

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 2016, approximately 25 percent of the state's certified HUBs had taken the initiative to register with the CMBL. At the end of fiscal 2016, nearly 36 percent of the 9,856 vendors registered on the CMBL were Texas certified HUBs.

A comparison between fiscal years 2015 and 2016 shows the number of vendors who were a Texas certified HUB during the respective fiscal years, decreased 0.82 percent, from 16,028 during fiscal 2015, to 15,896 during fiscal 2016. Texas certified HUBs received 11.30 percent of all statewide expenditures.

As compared to fiscal 2015, the state's overall spending through term contract purchases during fiscal 2016 increased 8.54 percent (approximately \$52.2 million). The percentage of total dollars Texas certified HUBs were awarded as a result of term contract purchases increased nearly 6.51 percent (up approximately \$1.5 million in fiscal 2016 as compared to 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 decreased 9.12 percent, from approximately \$153 million in fiscal 2015 to approximately \$139 million in fiscal 2016. The percent of total dollars the state spent with HUBs through group purchasing increased 38.53 percent (\$17,802,274 in fiscal 2015, to \$24,661,834 in fiscal 2016).

This report summarizes current HUB status and spending trends.

Total Statewide Expenditures

The state's total spending in fiscal 2016 increased approximately \$1.9 billion compared to fiscal 2015. The state spent \$106 million more with HUBs during fiscal 2016, than it had during fiscal 2015; however, the share of all state money going to HUBs decreased by 0.67 of a percentage point, going from 11.97 percent in fiscal 2015 to 11.30 percent in fiscal 2016.

Fiscal Year	Total Statewide Expenditures	Total HUB Expenditures	HUB Percent
Fiscal 2016	\$18,898,542,734	\$2,135,542,734	11.30%
Fiscal 2015	\$16,961,932,186	\$2,029,550,710	11.97%
Fiscal 2014	\$16,382,802,474	\$2,060,862,969	12.58%

Who Owns Texas HUBs

Eligible HUB Groups	Fiscal 2016			Fiscal 2015		
	Number of Certified HUBs	Males	Females	Number of Certified HUBs	Males	Females
Asian Pacific American	1,185	783	402	1,194	777	417
Black American	3,370	2,036	1,334	3,282	2,004	1,278
Hispanic American	4,901	3,493	1,408	4,995	3,580	1,415
Native American	319	224	95	330	228	102
Woman*	6,024	N/A	6,024	6,166	N/A	6,166
Service-Disabled Veteran**	97	97	0	61	61	0
TOTAL	15,896	6,633	9,263	16,028	6,650	9,378

*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

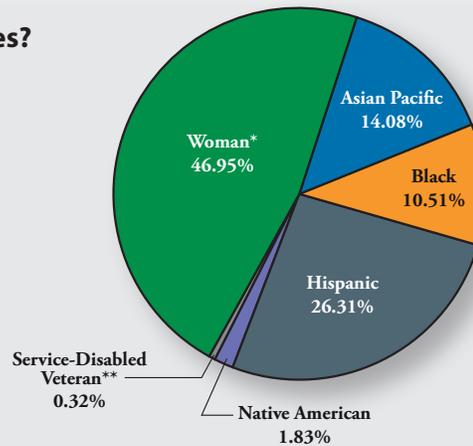
A comparison between fiscal 2015 and 2016 indicates the total spending with Texas certified HUBs increased 5.22 percent, approximately \$106 million; however, the number of awards to Texas HUBs decreased slightly by 10 awards. The State's overall spending with Asian Pacific American-, Black American-, Hispanic American-, Native American-, and Service-Disabled Veteran-owned HUBs increased 19.81 percent, 3.17 percent, 8.66 percent, 52.75 percent and 191.47 percent, respectively. The state's overall spending with woman-owned HUBs decreased 1.32 percent.

Eligible HUB Groups	Fiscal 2016 – Annual		Fiscal 2015 – Annual	
	Number of Awards	Total HUB Expenditures	Number of Awards	Total HUB Expenditures
Asian Pacific American	287	\$300,703,581	303	\$250,991,956
Black American	437	\$224,392,750	404	\$217,494,744
Hispanic American	1,317	\$561,840,196	1,326	\$517,062,956
Native American	93	\$39,015,682	90	\$25,542,801
Woman*	2,131	\$1,002,723,327	2,153	\$1,075,189,940
Service-Disabled Veteran**	21	\$6,841,132	20	\$2,347,084
TOTAL	4,286	\$2,135,516,671	4,296	\$2,029,550,710

Who Receives HUB Expenditures?

