

# Executive Summary

In Texas, being certified as Historically Underutilized Businesses (HUBs) can increase minority-, Service-Disabled Veteran- and woman-owned companies opportunities to do business with the state and further the Legislature's goal of supporting such businesses.

During the first six months of fiscal 2015 there were nearly 14,800 Texas certified HUBs, approximately 24 percent of them were utilized on state contracts as prime contractors or subcontractors, and collectively received 11.31 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 2015, approximately 23 percent of the state's certified HUBs had taken the initiative to register with the CMBL.

As compared to the first six months of fiscal 2014, the state's overall spending through term contract purchases during the first six months of fiscal 2015 decreased by nearly \$5 million. For the first six month of fiscals 2014 and 2015, the percentage of total dollars HUBs were awarded as a result of term contract purchases remained relatively constant at 3.41 percent and 3.44 percent, respectively.

In a similar comparison between the first six months of the two fiscal years, the state's overall spending through group purchasing showed an increase of 35.36 percent, from \$62.8 million in fiscal 2014 to slightly more than \$85 million in fiscal 2015. The total dollars the state spent with HUBs through group purchasing decreased by \$1.2 million (11.50 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 2015 increased by more than \$351 million compared with the first half of fiscal 2014; however, the state's total spending with HUBs decreased by approximately \$84.2 million (or 8.36 percent) during the same period of time. The share of total statewide expenditures going to HUBs decreased by 1.58 percentage points, from 12.89 percent to 11.31 percent.

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 2015 – Semi-Annual	\$8,169,481,697	\$923,764,326	11.31%
Fiscal 2014 – Semi-Annual	\$7,817,735,382	\$1,008,020,336	12.89%

## Who Owns Texas HUBs

Eligible HUB Groups	Fiscal 2015 – Semi-Annual			Fiscal 2014 – Semi-Annual		
	Number of Certified HUBs	Males	Females	Number of Certified HUBs	Males	Females
Asian Pacific American	1,114	726	388	1,146	750	396
Black American	2,945	1,814	1,131	3,050	1,862	1,188
Hispanic American	4,574	3,288	1,286	4,709	3,374	1,335
Native American	293	201	92	295	200	95
Woman*	5,817	N/A	5,817	6,185	N/A	6,185
Service-Disabled Veteran**	44	44	0	13	13	0
<b>TOTAL</b>	<b>14,787</b>	<b>6,073</b>	<b>8,714</b>	<b>15,398</b>	<b>6,199</b>	<b>9,199</b>

\*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 the first half of fiscal 2015 and the first half of fiscal 2014 shows state spending with Black American-, and Service-Disabled Veteran-owned HUBs increased by 10.62 percent, and 121.11 percent, respectively, whereas state spending with Asian Pacific American-, Hispanic American-, Native American-, and Woman-owned HUBs decreased by 21.44 percent, 11.68 percent, 44.41 percent, and 6.07 percent, respectively. The overall share of money going to HUBs decreased by 8.36 percent (approximately \$84.2 million).

Eligible HUB Groups	Fiscal 2015 – Semi-Annual		Fiscal 2014 – Semi-Annual	
	Number of Awards	Total HUB Expenditures	Number of Awards	Total HUB Expenditures
Asian Pacific American	245	\$102,061,713	243	\$129,913,519
Black American	319	\$104,924,422	341	\$94,851,313
Hispanic American	1,059	\$222,221,886	1,087	\$251,623,995
Native American	68	\$7,898,015	65	\$14,208,233
Woman*	1,817	\$485,537,386	1,922	\$516,916,337
Service-Disabled Veteran**	13	\$1,120,902	4	\$506,936
<b>TOTAL</b>	<b>3,521</b>	<b>\$923,764,326</b>	<b>3,662</b>	<b>\$1,008,020,336</b>

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.

