

Executive Summary

The Statewide Historically Underutilized Business (HUB) Program works to certify all eligible Texas businesses as HUBs and to increase the share of Texas state government contracts that are awarded to HUBs. In accordance with 34 TAC §20.13, each state agency shall make a good faith effort to utilize HUBs in contracts for construction, services (including professional and consulting services) and commodities purchases. Texas’ minority-, Service-Disabled Veteran- and woman-owned companies can become certified as HUBs, increasing their opportunities to do business with the state and furthering the Legislature’s goal of supporting such businesses.

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 fiscal 2014, 23.52 percent of the state’s certified HUBs had taken the initiative to register with the CMBL.

A comparison between fiscal years 2013 and 2014 shows the number of Texas certified HUBs decreased 2.53 percent (16,763 for fiscal 2013 and 16,339 for fiscal 2014). Texas certified HUBs received 12.58 percent of all statewide expenditures.

As compared to fiscal 2013, the state’s overall spending through term contract purchases during fiscal 2014 decreased nearly 3 percent (approximately \$19.1 million). The percentage of total dollars Texas certified HUBs were awarded as a result of term contract purchases for fiscal years 2013 and 2014 remained relatively constant, averaging 3.2 percent.

State agencies and institutions of higher education also report to the Comptroller their purchases that are made through a group purchasing program. In a similar comparison between the two fiscal years, the state’s overall spending through group purchasing showed a decrease of 23.87 percent, from approximately \$139.6 million in fiscal 2013 to \$106.3 million in fiscal 2014. The percent of total dollars the state spent with HUBs through group purchasing also decreased from 28.19 percent to 18.94 percent (approximately \$19.2 million) year over year. The decrease was primarily driven by the special trade and commodities industries.

This report summarizes current HUB status and spending trends.

Total Statewide Expenditures

The state’s total spending in fiscal 2014 increased nearly \$1.746 billion compared to fiscal 2013. The state spent nearly \$97.3 million more with HUBs during fiscal 2014 as compared to fiscal 2013; however, the share of all state money going to HUBs decreased by less than a percentage point, going from 13.42 percent in fiscal 2013 to 12.58 percent in fiscal 2014.

Fiscal Year	Total Statewide Expenditures	Total HUB Expenditures	HUB Percent
Fiscal 2014	\$16,382,802,474	\$2,060,862,969	12.58%
Fiscal 2013	\$14,636,831,314	\$1,963,600,540	13.42%
Fiscal 2012	\$14,042,121,426	\$1,947,503,829	13.87%

Who Owns Texas HUBs

Eligible HUB Groups	Number of Certified HUBs	Males	Females
Asian-Pacific American	1,223	796	427
Black American	3,294	2,002	1,292
Hispanic American	5,036	3,610	1,426
Native American	311	211	100
Woman*	6,448	N/A	6,448
Service-Disabled Veteran**	27	27	N/A
TOTAL	16,339	6,646	9,693

* The “Woman” category does not include women 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.

Expenditures with HUB Groups

The state's overall spending with HUBs increased nearly 5 percent year over year; however, the total number of awards received by HUBs decreased approximately 4 percent. The state's overall spending with Asian-Pacific American-, Hispanic American-, Native American-, and woman-owned HUBs increased 20.46 percent, 6.78 percent, 1.10 percent, and 4.00 percent, respectively, whereas state spending with Black American-owned HUBs decreased 8.31 percent. At the beginning of fiscal 2014, Service-Disabled Veteran (SDV)-owned HUBs became eligible for the HUB Program. The state's overall spending with SDV-owned HUBs during fiscal 2014 was slightly more than \$1.8 million.

