



GLENN HEGAR, TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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May 15, 2024

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

Gentlemen:

The Statewide Historically Underutilized Business (HUB) Program, a component of the Statewide Procurement Division of the Texas Comptroller of Public Accounts, is pleased to submit the *Fiscal 2024 Semi-Annual Expenditure Report* of contracts awarded to HUBs, as required by Texas Government Code 2161.121.

The Statewide HUB Program compiles and analyzes statewide procurement expenditures and contract awards of state agencies and institutions of higher education into this semi-annual HUB expenditure report from Sept. 1, 2023, through Feb. 29, 2023. It includes the number of bids, proposals and HUB participants; the total dollar amounts of treasury procurement expenditures and contracts awarded, both HUB and non-HUB; total number of certified HUB businesses available to participate in solicitations; a breakdown of certified HUBs by ethnicity, service-disabled veteran and gender; a breakdown of the state's term and group contract purchases; and summaries and analysis of the overall program's accomplishments toward meeting the statewide HUB goals.

During the first half of fiscal 2024, the Statewide HUB Program included 15,545 registered, Texas-certified HUB vendors, with **2,967 HUB** businesses receiving 11.58 percent or **\$1,891,957,323 of all statewide expenditures**.

A comparison of the total HUB expenditures and contract awards from fiscal 2023 to 2024 is reflected in the semi-annual tables, shown on page 4 of the Executive Summary. This comparison projects an increase in HUB awards and total dollars spent with HUBs in five of the six categories: Heavy Construction, Building Construction, Special Trade, Professional Services and Commodities.

Additionally, the report includes a list of state agency rankings and agency supplemental letters from various state agencies and universities documenting their continued good faith efforts to educate HUBs and increase their solicitation responses.

A copy of the report is available online at Historically Underutilized Business Reporting <https://comptroller.texas.gov/purchasing/vendor/hub/reporting.php>. If you have any questions or require additional information, please contact Linda Rogers, manager of the Statewide HUB Program, at (512) 936-4115 or linda.rogers@cpa.texas.gov.

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

The Statewide Historically Underutilized Business (HUB) Program is a program within the Statewide Procurement Division (SPD) of the Texas Comptroller of Public Accounts (CPA). The program certifies small businesses that are minority-, woman- and service-disabled veteran-owned (with at least a 20 percent service disability) in efforts to increase their competitive bid participation and award opportunities to meet or exceed the statewide established HUB goals.

Texas had **15,545** certified HUBs during the first six months of fiscal 2024. More than **19 percent** of HUBs participated in state contracts as prime contractors or subcontractors, collectively receiving **11.58 percent** of all statewide expenditures.

State purchasers must search the Centralized Master Bidders List (CMBL) and include HUBs in vendor notifications when buying goods and services with a value of \$10,000 or more. Vendors are contacted directly by mail, email or telephone with invitations for bids. At the end of the first half of fiscal 2024, **31.9 percent** or 2,877 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 2024 totaled **\$269 million**, an increase of \$50.6 million compared to the same period of the previous year. The total percentage of dollars spent with HUBs increased, with HUBs receiving **\$3,831,621** through term contracts.

The state's overall spending through group purchases for the first half of fiscal 2024 increased 54.61 percent by an estimated **\$113.6 million** from the same period in the previous year; the total group-purchasing dollars spent with HUBs increased by 50.44 percent or **\$28.1 million**.

The state's expenditures for the first six months of the fiscal 2024 totaled \$16,335,016,745, an increase of 20.40% compared with fiscal 2023, while the total HUB expenditures increased **13.3 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 2024 increased by \$2.8 billion following the previous fiscal year's decrease of \$1.1 billion during the same period, while the share of statewide expenditures to HUB decreased by 0.73 percent in 2024 following the 2023 year-over-year increase of 1.26 percent. Despite this percentage decrease, total expenditures with HUBs increased \$222.6 million year-over-year for the first half of fiscal 2024.

