

Executive Summary

Small, minority- and woman-owned companies play a significant role in the state's economy. In Texas, minority- and woman-owned companies can become certified as Historically Underutilized Businesses (HUBs), increasing their opportunities to do business with the state and furthering the Legislature's goal of supporting such businesses.

As compared to the first six months of fiscal 2012, the number of Texas certified HUBs in fiscal 2013 remained relatively constant at slightly more than 15,500 registered firms. During the first half of fiscal 2013, these companies received approximately 13.70 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 2013, approximately 23 percent of the state's certified HUBs had taken the initiative to register with the CMBL.

While a comparison between the first six months of fiscal 2012 and fiscal 2013 shows that the state's overall spending with HUBs through term contracts decreased very slightly, from 3.91 percent in fiscal 2012, to 3.58 percent in fiscal 2013; the state's total expenditures through these contracts increased by more than \$38.2 million (13.95 percent), and the state's total spending with HUBs through term contracts increased by nearly \$457 thousand (4.27 percent).

In a similar comparison between the first six months of the two fiscal years, the state's overall spending with HUBs through group purchasing increased significantly, from 9.48 percent in fiscal 2012 to 18.59 percent in fiscal 2013. And while the state's total expenditures through group purchasing decreased by slightly more than \$34 million (24.37 percent), the state's total spend with HUBs through group purchasing increased by nearly \$6.4 million (48.22 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 2013 increased by more than \$130 million compared with the first half of fiscal 2012. During the same period, the share of all state money going to HUBs decreased by .69 of a percentage point, from 14.39 percent to 13.70 percent.

Fiscal Year	Total Statewide Expenditures	Total HUB Expenditures	HUB Percent
Fiscal 2011	\$14,075,376,019	\$2,035,820,928	14.46%
Fiscal 2012	\$14,042,121,426	\$1,947,503,829	13.87%
Fiscal 2012 – Semi-Annual	\$6,835,118,449	\$983,687,918	14.39%
Fiscal 2013 – Semi-Annual	\$6,965,152,608	\$954,420,446	13.70%

Source: Texas Comptroller of Public Accounts.

Texas HUB Owners

Eligible HUB Groups	Number of Certified HUBs	Males	Females
Asian Pacific American	1,127	738	389
Black American	2,957	1,809	1,148
Hispanic American	4,702	3,392	1,310
Native American	294	197	97
Woman*	6,481	N/A	6,481
TOTAL	15,561	6,136	9,425

* The "Woman" category does not include women of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.
Source: Texas Comptroller of Public Accounts.

Expenditures with HUB Groups

A comparison between the first half of fiscal 2013 and the first half of fiscal 2012 shows state spending with Hispanic American-owned HUBs increased by 1.09 percent; whereas state spending with Asian Pacific American-, Black American-, Native American- and woman-owned HUBs decreased by 16.27 percent, 4.33 percent, 4.24 percent, and 1.60 percent, respectively. The overall share of money going to HUBs decreased by 2.98 percent (approximately \$29.3 million).

Eligible HUB Groups	Number of Awards through February 2013	Total HUB Expenditures through February 2013
Asian Pacific American	232	\$93,092,576
Black American	330	\$107,880,967
Hispanic American	1,109	\$232,063,342
Native American	70	\$11,148,065
Woman*	1,949	\$510,235,494
TOTAL	3,690	\$954,420,446

Note: The number of awards in this table are those made to Vendor ID Numbers eligible for HUB credit.

*The "Woman" category does not include women of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.

Source: Texas Comptroller of Public Accounts.

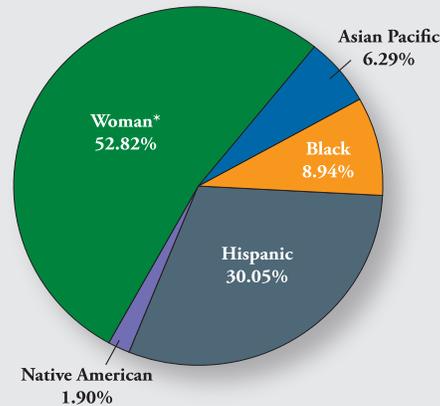
Who Receives HUB Expenditures?

Businesses owned by Anglo women received nearly 53 percent of the state expenditures with HUBs in the first six months of fiscal 2013. Hispanic-owned businesses came in second at 30 percent.

Note: The percentages reflected in this pie chart are based on the number of Vendor ID Numbers eligible for HUB credit.