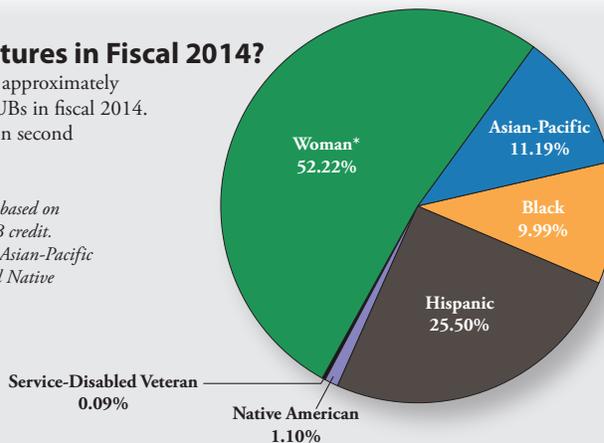
Eligible HUB Groups	Fiscal 2014		Fiscal 2013	
	Number of Awards	Total HUB Expenditures	Number of Awards	Total HUB Expenditures
Asian-Pacific American	289	\$230,418,269	293	\$191,282,930
Black American	418	\$205,648,343	423	\$224,284,135
Hispanic American	1,327	\$525,083,224	1,399	\$491,724,379
Native American	84	\$22,693,045	85	\$22,445,666
Woman*	2,260	\$1,075,189,940	2,367	\$1,033,863,429
Service-Disabled Veteran**	8	\$1,830,145	N/A	N/A
TOTAL	4,386	\$2,060,862,969	4,567	\$1,963,600,540

Who Received HUB Expenditures in Fiscal 2014?

Businesses owned by Anglo women received approximately 52 percent of the state expenditures with HUBs in fiscal 2014. Hispanic American-owned businesses came in second at 25.50 percent.

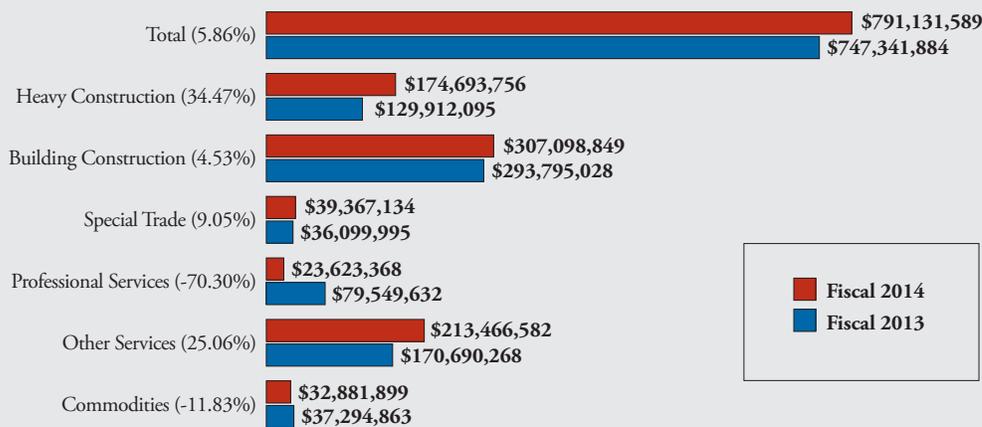
*Note: The percentages reflected in this pie chart are based on the number of Vendor ID Numbers eligible for HUB credit. *The "Woman" category does not include women of Asian-Pacific American, Black American, Hispanic American and Native American ethnicities.*

Source: Texas Comptroller of Public Accounts.



Subcontracting

The following chart compares subcontracting spending with HUBs for fiscal 2014 and 2013:



Source: Texas Comptroller of Public Accounts.

Note: The numbers 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

During fiscal 2014, as compared to fiscal 2013, state spending with HUBs increased 33.30 percent for heavy construction, 3.00 percent for building construction, 6.00 percent for other services and 7.28 percent for commodities industries. Spending with HUBs in special trade and professional services decreased 7.39 percent and 33.57 percent, respectively.