FISCAL YEAR	TOTAL STATEWIDE EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENT
Fiscal 2024 – Semi-Annual	\$16,335,016,745	\$1,891,957,323	11.58%
Fiscal 2023 – Semi-Annual	\$13,566,750,331	\$1,669,390,593	12.31%
Fiscal 2022 – Semi-Annual	\$14,620,241,189	\$1,616,211,160	11.05%

WHO OWNS TEXAS HUBS

ELIGIBLE HUB GROUPS	FISCAL 2024, SEMI-ANNUAL			FISCAL 2023, SEMI-ANNUAL		
	Number of Certified HUBs	Males	Females	Number of Certified HUBs	Males	Females
Asian Pacific American	1,410	905	505	1,326	859	467
Black American	4,600	2,312	2,288	4,356	2,261	2,095
Hispanic American	4,785	3,157	1,628	4,842	3,239	1,603
Native American	247	171	76	243	167	76
Woman*	4,161	0	4,161	4,370	0	4,370
Service-Disabled Veteran**	342	342	0	301	301	0
TOTAL	15,545	6,887	8,658	15,438	6,827	8,611

*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 of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.

Source: Texas Comptroller of Public Accounts.

EXPENDITURES WITH HUB GROUPS

In analyzing the expenditures with HUB groups, in the first half of fiscal 2024 as compared to the first half of fiscal 2023, the total expenditures with HUBs increased by 13.33 percent or \$222,566,727. The overall subcontracting totals regarding the business categories for five out of the six increased by a \$204 million or by 43.96 percent, to a total of \$668,839,637 million.

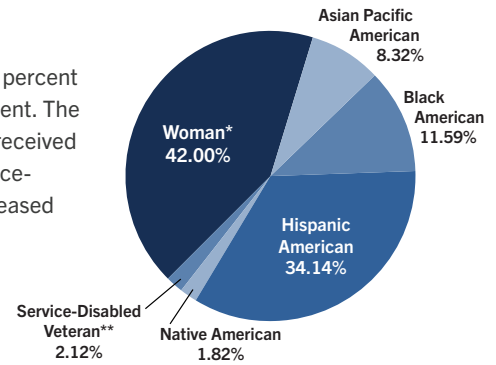
- Building Construction increased 6.62 percent.
- Professional services increased 84.93 percent.
- Heavy Construction increased by 41.19 percent.
- Special Trade increased by 42.49 percent.
- Other Services decreased by 12.09 percent.
- Commodities increased by 6.67 percent.

This was offset slightly by a small decrease in the number of awards to woman-owned HUBs and consequently lower expenditures with this group. Hispanic-owned HUBs received the largest share of expenditures with HUBs.

ELIGIBLE HUB GROUPS	FISCAL 2024, SEMI-ANNUAL		FISCAL 2023, SEMI-ANNUAL	
	Number of Awards	Total HUB Expenditure	Number of Awards	Total HUB Expenditure
Asian Pacific American	247	\$254,056,029	234	\$200,810,197
Black American	344	\$197,948,249	335	\$160,147,949
Hispanic American	1,013	\$722,040,567	986	\$554,562,115
Native American	54	\$37,188,114	53	\$26,875,509
Woman*	1,246	\$668,060,923	1,280	\$717,885,225
Service-Disabled Veteran**	63	\$12,663,438	60	\$9,109,598
TOTAL	2,967	\$1,891,957,320	2,948	\$1,669,390,593

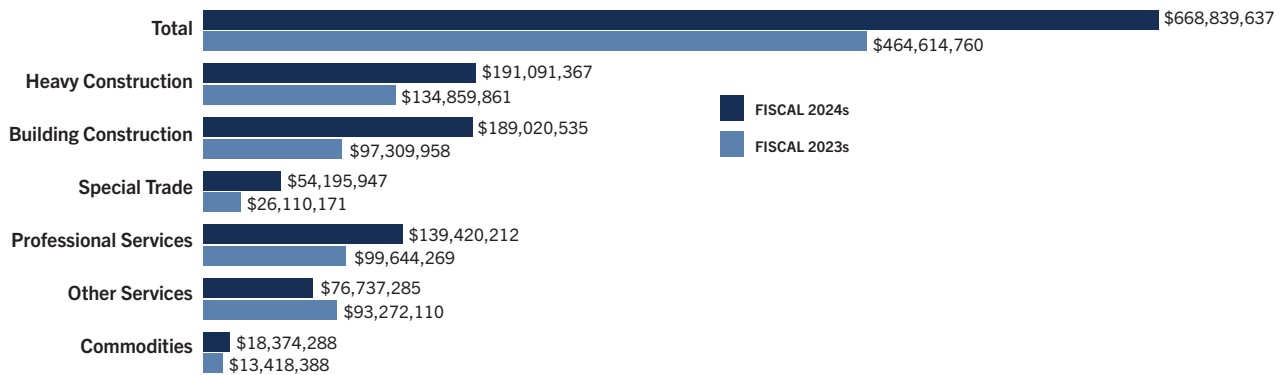
WHO RECEIVES HUB AWARDS?