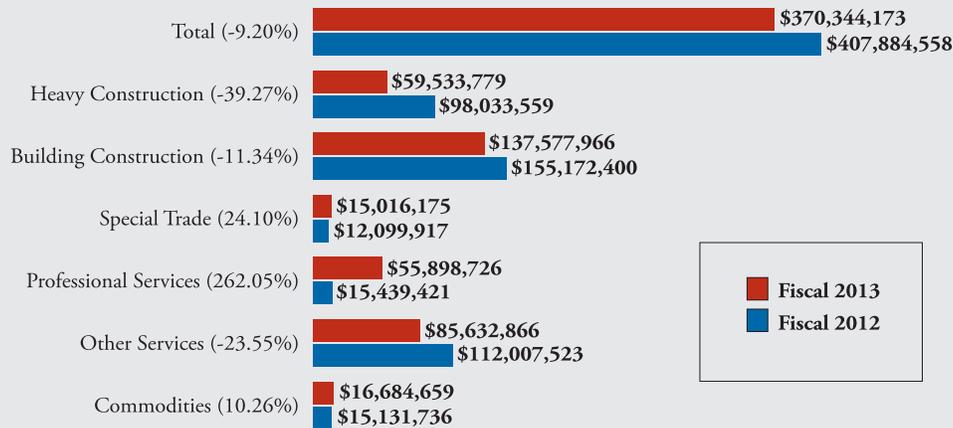
*The "Woman" category does not include women of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.

Source: Texas Comptroller of Public Accounts.



Subcontracting

The following chart compares subcontracting spending with HUBs for the first six months of fiscal 2013 and 2012:



Source: Texas Comptroller of Public Accounts.

Business Categories

During the first half of fiscal 2013, as compared to the first half fiscal 2012, the state spending with HUBs increased 125.20 percent for professional services, 4.77 percent for other services and .73 percent for special trade. Spending with HUBs in heavy construction, building construction and commodities industries decreased 33.47 percent, 4.40 percent and 11.16 percent, respectively.

Fiscal 2011				
Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.90%	\$3,800,362,175	\$314,893,897	8.29%
Building Construction	26.10%	\$1,693,109,129	\$423,717,062	25.03%
Special Trade	57.20%	\$475,135,584	\$154,769,501	32.57%
Professional Services	20.00%	\$771,502,469	\$115,885,096	16.29%
Other Services	33.00%	\$3,605,663,041	\$533,198,129	14.79%
Commodities	12.60%	\$3,789,603,617	\$493,357,242	13.02%
TOTAL**		\$14,075,376,019	\$2,035,820,928	14.46%

Fiscal 2011 Statewide HUB Subcontracting Expenditures: \$877,494,687

Fiscal 2012				
Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$4,279,600,352	\$284,961,770	6.66%
Building Construction	21.10%	\$1,523,103,672	\$362,394,729	23.79%
Special Trade	32.70%	\$492,961,126	\$151,982,860	30.83%
Professional Services	23.60%	\$518,334,916	\$80,744,863	15.58%
Other Services	24.60%	\$3,313,620,388	\$573,823,088	17.32%
Commodities	21.00%	\$3,914,500,970	\$493,596,516	12.61%
TOTAL**		\$14,042,121,426	\$1,947,503,829	13.87%

Fiscal 2012 Statewide HUB Subcontracting Expenditures: \$809,835,429

Fiscal 2012 – Semi-Annual through February 2012***				
Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$1,799,626,073	\$151,002,109	8.39%
Building Construction	21.10%	\$770,392,707	\$180,410,240	23.42%
Special Trade	32.70%	\$237,058,211	\$73,353,453	30.94%
Professional Services	23.60%	\$241,357,380	\$34,689,733	14.37%
Other Services	24.60%	\$1,882,416,656	\$288,575,777	15.33%
Commodities	21.00%	\$1,904,267,420	\$255,656,605	13.43%
TOTAL**		\$6,835,118,449	\$983,687,918	14.39%

Fiscal 2012 Semi-Annual Statewide HUB Subcontracting Expenditures: \$407,884,558

Fiscal 2013 – Semi-Annual through February 2013***				
Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$2,082,740,994	\$96,658,628	4.82%
Building Construction	21.10%	\$676,808,311	\$172,477,169	25.48%
Special Trade	32.70%	\$284,941,920	\$73,892,283	25.93%
Professional Services	23.60%	\$249,004,267	\$78,121,916	31.37%
Other Services	24.60%	\$1,759,574,416	\$302,335,563	17.18%
Commodities	21.00%	\$1,912,082,697	\$227,133,286	11.88%
TOTAL**		\$6,965,152,608	\$954,420,446	13.70%

Fiscal 2013 Semi-Annual Statewide HUB Subcontracting Expenditures: \$370,344,173

* For HUB reporting purposes, expenditures with all HUBs certified at any time during the current fiscal year are included toward annual HUB procurement utilization goals.

** Slight differences in some totals are due to rounding.

*** Total for first six months of the fiscal year.

Source: Texas Comptroller of Public Accounts.

Spending on Statewide Term Contracts

Term contracts are developed to consolidate the needs of several agencies, to obtain lower prices through higher-volume purchases and to simplify the purchasing process for commonly used items.