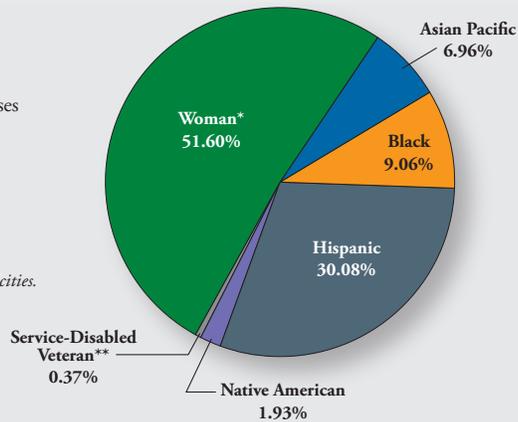
### Who Receives HUB Expenditures?

Businesses owned by Anglo women received more than 51 percent of the state expenditures with HUBs in the first six months of fiscal 2015. Hispanic-owned businesses came in second at slightly more than 24 percent.

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

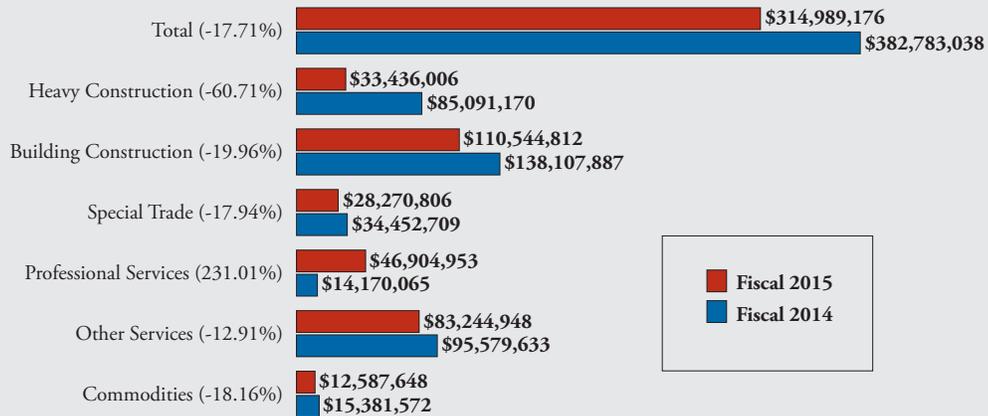
\*The "Woman" category does not include women who are Service-Disabled Veterans or of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.

Source: Texas Comptroller of Public Accounts.



### Subcontracting

The following chart compares subcontracting spending with HUBs for the first six months of fiscal 2014 and 2015:



Source: Texas Comptroller of Public Accounts.

## Business Categories

During the first half of fiscal 2015, as compared to the first half of fiscal 2014, state spending with HUBs increased by 71.28 percent for professional services and 3.29 for commodities industries. Spending with HUBs in heavy construction, building construction, special trade and other services decreased by 31.90 percent, 24.67 percent, 12.80 percent, and 7.78 percent, respectively.

### Fiscal 2015 – Semi-Annual\*\*\*

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$2,519,375,815	\$96,948,080	3.85%
Building Construction	21.10%	\$747,806,010	\$132,521,062	17.72%
Special Trade	32.90%	\$274,643,406	\$77,197,814	28.11%
Professional Services	23.70%	\$333,474,964	\$79,631,714	23.88%
Other Services	26.00%	\$2,143,985,738	\$295,453,898	13.78%
Commodities	21.10%	\$2,150,195,761	\$242,011,757	11.26%
<b>TOTAL**</b>		<b>\$8,169,481,697</b>	<b>\$923,764,326</b>	<b>11.31%</b>

**Fiscal 2015 Semi-Annual Statewide HUB Subcontracting Expenditures: \$314,989,176**

### Fiscal 2014 – Semi-Annual\*\*\*

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$2,398,050,767	\$142,367,697	5.94%
Building Construction	21.10%	\$808,221,101	\$175,924,828	21.77%
Special Trade	32.70%	\$226,176,234	\$88,533,159	39.14%
Professional Services	23.60%	\$356,258,457	\$46,493,296	13.05%
Other Services	24.60%	\$1,966,755,218	\$320,387,390	16.29%
Commodities	21.00%	\$2,062,273,603	\$234,313,963	11.36%
<b>TOTAL**</b>		<b>\$7,817,735,382</b>	<b>\$1,008,020,336</b>	<b>12.89%</b>

