

Executive Summary

Texas is a great state in which to do business, and small, minority- and woman-owned companies play a significant role in the state's economy. In Texas, minority- and woman-owned companies (and as of Sept. 1, 2013, service disabled veteran-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.

During fiscal 2013, more than 16,600 companies were registered as Texas certified HUBs, which received 13.42 percent of all statewide expenditures. And while HUB certification can increase a company's exposure to the state's agencies, institutions of higher education and prime contractors, it is important to note that all manufacturers, suppliers, and other vendors, including HUBs wishing to furnish materials, equipment, supplies, and services to the state, should register for the state's Centralized Master Bidders List (CMBL) to receive bidding opportunities.

The CMBL is a master database used by State of Texas purchasing entities to develop a mailing list for vendors to receive bids based on the products or services they can provide to the State of Texas. State entities must search the 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 2013, only 23 percent of the state's certified HUBs had taken the initiative to register with the CMBL.

A comparison between fiscal 2012 and fiscal 2013 shows that the state's overall spending with HUBs had increased by approximately \$16.1 million. Also, the state's overall spending with HUBs through term contracts and group purchasing increased by approximately 3.6 percent and 7.3 percent, respectively.

This report summarizes current HUB status and spending trends.

Total Statewide Expenditures

The state's total spending rose by nearly \$595 million in fiscal 2013. The share of all state money going to HUBs decreased by .45 of a percentage point, from 13.87 percent in fiscal 2012 to 13.42 percent in fiscal 2013.

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 2013	\$14,636,831,314	\$1,963,600,540	13.42%

Who Owns Texas HUBs

Eligible HUB Groups	Number of Certified HUBs	Males	Females
Asian Pacific American	1,222	803	419
Black American	3,303	1,998	1,305
Hispanic American	5,103	3,679	1,424
Native American	310	206	104
Woman*	6,825	N/A	6,825
TOTAL	16,763	6,686	10,077

* 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 fiscal 2013 and fiscal 2012 shows state spending with Asian-Pacific American-, Hispanic American- and woman-owned HUBs increased by 3.06 percent, 4.15 percent, and .56 percent, respectively. State spending with Black American- and Native American-owned HUBs decreased by 2 percent, and 31.68 percent, respectively. The overall share of money going to HUBs increased by .83 percent (approximately \$16.1 million).

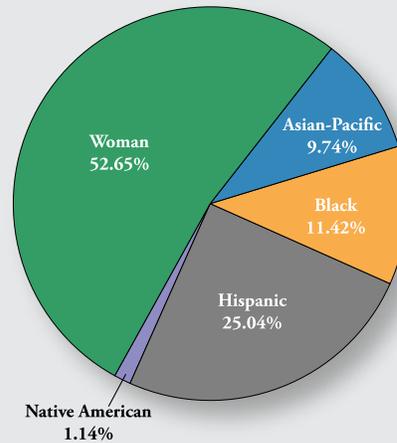
Eligible HUB Groups	Number of Awards	Total HUB Expenditures
Asian Pacific American	293	\$191,282,930
Black American	423	\$224,284,135
Hispanic American	1,399	\$491,724,379
Native American	85	\$22,445,666
Woman*	2,367	\$1,033,863,429
TOTAL	4,567	\$1,963,600,540

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 state expenditures with HUBs in fiscal 2013. Hispanic-owned businesses came in second at 25 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 2013 and 2012:



Source: Texas Comptroller of Public Accounts.

Business Categories

During fiscal 2013, as compared to fiscal 2012, the state spending with HUBs increased 67.70 percent for professional services, 7.79 percent for special trade, 4.42 percent for other services and 1.76 percent for building construction. Spending with HUBs in heavy construction and commodities industries decreased 22.95 percent and 3.39 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%	\$711,502,469	\$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 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 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 7.04 percent more (approximately \$42.3 million) through term contracts than it did in fiscal 2012. The percentage of spending with HUBs through term contracts remained relatively the same, 3.33 percent during fiscal 2012 as compared to 3.22 percent during fiscal 2013.

Fiscal 2011				
Term Contracts	HUB Goals*	Total Expenditures	Total HUB Expenditures	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 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%

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%

* 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 overall spending through group purchasing decreased by 52.22 percent, from \$292,345,133 during fiscal 2012 to \$139,674,780 during fiscal 2013. The state's overall spending with HUBs through group purchasing increased by 7.27 percent.

Fiscal 2011				
Group Purchasing	HUB Goals*	Total Expenditures	Total HUB Expenditures	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 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%

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%

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