

Executive Summary

In Texas, certification as an historically underutilized business (HUB) can increase the opportunities of companies owned by minority members, service-disabled veterans and women to do business with the state, thus furthering the Legislature's goal of supporting such businesses. The HUB certification process is administered by the Texas Procurement and Support Services Division (TPASS) of the Texas Comptroller of Public Accounts.

During the first six months of fiscal 2016, Texas had over 14,600 certified HUBs. About 24 percent of them participated in state contracts as prime contractors or subcontractors, collectively receiving 11.52 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 2016, about 25 percent of the state's certified HUBs were registered with the CMBL.

The state's overall spending through term contract purchases during the first half of fiscal 2016 totaled nearly \$55.4 million more than in the same period of the previous year. The percentage of dollars HUBs received as a result of term contract purchases rose from 3.4 percent to 6.6 percent.

The state's overall spending through group purchases for the first half of fiscal 2016 fell by nearly 3 percent from the same period in the previous year, from slightly more than \$85 million to about \$82.5 million. Total group-purchasing dollars spent with HUBs, however, rose by about 27 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 2016 rose by more than \$1.087 billion compared with the first half of fiscal 2015. The state's total spending with HUBs rose by nearly \$142.6 million (or 15.44 percent) during the same period, while the share of total statewide expenditures going to HUBs increased from 11.31 percent to 11.52 percent.

Fiscal Year	Total Statewide Expenditures	Total HUB Expenditures	HUB Percent
Fiscal 2016 – Semi-Annual	\$9,257,145,821	\$1,066,363,170	11.52%
Fiscal 2015 – Semi-Annual	\$8,169,481,697	\$923,764,326	11.31%
Fiscal 2015	\$16,961,932,186	\$2,029,550,710	11.79%
Fiscal 2014	\$16,382,802,474	\$2,060,862,969	12.58%

Who Owns Texas HUBs

Eligible HUB Groups	Fiscal 2016 – Semi-Annual			Fiscal 2015 – Semi-Annual		
	Number of Certified HUBs	Males	Females	Number of Certified HUBs	Males	Females
Asian Pacific American	1,097	726	371	1,114	726	388
Black American	3,021	1,834	1,187	2,945	1,814	1,131
Hispanic American	4,552	3,235	1,317	4,574	3,288	1,286
Native American	299	209	90	293	201	92
Woman*	5,609	0	5,609	5,817	N/A	5,817
Service-Disabled Veteran**	77	77	0	44	44	0
TOTAL	14,655	6,081	8,574	14,787	6,073	8,714

*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.

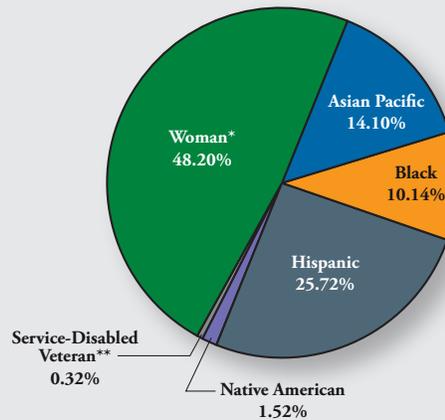
Expenditures with HUB Groups

Between the first half of fiscal 2015 and the first half of fiscal 2016, state spending with HUBS owned by Asian Pacific Americans, Black Americans, Hispanic Americans, Native Americans, women and service-disabled veterans increased by 47.30 percent, 3.08 percent, 23.41 percent, 105.87 percent, 5.86 percent and 201.77 percent, respectively. The overall share of money going to HUBs rose by 15.44 percent (approximately \$142.6 million).

Eligible HUB Groups	Fiscal 2016 – Semi-Annual		Fiscal 2015 – Semi-Annual	
	Number of Awards	Total HUB Expenditures	Number of Awards	Total HUB Expenditures
Asian Pacific American	240	\$150,339,766	245	\$102,061,713
Black American	324	\$108,150,864	319	\$104,924,422
Hispanic American	1,039	\$274,244,186	1,059	\$222,221,886
Native American	73	\$16,259,403	68	\$7,898,015
Woman*	1,761	\$513,986,410	1,817	\$485,537,386
Service-Disabled Veteran**	17	\$3,382,539	13	\$1,120,902
TOTAL	3,454	\$1,066,363,170	3,521	\$923,764,326