**Fiscal 2014 Semi-Annual Statewide HUB Subcontracting Expenditures: \$382,783,038**

### 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%
<b>TOTAL**</b>		<b>\$16,382,802,474</b>	<b>\$2,060,862,969</b>	<b>12.58%</b>

**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%
<b>TOTAL**</b>		<b>\$14,636,831,314</b>	<b>\$1,963,600,540</b>	<b>13.42%</b>

**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.

\*\*\* Total for first six months of 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 2015, the state spent 1.64 percent less (approximately \$5 million) through term contracts than in the first half of fiscal 2014. State total spending with HUBs through term contracts remained relatively the same, decreasing by 0.63 percent (approximately \$65 thousand) during the same period.

### Fiscal 2015 – Semi-Annual\*\*\*

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$16,798,002	\$0	0.00%
Building Construction	21.10%	\$6,474	\$1,325	20.47%
Special Trade	32.90%	\$701,185	\$7,564	1.08%
Professional Services	23.70%	\$557,389	\$24,985	4.48%
Other Services	26.00%	\$11,737,488	\$271,630	2.31%
Commodities	21.10%	\$269,135,540	\$9,977,976	3.71%
<b>TOTAL **</b>		<b>\$298,936,078</b>	<b>\$10,283,480</b>	<b>3.44%</b>

### Fiscal 2014 – Semi-Annual\*\*\*

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$107	\$0	0.00%
Building Construction	21.10%	\$340,979	\$116,080	34.04%
Special Trade	32.70%	\$673,459	\$418,988	62.21%
Professional Services	23.60%	\$448,525	\$1,775	0.40%
Other Services	24.60%	\$10,163,663	\$199,621	1.96%
Commodities	21.00%	\$292,301,276	\$9,612,502	3.29%
<b>TOTAL **</b>		<b>\$303,928,009</b>	<b>\$10,348,966</b>	<b>3.41%</b>

### 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%
<b>TOTAL **</b>		<b>\$623,590,538</b>	<b>\$19,850,147</b>	<b>3.18%</b>

### 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%
<b>TOTAL **</b>		<b>\$642,727,161</b>	<b>\$20,698,494</b>	<b>3.22%</b>

\* 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.

\*\*\* 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 2015, state spending through group purchasing increased by approximately \$22.2 million as compared with the first half of fiscal 2014. State spending with HUBs through group purchasing decreased by approximately 1.2 million (11.50 percent) during the same period.

### Fiscal 2015 – Semi-Annual\*\*\*

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$2,474,064	\$553,185	22.36%
Special Trade	32.90%	\$3,361,751	\$708,673	21.08%
Professional Services	23.70%	\$2,597,467	\$102,503	3.95%
Other Services	26.00%	\$13,781,869	\$1,406,372	10.20%
Commodities	21.10%	\$62,809,592	\$6,567,474	10.46%
<b>TOTAL**</b>		<b>\$85,024,743</b>	<b>\$9,338,207</b>	<b>10.98%</b>

### Fiscal 2014 – Semi-Annual\*\*\*

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$0	\$0	0.00 %
Building Construction	21.10%	\$3,358,384	\$2,634,968	78.46%
Special Trade	32.70%	\$1,926,615	\$676,570	35.12%
Professional Services	23.60%	\$16,230	\$144	0.88%
Other Services	24.60%	\$4,574,696	\$872,346	19.07%
Commodities	21.00%	\$52,938,013	\$6,368,167	12.03%
<b>TOTAL**</b>		<b>\$62,813,938</b>	<b>\$10,552,195</b>	<b>16.80%</b>

### 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%
<b>TOTAL**</b>		<b>\$106,329,486</b>	<b>\$20,140,976</b>	<b>18.94%</b>

### 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%
<b>TOTAL**</b>		<b>\$139,674,780</b>	<b>\$39,378,677</b>	<b>28.19%</b>

\* 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.

\*\*\* 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.