

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 2015, approximately 25 percent of the state’s certified HUBs had taken the initiative to register with the CMBL. At the end of fiscal 2015, 35.56 percent of the 9,264 vendors registered on the CMBL were Texas certified HUBs.

A comparison between fiscal years 2014 and 2015 shows the number of vendors who were a Texas certified HUB during the respective fiscal years, decreased 1.90 percent, from 16,339 during fiscal 2014, to 16,028 during fiscal 2015. Texas certified HUBs received 11.97 percent of all statewide expenditures.

As compared to fiscal 2014, the state’s overall spending through term contract purchases during fiscal 2015 decreased 1.99 percent (approximately \$12.4 million). The percentage of total dollars Texas certified HUBs were awarded as a result of term contract purchases increased nearly 18 percent (\$19,850,147 in fiscal 2014, to \$23,404,949 in fiscal 2015).

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 increased 44 percent, from approximately \$106.3 million in fiscal 2014 to approximately \$153 million in fiscal 2015. The percent of total dollars the state spent with HUBs through group purchasing decreased 11.61 percent (\$20,140,976 in fiscal 2014, to \$17,802,274 in fiscal 2015).

This report summarizes current HUB status and spending trends.

Total Statewide Expenditures

The state’s total spending in fiscal 2015 increased approximately \$579 million compared to fiscal 2014. The state spent \$31.3 million less with HUBs during fiscal 2015, than it had during fiscal 2014. The share of all state money going to HUBs decreased by 0.61 of a percentage point, going from 12.58 percent in fiscal 2014 to 11.97 percent in fiscal 2015.

Fiscal Year	Total Statewide Expenditures	Total HUB Expenditures	HUB Percent
Fiscal 2015	\$16,961,932,186	\$2,029,550,710	11.97%
Fiscal 2014	\$16,382,802,474	\$2,060,862,969	12.58%
Fiscal 2013	\$14,636,831,314	\$1,963,600,540	13.42%

Who Owns Texas HUBs

Eligible HUB Groups	Fiscal 2015			Fiscal 2014		
	Number of Certified HUBs	Males	Females	Number of Certified HUBs	Males	Females
Asian Pacific American	1,194	777	417	1,223	796	427
Black American	3,282	2,004	1,278	3,294	2,002	1,292
Hispanic American	4,995	3,580	1,415	5,036	3,610	1,426
Native American	330	228	102	311	211	100
Woman*	6,166	N/A	6,166	6,448	N/A	6,448
Service-Disabled Veteran**	61	61	0	27	27	0
TOTAL	16,028	6,650	9,378	16,339	6,646	9,693

*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.

Expenditures with HUB Groups

The state's overall spending with HUBs, and the number of awards to HUBs decreased 1.52 percent and 2.05 percent, respectively year over year. The state's overall spending with Asian-Pacific American-, Black American-, Native American-, and Service-Disabled Veteran (SDV)-owned HUBs increased 8.93 percent, 5.76 percent, 12.56 percent, and 28.25 percent, respectively, whereas state spending with Hispanic American-owned HUBs and woman-owned HUBs decreased 1.53 percent and 5.49 percent, respectively. At the beginning of fiscal 2014, Service-Disabled Veteran (SDV)-owned HUBs became eligible for the HUB Program.

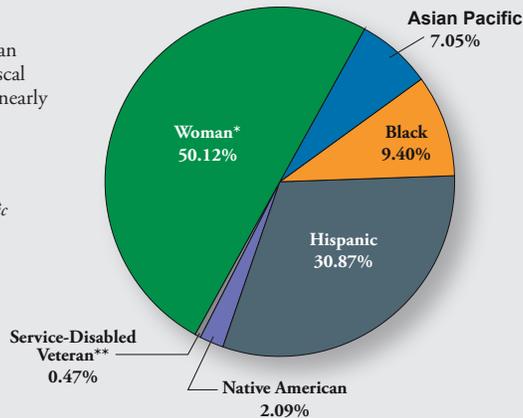
Eligible HUB Groups	Fiscal 2015 – Annual		Fiscal 2014 – Annual	
	Number of Awards	Total HUB Expenditures	Number of Awards	Total HUB Expenditures
Asian Pacific American	303	\$250,991,956	289	\$230,418,269
Black American	404	\$217,494,744	418	\$205,648,343
Hispanic American	1,326	\$517,062,956	1,327	\$525,083,224
Native American	90	\$25,542,801	84	\$22,693,045
Woman*	2,153	\$1,016,111,167	2,260	\$1,075,189,940
Service-Disabled Veteran**	20	\$2,347,084	8	\$1,830,145
TOTAL	4,296	\$2,029,550,710	4,386	\$2,060,862,969

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 below 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.

