424	927	497
Black American	4,895	2,496	2,399	4,510	2,406	2,104
Hispanic American	5,247	3,499	1,748	5,159	3,500	1,659
Native American	255	177	78	273	188	85
Woman*	4,616	0	4,616	4,866	0	4,866
Service-Disabled Veteran**	352	352	0	296	296	0
TOTAL	16,845	7,483	9,362	16,528	7,317	9,211

*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.

EXPENDITURES WITH HUB GROUPS

Between fiscal 2022 and 2023, the state's overall spending increased by 1.79 percent or \$514.84 million; while the total HUB expenditures increased from \$3.41 billion to \$3.75 billion, an increase of 10.09 percent.

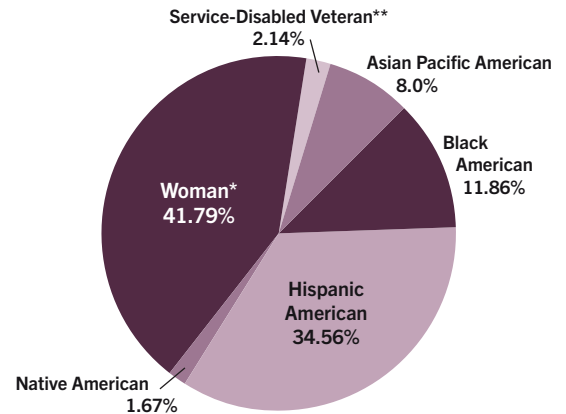
Hispanic American- and Woman-owned HUBs received the most expenditures with a combined total of \$2,813,807,752 (\$1.27 billion and \$1.55 billion, respectively). While the Hispanic American total awards increased by 27, the total value of these awards increased by 14 percent. Although the Woman-owned total awards decreased by 123, the total value of these awards increased by 3.9 percent.

The number of awards to other HUB groups all decreased, except the Service-Disabled Veteran-owned, which increased by 7. The Service-Disabled Veteran-owned group was the only group to have a decrease in total expenditures falling by 14.26 percent. The total expenditures with Asian Pacific American increased by 24.50 percent in comparison to the expenditures with expenditures with Native Americans, which rose by 0.22 percent. Additionally, the Black American total expenditures increased by 11.56 percent.

ELIGIBLE HUB GROUPS	FISCAL 2023		FISCAL 2022	
	Number of Awards	Total HUB Expenditures	Number of Awards	Total HUB Expenditures
Asian Pacific American	292	\$473,398,215	296	\$380,249,518
Black American	433	\$380,616,766	466	\$341,168,461
Hispanic American	1,262	\$1,266,527,620	1,235	\$1,110,212,158
Native American	61	\$64,669,934	67	\$64,527,416
Woman*	1,526	\$1,547,280,132	1,649	\$1,488,688,593
Service-Disabled Veteran**	78	\$22,012,528	71	\$25,674,151
TOTAL	3,652	\$3,754,505,195	3,784	\$3,410,520,298

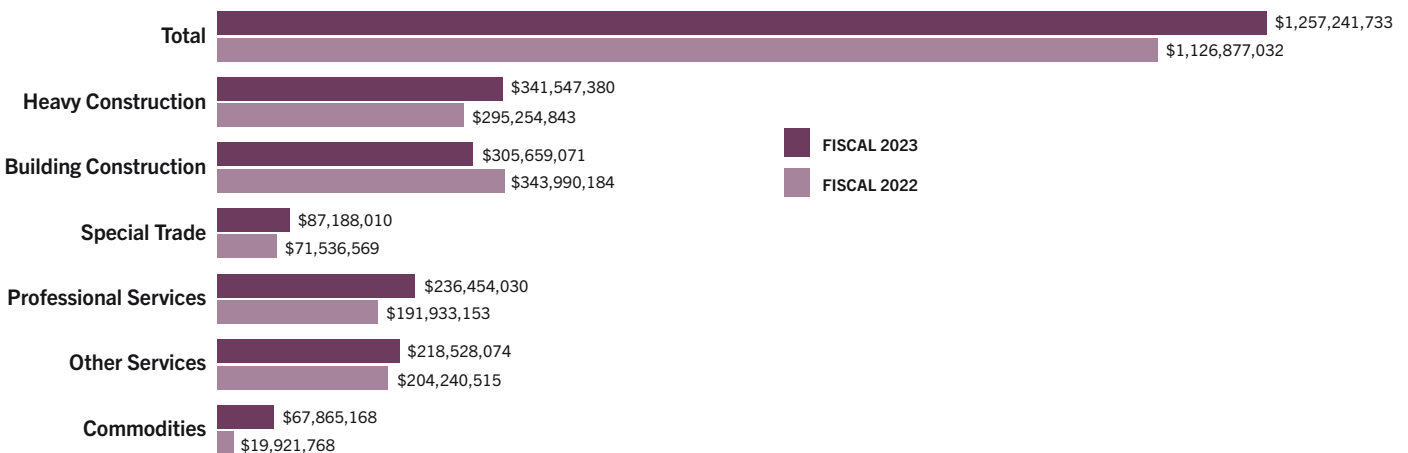
WHO RECEIVES HUB EXPENDITURES?