For the first six months of fiscal 2024, Anglo-American women-owned businesses received 42 percent of the state HUB awards. Hispanic American-owned businesses came in second at 34.14 percent. The awards to Asian American comprised 8.32 percent, while Black American-owned businesses received 11.59 percent; Native American-owned businesses received 1.82 percent of awards and Service-disabled Veteran-owned businesses received 2.12 percent. Total dollars spent with HUBs increased by 13.33 percent or \$222.6 million compared to the first six months for fiscal year 2023.



SUBCONTRACTING

The following chart compares subcontracting spending with HUBs for the first six months of fiscal 2024 and 2023. See chart for subcontracting numbers below.



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 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.

Source: Texas Comptroller of Public Accounts.

BUSINESS CATEGORIES

In comparing the first half of fiscal 2024 to the first half of fiscal 2023 state spending with HUBs increased in five categories: Heavy Construction, Building Construction, Special Trade, Professional Services and Commodities with the total expenditures in those categories increasing by 20.40 percent or \$2,768,266,414.

Fiscal 2024 – Semi-Annual***

CATEGORY	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENT
Heavy Construction	11.20%	\$4,800,700,471	\$266,121,065	5.54%
Building Construction	21.10%	\$1,456,725,366	\$275,202,031	18.89%
Special Trade	32.90%	\$677,139,937	\$168,285,950	24.85%
Professional Services	23.70%	\$922,164,369	\$253,375,408	25.54%
Other Services	26.00%	\$4,312,747,331	\$515,300,048	11.95%
Commodities	21.10%	\$4,095,539,268	\$413,672,819	10.10%
TOTAL**		\$16,335,016,745	\$1,891,957,324	11.58%

Fiscal 2024 Semi-Annual Statewide HUB Subcontracting Expenditures: \$668,839,637

Fiscal 2023 – Semi-Annual***

CATEGORY	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENT
Heavy Construction	11.20%	\$3,880,786,716	\$249,608,532	6.43%
Building Construction	21.10%	\$920,021,103	\$148,813,367	16.10%
Special Trade	32.90%	\$495,524,111	\$119,189,814	24.05%
Professional Services	23.70%	\$748,747,208	\$177,824,436	23.75%
Other Services	26.00%	\$3,867,128,746	\$586,145,730	15.16%
Commodities	21.10%	\$3,654,542,444	\$387,808,711	10.61%
TOTAL**		\$13,566,750,331	\$1,669,390,593	12.31%

Fiscal 2023 Semi-Annual Statewide HUB Subcontracting Expenditures: \$464,614,760

Fiscal 2022 Annual – Semi-Annual***

CATEGORY	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENT
Heavy Construction	11.20%	\$3,684,035,538	\$192,397,460	5.22%
Building Construction	21.10%	\$1,004,191,882	\$195,567,895	19.48%
Special Trade	32.90%	\$452,033,520	\$105,458,656	23.33%
Professional Services	23.70%	\$577,698,058	\$210,334,718	36.41%
Other Services	26.00%	\$5,575,469,493	\$527,955,554	9.47%
Commodities	21.10%	\$3,326,812,695	\$384,496,874	11.56%
TOTAL**		\$14,620,241,189	\$1,616,211,160	11.05%

Fiscal 2022 Semi-Annual Statewide HUB Subcontracting Expenditures: \$523,582,442

Fiscal 2023 – Annual

CATEGORY	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENT
Heavy Construction	11.20%	\$7,713,373,106	\$216,220,718	6.17%
Building Construction	21.10%	\$2,018,087,961	\$471,402,613	23.85%
Special Trade	32.90%	\$1,030,693,889	\$246,189,751	23.67%
Professional Services	23.70%	\$1,274,440,937	\$315,990,871	25.98%
Other Services	26.00%	\$9,831,454,024	\$1,075,931,181	11.27%
Commodities	21.10%	\$6,951,409,718	\$786,751,023	11.08%
TOTAL**		\$28,819,459,638	\$3,112,486,160	11.83%

* 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 2024, \$50.6 million more was spent through term contracts as compared to the first half of fiscal 2023. Overall, the total state spending with HUBs through term contracts increased by \$0.6 million.