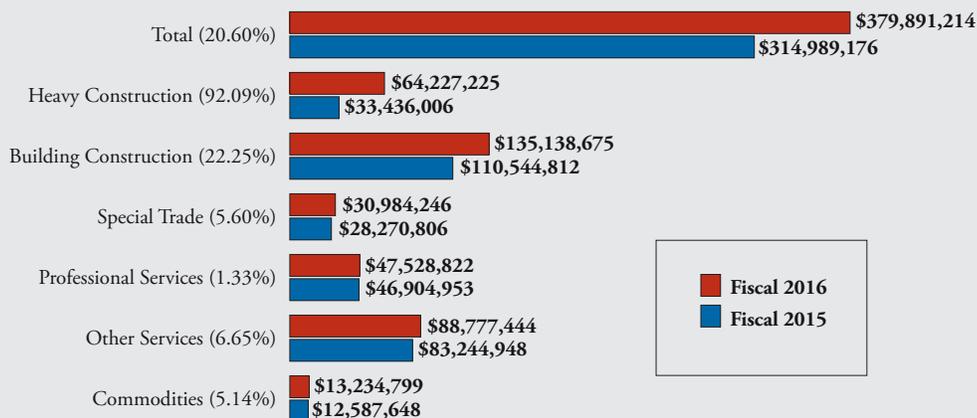
Who Receives HUB Expenditures?

Businesses owned by Anglo women received slightly more than 48 percent of the state expenditures with HUBs in the first six months of fiscal 2016. Hispanic American-owned businesses came in second at nearly 26 percent.



Subcontracting

The following chart compares subcontracting spending with HUBs for the first six months of 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

From the first half of fiscal 2015 to the first half of fiscal 2016, state spending with HUBs increased in all business categories. The increases were 33.34 percent for heavy construction, 20.77 percent for building construction, 8.37 percent for special trade, 14.61 percent for professional services, 6.41 percent for other services and 18.89 percent for commodities industries.

Fiscal 2016 – Semi-Annual***

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$3,010,788,938	\$129,265,902	4.29%
Building Construction	21.10%	\$859,538,951	\$160,051,962	18.62%
Special Trade	32.90%	\$310,272,592	\$83,662,994	26.96%
Professional Services	23.70%	\$383,386,907	\$91,267,466	23.81%
Other Services	26.00%	\$2,300,766,348	\$314,396,614	13.66%
Commodities	21.10%	\$2,392,392,083	\$287,718,229	12.03%
TOTAL**		\$9,257,145,821	\$1,066,363,170	11.52%

Fiscal 2016 Semi-Annual Statewide HUB Subcontracting Expenditures: \$379,891,214

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%
TOTAL**		\$8,169,481,697	\$923,764,326	11.31%

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

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%	\$4,187,585,949	\$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.

*** 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 multiple agencies, providing a simpler purchasing process for commonly used items and yielding lower prices through higher-volume purchases.

During the first six months of fiscal 2016, the state spent 18.53 percent more (nearly \$55.4 million) through term contracts than in the first half of fiscal 2015. Total state spending with HUBs through term contracts rose by approximately 126 percent (more than \$12.9 million) between the same period.

Fiscal 2016 – Semi-Annual***

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$88,241	\$0	0.00%
Building Construction	21.10%	\$133,207	\$113	0.08%
Special Trade	32.90%	\$573,700	\$17,655	3.08%
Professional Services	23.70%	\$1,099,097	\$224,884	20.46%
Other Services	26.00%	\$16,430,871	\$6,217,871	37.84%
Commodities	21.10%	\$335,996,980	\$16,759,219	4.99%
TOTAL **		\$354,322,096	\$23,219,742	6.55%

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%
TOTAL **		\$298,936,078	\$10,283,480	3.44%

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.

*** 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 2016, state spending through group purchasing fell by approximately \$2.5 million compared with the first half of fiscal 2015. State spending with HUBs through group purchasing rose by 3.41 percentage points (approximately \$2.5 million).

Fiscal 2016 – 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%	\$5,706,477	\$2,760,949	48.38%
Special Trade	32.90%	\$14,199,557	\$360,312	2.54%
Professional Services	23.70%	\$2,020,728	\$44,422	2.20%
Other Services	26.00%	\$22,161,301	\$2,048,964	9.25%
Commodities	21.10%	\$38,404,243	\$6,652,570	17.32%
TOTAL**		\$82,492,306	\$11,867,217	14.39%

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%
TOTAL**		\$85,024,743	\$9,338,207	10.98%

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.

*** Total for first six months of fiscal year.

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 TPASS before the division finalizes its semi-annual and annual HUB reports.