In fiscal 2023, HUB Hispanic American-owned businesses received 34.56 percent of state HUB expenditures and Women-owned businesses were awarded 41.79 percent.



SUBCONTRACTING

The following chart compares subcontracting spending with HUBs for fiscal 2023 and 2022:



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.

*Does not include women who are Service-Disabled Veterans or of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.

**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 2022 to 2023, total state expenditures increased by approximately 2 percent at \$29,334,301,886. Additionally, the total HUB expenditures increased by more than 10 percent (\$343.98 million) and increased the percentage of overall HUB spending to 12.80 percent. The following five categories increased in HUB expenditures:

- Heavy Construction by 19.76 percent.
- Special Trade by 24.47 percent.
- Professional Services by 26.95 percent.
- Other Services by 5.49 percent.
- Commodities by 9.31 percent.

The only category to decrease in HUB expenditures was Building Construction by 6.53 percent.

Fiscal 2023 Annual

CATEGORY	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENTAGE
Heavy Construction	11.20%	\$8,657,953,203	\$569,952,882	6.58%
Building Construction	21.10%	\$2,194,586,682	\$449,853,869	20.50%
Special Trade	32.90%	\$1,138,585,392	\$303,689,811	26.67%
Professional Services	23.70%	\$1,818,851,843	\$420,317,537	23.11%
Other Services	26.00%	\$8,005,999,601	\$1,168,987,046	14.60%
Commodities	21.10%	\$7,518,325,164	\$841,719,084	11.20%
TOTAL**		\$29,334,301,885	\$3,754,520,229	12.80%

Fiscal 2023 Statewide HUB Subcontracting Expenditures: \$1,257,241,733

Fiscal 2022 Annual***

CATEGORY	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENTAGE
Heavy Construction	11.20%	\$7,713,373,106	\$475,917,346	6.17%
Building Construction	21.10%	\$2,018,087,961	\$481,300,338	23.85%
Special Trade	32.90%	\$1,030,693,889	\$243,983,983	23.67%
Professional Services	23.70%	\$1,274,440,937	\$331,085,221	25.98%
Other Services	26.00%	\$9,831,454,024	\$1,108,169,733	11.27%
Commodities	21.10%	\$6,951,409,718	\$770,063,674	11.08%
TOTAL**		\$28,819,459,635	\$3,410,520,295	11.83%

Fiscal 2022 Statewide HUB Subcontracting Expenditures: \$1,126,877,032

Fiscal 2021 Annual

CATEGORY	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENTAGE
Heavy Construction	11.20%	\$8,262,889,980	\$444,964,253	5.39%
Building Construction	21.10%	\$2,206,929,467	\$401,274,305	18.18%
Special Trade	32.90%	\$830,222,251	\$180,680,794	21.76%
Professional Services	23.70%	\$1,446,151,287	\$660,551,306	45.68%
Other Services	26.00%	\$12,197,837,656	\$951,984,555	7.80%
Commodities	21.10%	\$6,398,183,150	\$645,672,485	10.09%
TOTAL**		\$31,342,213,791	\$3,285,127,698	10.48%

Fiscal 2021 Statewide HUB Subcontracting Expenditures: \$1,318,189,933

* 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.