Fiscal 2024 – Semi-Annual***

TERM CONTRACTS	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENT
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$6,235,591	\$233,166	3.74%
Special Trade	32.90%	\$547,531	\$11,552	2.11%
Professional Services	23.70%	\$740,514	\$0	0.00%
Other Services	26.00%	\$18,069,853	\$688,453	3.81%
Commodities	21.10%	\$243,798,655	\$2,898,450	1.19%
TOTAL**		\$269,392,144	\$3,831,621	1.42%

Fiscal 2023 – Semi-Annual***

TERM CONTRACTS	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENT
Heavy Construction	11.20%	\$116,504	\$0.00	0.00%
Building Construction	21.10%	\$2,201,104	\$116,857	5.31%
Special Trade	32.90%	\$133,546	\$0.00	0.00%
Professional Services	23.70%	\$907,125	\$0.00	0.00%
Other Services	26.00%	\$14,286,472	\$202,638	1.42%
Commodities	21.10%	\$201,173,983	\$2,904,624	1.44%
TOTAL**		\$218,818,734	\$3,224,119	1.47%

Fiscal 2022 – Semi-Annual***

TERM CONTRACTS	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENT
Heavy Construction	11.20%	\$56,341	\$0	0%
Building Construction	21.10%	\$784,327	\$342,573	43.68%
Special Trade	32.90%	\$74,791	\$4,025	5.38%
Professional Services	23.70%	\$920,921	\$3,058	0.33%
Other Services	26.00%	\$9,810,053	\$354,188	3.61%
Commodities	21.10%	\$136,383,435	\$3,031,093	2.22%
TOTAL**		\$148,029,868	\$3,734,937	2.52%

Fiscal 2023 – Annual

TERM CONTRACTS	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENT
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%

* 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 2024, the statewide group purchases increased by approximately \$113.6 million compared to the first half of fiscal 2023. Total state expenditures with HUBs in group purchasing increased by 50.44 percent (approximately \$28.1 million).

Fiscal 2024 – Semi-Annual***

GROUP PURCHASING	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENT
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$4,911,919	\$1,410,708	28.72%
Special Trade	32.90%	\$14,088,564	\$4,585,649	32.55%
Professional Services	23.70%	\$1,558,120	\$141	0.01%
Other Services	26.00%	\$56,560,833	\$14,093,911	24.92%
Commodities	21.10%	\$156,618,804	\$49,399,653	31.54%
TOTAL**		\$233,738,240	\$69,490,062	29.73%

Fiscal 2023 – Semi-Annual***

GROUP PURCHASING	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENT
Heavy Construction	11.20%	\$0	\$0	0%
Building Construction	21.10%	\$596,562	\$532,531	89.27%
Special Trade	32.90%	\$7,780,123	\$1,930,885	24.82%
Professional Services	23.70%	\$420,099	\$83	0.02%
Other Services	26.00%	\$21,585,650	\$4,706,259	21.80%
Commodities	21.10%	\$89,804,227	\$34,244,597	38.13%
TOTAL**		\$120,186,661	\$41,414,355	34.46%

Fiscal 2022 – Semi-Annual

GROUP PURCHASING	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENT
Heavy Construction	11.20%	\$0.00	\$0.00	0.00%
Building Construction	21.10%	\$3,632,737	\$732,308	20.16%
Special Trade	32.90%	\$3,600,312	\$1,385,475	38.48%
Professional Services	23.70%	\$448,152	\$2,091	0.47%
Other Services	26.00%	\$49,254,281	\$9,926,708	20.15%
Commodities	21.10%	\$151,015,048	\$43,616,878	28.88%
TOTAL**		\$207,950,530	\$55,663,360	26.77%

Fiscal 2023 – Annual

GROUP PURCHASING	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENT
Heavy Construction	11.20%	\$0	\$0	0%
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%

* 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.