During the first six months of fiscal 2013, the state spent nearly 14 percent more (approximately \$38.2 million) through term contracts than in the first half of fiscal 2012. State spending with HUBs through term contracts increased by 4.27 percent during the same period.

Fiscal 2011

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.90%	\$179,882	\$0	0.00%
Building Construction	26.10%	\$374,581	\$0	0.00%
Special Trade	57.20%	\$1,209,565	\$82,574	6.83%
Professional Services	20.00%	\$281,738	\$104,198	36.98%
Other Services	33.00%	\$15,254,149	\$584,135	3.83%
Commodities	12.60%	\$486,184,018	\$11,780,929	2.42%
TOTAL**		\$503,483,933	\$12,551,836	2.49%

Fiscal 2012

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$612,634	\$40,324	6.58%
Building Construction	21.10%	\$438,660	\$0	0.00%
Special Trade	32.70%	\$2,540,083	\$1,012	0.04%
Professional Services	23.60%	\$256,200	\$122,864	47.96%
Other Services	24.60%	\$18,330,871	\$329,029	1.79%
Commodities	21.00%	\$578,260,042	\$19,487,877	3.37%
TOTAL**		\$600,438,490	\$19,981,106	3.33%

Fiscal 2012 – Semi-Annual through February 2012***

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$611,803	\$39,958	6.53%
Building Construction	21.10%	\$267,508	\$0	0.00%
Special Trade	32.70%	\$888,739	\$1,005	0.11%
Professional Services	23.60%	\$111,441	\$51,986	46.65%
Other Services	24.60%	\$8,559,140	\$236,519	2.76%
Commodities	21.00%	\$263,494,787	\$10,380,145	3.94%
TOTAL**		\$273,933,418	\$10,709,613	3.91%

Fiscal 2013 – Semi-Annual through February 2013***

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$454,300	\$0	0.00%
Building Construction	21.10%	\$50,450	\$0	0.00%
Special Trade	32.70%	\$3,157,464	\$2,388,575	75.65%
Professional Services	23.60%	\$160,404	\$29,418	18.34%
Other Services	24.60%	\$11,136,061	\$1,235,729	11.10%
Commodities	21.00%	\$297,179,247	\$7,512,848	2.53%
TOTAL**		\$312,137,926	\$11,166,570	3.58%

* For HUB reporting purposes, expenditures with all HUBs certified at any time during the current fiscal year are included 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 2013, state spending through group purchasing decreased by nearly \$34.1 million as compared with the first half of fiscal 2012. State spending with HUBs through group purchasing increased by 48.22 percent (nearly \$6.4 million) during the same period.

Fiscal 2011				
Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.90%	\$0	\$0	0.00%
Building Construction	26.10%	\$5,319,058	\$2,267,538	42.63%
Special Trade	57.20%	\$9,010,024	\$1,943,112	21.57%
Professional Services	20.00%	\$385,388	\$0	0.00%
Other Services	33.00%	\$15,578,848	\$2,093,090	13.44%
Commodities	12.60%	\$247,386,377	\$27,299,576	11.04%
TOTAL**		\$277,679,695	\$33,603,316	12.10%

Fiscal 2012				
Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$4,344,546	\$1,361,040	31.33%
Special Trade	32.70%	\$26,298,727	\$2,538,108	9.65%
Professional Services	23.60%	\$1,652,455	\$0	0.00%
Other Services	24.60%	\$12,909,130	\$1,989,801	15.41%
Commodities	21.00%	\$247,140,275	\$30,818,733	12.47%
TOTAL**		\$292,345,133	\$36,707,682	12.56%

Fiscal 2012 – Semi-Annual through February 2012***				
Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$770,622	\$58,015	7.53%
Special Trade	32.70%	\$13,137,463	\$622,481	4.74%
Professional Services	23.60%	\$681,866	\$0	0.00%
Other Services	24.60%	\$7,487,539	\$812,189	10.85%
Commodities	21.00%	\$117,851,227	\$11,767,182	9.98%
TOTAL**		\$139,928,717	\$13,259,867	9.48%

Fiscal 2013 – Semi-Annual through February 2013***				
Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$3,092,354	\$1,040,573	33.65%
Special Trade	32.70%	\$7,340,523	\$2,898,741	39.49%
Professional Services	23.60%	\$72,472	\$0	0.00%
Other Services	24.60%	\$7,014,086	\$1,485,377	21.18%
Commodities	21.00%	\$88,315,242	\$14,229,165	16.11%
TOTAL**		\$105,834,677	\$19,653,856	18.57%

* For HUB reporting purposes, expenditures with all HUBs certified at any time during the current fiscal year are included 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.

The Texas Procurement and Support Services (TPASS) Division of the Comptroller's office holds state agencies and higher education institutions responsible for the accuracy of their self-reported data and relies on them to confirm that they have reported correct information to TPASS before the division finalizes its semi-annual and annual HUB reports.