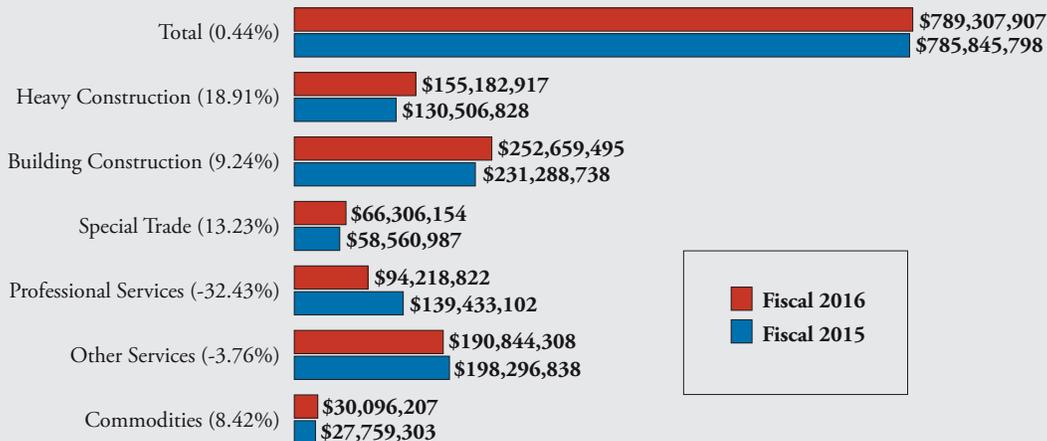
Businesses owned by Anglo women received nearly 47 percent of the state expenditures with HUBs in fiscal 2016.

Hispanic-owned businesses came in second at approximately 26 percent.



Subcontracting

The following chart compares subcontracting spending with HUBs for fiscal 2015 and 2016:



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

During fiscal 2016, as compared to fiscal 2015, state spending with HUBs increased 8.66 percent for heavy construction, 12.95 percent for building construction, 14.09 percent for special trade, 1.59 percent for other services and 8.51 percent for commodities industries. Spending with HUBs in professional services decreased 13.06 percent.

Fiscal 2016

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$6,365,376,337	\$289,396,651	4.55%
Building Construction	21.10%	\$1,740,902,776	\$311,113,532	17.87%
Special Trade	32.90%	\$668,738,256	\$185,921,732	27.80%
Professional Services	23.70%	\$827,422,452	\$187,152,552	22.62%
Other Services	26.00%	\$4,580,467,625	\$616,189,903	13.45%
Commodities	21.10%	\$4,715,635,286	\$545,742,299	11.57%
TOTAL**		\$18,898,542,734	\$2,135,516,671	11.30%

Fiscal 2016 Statewide HUB Subcontracting Expenditures: \$789,307,907

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

* 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 2015, the state spent 8.54 percent more (approximately \$52.2 million) through term contracts in fiscal 2016. The state's total spending with HUBs through term contracts increased also by 6.51 percent (approximately \$1.5 million).

Fiscal 2016

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$141,329	\$0	0.00%
Building Construction	21.10%	\$159,825	\$632	0.40%
Special Trade	32.90%	\$1,617,693	\$29,271	1.81%
Professional Services	23.70%	\$1,835,907	\$92	0.01%
Other Services	26.00%	\$20,333,314	\$1,140,541	5.61%
Commodities	21.10%	\$639,268,668	\$23,757,621	3.72%
TOTAL **		\$663,356,736	\$24,928,157	3.76%

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%

* 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 2016 decreased approximately \$13.9 million (or 9.12 percent) as compared to fiscal 2015; however, the state's total spending with HUBs through group purchasing increased 38.53 percent (approximately \$6.8 million).

Fiscal 2016

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$20,104	\$20,104	100.00%
Building Construction	21.10%	\$8,360,217	\$3,581,349	42.84%
Special Trade	32.90%	\$19,768,193	\$2,188,291	11.07%
Professional Services	23.70%	\$4,293,676	\$84,033	1.96%
Other Services	26.00%	\$37,194,238	\$4,021,008	10.81%
Commodities	21.10%	\$69,414,316	\$14,767,049	21.27%
TOTAL**		\$139,050,744	\$24,661,834	17.74%

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%

* 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 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 Support Services Division before the division finalizes its semi-annual and annual HUB reports.