*** Revised data due to errors found after publication.

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 2023, the state spent approximately \$160 million more than the previous year. Total HUB spending decreased by \$1,687,716.

Fiscal 2023

TERM CONTRACTS	HUB GOALS*	TOTAL SPENDING	TOTAL HUB SPENDING	HUB PERCENTAGE
Heavy Construction	11.20%	\$116,504	\$0	0.00%
Building Construction	21.10%	\$3,343,847	\$388,395	11.62%
Special Trade	32.90%	\$594,786	\$18,262	3.07%
Professional Services	23.70%	\$1,920,978	\$0	0.00%
Other Services	26.00%	\$27,309,464	\$711,887	2.61%
Commodities	21.10%	\$474,228,716	\$4,850,049	1.02%
TOTAL**		\$507,514,295	\$5,968,593	1.18%

Fiscal 2022

TERM CONTRACTS	HUB GOALS*	TOTAL SPENDING	TOTAL HUB SPENDING	HUB PERCENTAGE
Heavy Construction	11.20%	\$63,541	\$0	0.00%
Building Construction	21.10%	\$1,364,326	\$371,817	27.25%
Special Trade	32.90%	\$502,108	\$4,626	0.92%
Professional Services	23.70%	\$1,733,506	\$3,058	0.18%
Other Services	26.00%	\$18,557,786	\$770,303	4.15%
Commodities	21.10%	\$325,947,899	\$6,506,505	2.00%
TOTAL**		\$348,169,166	\$7,656,309	2.20%

Fiscal 2021

TERM CONTRACTS	HUB GOALS*	TOTAL SPENDING	TOTAL HUB SPENDING	HUB PERCENTAGE
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$1,977,674	\$84,600	4.28%
Special Trade	32.90%	\$436,935	\$705	0.16%
Professional Services	23.70%	\$1,451,623	\$0	0.00%
Other Services	26.00%	\$14,900,689	\$273,261	1.83%
Commodities	21.10%	\$327,008,224	\$5,636,939	1.72%
TOTAL**		\$345,775,145	\$5,995,505	1.73%

* 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 2023, total state spending through group purchasing increased by approximately \$11 million from the previous year, with the total HUB expenditures decreasing by \$924,014 to \$95,974,524.

Fiscal 2023

GROUP PURCHASING	HUB GOALS*	TOTAL SPENDING	TOTAL HUB SPENDING	HUB PERCENTAGE
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$10,853,541	\$5,601,684	51.61%
Special Trade	32.90%	\$32,205,035	\$9,236,498	28.68%
Professional Services	23.70%	\$1,136,150	\$19,863	1.75%
Other Services	26.00%	\$74,632,284	\$11,379,475	15.25%
Commodities	21.10%	\$289,466,020	\$69,737,004	24.09%
TOTAL**		\$408,293,030	\$95,974,524	23.51%

Fiscal 2022

GROUP PURCHASING	HUB GOALS*	TOTAL SPENDING	TOTAL HUB SPENDING	HUB PERCENTAGE
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$11,888,010	\$830,420	6.99%
Special Trade	32.90%	\$16,792,595	\$2,138,501	12.73%
Professional Services	23.70%	\$679,003	\$6,026	0.89%
Other Services	26.00%	\$79,046,584	\$9,628,778	12.18%
Commodities	21.10%	\$287,953,763	\$84,294,813	29.27%
TOTAL**		\$396,359,955	\$96,898,538	24.45%

Fiscal 2021

GROUP PURCHASING	HUB GOALS*	TOTAL SPENDING	TOTAL HUB SPENDING	HUB PERCENTAGE
Heavy Construction	11.20%	\$69,137	\$0	0.00%
Building Construction	21.10%	\$14,764,749	\$1,871,650	12.68%
Special Trade	32.90%	\$32,526,168	\$1,884,192	5.79%
Professional Services	23.70%	\$7,645,646	\$1,652,451	21.61%
Other Services	26.00%	\$58,885,190	\$9,982,949	16.95%
Commodities	21.10%	\$198,512,690	\$50,245,983	25.31%
TOTAL**		\$312,403,580	\$65,637,225	21.01%

* 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 institutions of higher education are responsible for the accuracy of their self-reported data and must confirm they have reported correct information before the SPD finalizes its semiannual and annual HUB reports.