Who Receives HUB Expenditures?

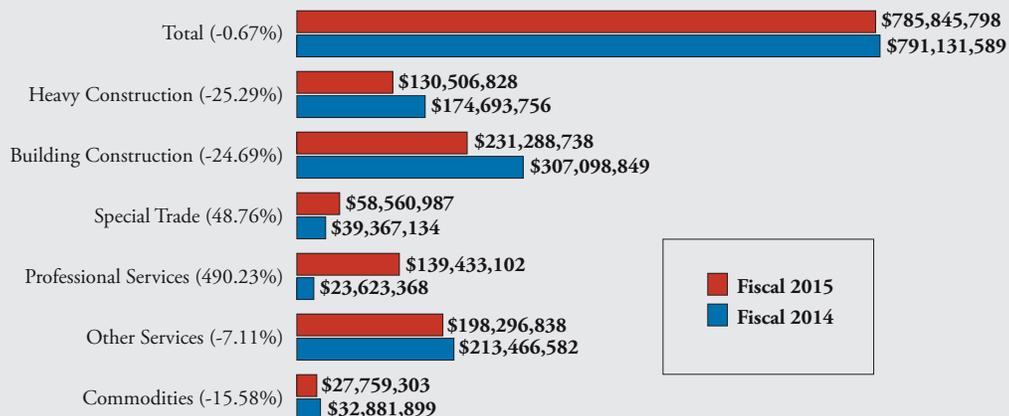
Businesses owned by Anglo women received more than 50 percent of the state expenditures with HUBs in fiscal 2015. Hispanic-owned businesses came in second at nearly 31 percent.

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 2015:



Source: Texas Comptroller of Public Accounts.

Business Categories

During fiscal 2015, as compared to fiscal 2014, state spending with HUBs decreased 9.00 percent for heavy construction, 27.48 percent for building construction, 4.49 percent for other services and 1.68 percent for commodities industries. Spending with HUBs in special trade and professional services increased 7.41 percent and 139.31 percent, respectively.

Fiscal 2015

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$5,279,525,567	\$266,333,119	5.04%
Building Construction	21.10%	\$1,703,623,997	\$275,454,333	16.17%
Special Trade	32.90%	\$645,612,438	\$162,962,501	25.24%
Professional Services	23.70%	\$725,661,908	\$215,269,331	29.67%
Other Services	26.00%	\$4,187,585,949	\$606,572,260	14.49%
Commodities	21.10%	\$4,419,922,326	\$502,959,164	11.38%
TOTAL**		\$16,961,932,186	\$2,029,550,710	11.97%

Fiscal 2015 Statewide HUB Subcontracting Expenditures: \$785,845,798

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

* 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 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 2014, the state spent 1.99 percent less (approximately \$12.4 million) through term contracts in fiscal 2015; however, the state's total spending with HUBs through term contracts increased nearly 18 percent (approximately \$3.5 million).

Fiscal 2015

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$84,118	\$0	0.00%
Building Construction	21.10%	\$285,532	\$84,808	29.70%
Special Trade	32.90%	\$2,006,360	\$72,529	3.61%
Professional Services	23.70%	\$1,132,481	\$98,090	8.66%
Other Services	26.00%	\$21,722,417	\$1,166,856	5.37%
Commodities	21.10%	\$585,937,337	\$21,982,666	3.75%
TOTAL **		\$611,168,245	\$23,404,949	3.83%

Fiscal 2014

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	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 Spending	Total HUB Spending	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%

* 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.

The state's total spending through group purchasing in fiscal 2015 increased approximately \$46.6 million (or 43.90 percent) as compared to fiscal 2014. The percent of dollars the state spent with HUBs through group purchasing dropped 7.31 percentage points, from 18.94 percent in fiscal 2014, to 11.63 percent in fiscal 2015.

Fiscal 2015

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$28,438	\$0	0.00%
Building Construction	21.10%	\$5,669,354	\$1,612,383	28.44%
Special Trade	32.90%	\$27,196,742	\$2,061,903	7.58%
Professional Services	23.70%	\$3,082,203	\$49,451	1.60%
Other Services	26.00%	\$15,544,139	\$1,251,976	8.05%
Commodities	21.10%	\$101,488,110	\$12,826,561	12.64%
TOTAL**		\$153,008,986	\$17,802,274	11.63%

Fiscal 2014

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	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 Spending	Total HUB Spending	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%

* 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.

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.