Fiscal 2014				
Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$5,288,183,271	\$292,675,953	5.53%
Building Construction	21.10%	\$1,716,735,367	\$379,848,183	22.13%
Special Trade	32.70%	\$557,672,705	\$151,713,022	27.20%
Professional Services	23.60%	\$678,716,862	\$89,955,391	13.25%
Other Services	24.60%	\$3,898,067,663	\$635,102,741	16.29%
Commodities	21.00%	\$4,243,426,603	\$511,567,677	12.06%
TOTAL**		\$16,382,802,474	\$2,060,862,969	12.58%

Fiscal 2014 Statewide HUB Subcontracting Expenditures: \$791,131,589

Fiscal 2013				
Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$4,461,624,826	\$219,557,561	4.92%
Building Construction	21.10%	\$1,513,029,286	\$368,775,749	24.37%
Special Trade	32.70%	\$512,156,296	\$163,815,154	31.99%
Professional Services	23.60%	\$669,379,821	\$135,408,748	20.23%
Other Services	24.60%	\$3,492,286,133	\$599,178,112	17.16%
Commodities	21.00%	\$3,988,354,949	\$476,865,213	11.96%
TOTAL**		\$14,636,831,314	\$1,963,600,540	13.42%

Fiscal 2013 Statewide HUB Subcontracting Expenditures: \$747,341,884

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

* 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.

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.

As compared to fiscal 2013, the state spent 2.98 percent less (approximately \$19.1 million) through term contracts in fiscal 2014. State total spending with HUBs through term contracts decreased by 4.10 percent (approximately \$848 thousand) during the same period.

Fiscal 2014				
Term Contracts	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$261	\$0	0.00%
Building Construction	21.10%	\$423,415	\$22,552	5.33%
Special Trade	32.70%	\$1,178,310	\$192,994	16.38%
Professional Services	23.60%	\$990,828	\$18,250	1.84%
Other Services	24.60%	\$16,746,486	\$612,871	3.66%
Commodities	21.00%	\$604,251,238	\$19,003,480	3.14%
TOTAL**		\$623,590,538	\$19,850,147	3.18%

Fiscal 2013				
Term Contracts	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$219,454	\$0	0.00%
Building Construction	21.10%	\$73,425	\$0	0.00%
Special Trade	32.70%	\$3,860,231	\$2,337,346	60.55%
Professional Services	23.60%	\$562,422	\$109,920	19.54%
Other Services	24.60%	\$22,938,188	\$3,106,505	13.54%
Commodities	21.00%	\$615,073,441	\$15,144,723	2.46%
TOTAL**		\$642,727,161	\$20,698,494	3.22%

Fiscal 2012				
Term Contracts	HUB Goals*	Total Expenditures	Total HUB Expenditures	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%

* 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.

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.

The state's total spending through group purchasing in fiscal 2014 decreased approximately \$33.3 million as compared to fiscal 2013. The percent of dollars the state spent with HUBs through group purchasing dropped 9.25 percentage points, from 28.19 percent in fiscal 2013, to 18.94 percent in fiscal 2014.

Fiscal 2014				
Group Purchasing	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$665	\$0	0.00%
Building Construction	21.10%	\$6,666,091	\$4,370,571	65.56%
Special Trade	32.70%	\$6,123,248	\$1,379,742	22.53%
Professional Services	23.60%	\$1,308,467	\$0	0.00%
Other Services	24.60%	\$11,015,422	\$1,463,351	13.28%
Commodities	21.00%	\$81,215,593	\$12,927,312	15.92%
TOTAL**		\$106,329,486	\$20,140,976	18.94%

Fiscal 2013				
Group Purchasing	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$10,936,350	\$4,951,383	45.27%
Special Trade	32.70%	\$17,016,715	\$7,795,915	45.81%
Professional Services	23.60%	\$351,210	\$38,479	10.96%
Other Services	24.60%	\$9,893,156	\$2,279,264	23.04%
Commodities	21.00%	\$101,477,349	\$24,313,636	23.96%
TOTAL**		\$139,674,780	\$39,378,677	28.19%

Fiscal 2012				
Group Purchasing	HUB Goals*	Total Expenditures	Total HUB Expenditures	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%

* 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.

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 they have reported correct information to TPASS before the division finalizes its semi-annual and annual HUB reports.