

# Executive Summary

In Texas, certification as a 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 Statewide Procurement Division (SPD) of the Texas Comptroller of Public Accounts.

During the first six months of fiscal 2018, Texas had 14,842 certified HUBs. About 23.86 percent of them participated in state contracts as prime contractors or subcontractors, collectively receiving 11.93 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 2018, about 23.45 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 2018 totaled nearly \$32.1 million less than in the same period of the previous year. The percentage of dollars HUBs received as a result of term contract purchases fell from 6.6 percent to 2.91 percent.

The state's overall spending through group purchases for the first half of fiscal 2018 fell by nearly 27.4 percent from the same period in the previous year from \$144.9 million to about \$113.7 million. Total group-purchasing dollars spent with HUBs rose by about 190.7 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 2018 rose by more than \$712 million compared with the previous fiscal year (or 7.47 percent) during the same period, while the share of statewide expenditures to HUB increased from 11.83 percent to 11.93 percent.

Fiscal Year	Total Statewide Expenditures	Total HUB Expenditures	HUB Percent
Fiscal 2018 – Semi-Annual	\$10,240,167,499	\$1,221,140,628	11.93%
Fiscal 2017 – Semi-Annual	\$9,528,199,757	\$1,127,465,183	11.83%
Fiscal 2017	\$20,269,152,162	\$2,426,751,956	11.97%
Fiscal 2016	\$18,898,542,734	\$2,135,516,671	11.30%

## Who Owns Texas HUBs

Eligible HUB Groups	Fiscal 2018 – Semi-Annual			Fiscal 2017 – Semi-Annual		
	Number of Certified HUBs	Males	Females	Number of Certified HUBs	Males	Females
Asian Pacific American	1,140	771	369	1,104	737	367
Black American	3,289	1,946	1,343	3,117	1,876	1,241
Hispanic American	4,705	3,334	1,371	4,512	3,210	1,302
Native American	291	210	81	287	205	82
Woman*	5,272	0	5,272	5,526	0	5,526
Service-Disabled Veteran**	145	145	0	113	113	0
<b>TOTAL</b>	<b>14,842</b>	<b>6,406</b>	<b>8,436</b>	<b>14,659</b>	<b>6,141</b>	<b>8,518</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.

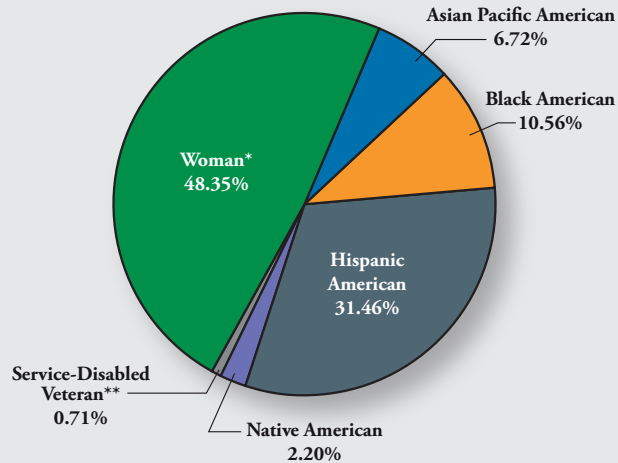
## Expenditures with HUB Groups

Between the first half of fiscal 2017 and the first half of fiscal 2018, state spending with HUBS owned by Asian Pacific Americans, Black Americans, Hispanic Americans, Native Americans, American women and service-disabled veterans increased by 7.41 percent, 4.77 percent, 16.99 percent, 68.17 percent, 2.01 percent and 18.00 percent, respectively. The overall share of money going to HUBs rose by 8.31 percent (approximately \$93.7 million).

Eligible HUB Groups	Fiscal 2018 – Semi-Annual		Fiscal 2017 – Semi-Annual	
	Number of Awards	Total HUB Expenditures	Number of Awards	Total HUB Expenditures
Asian Pacific American	238	\$175,431,780	236	\$163,322,451
Black American	374	\$134,298,827	254	\$128,184,775
Hispanic American	1,114	\$377,358,957	1,105	\$322,546,521
Native American	78	\$24,759,167	76	\$14,722,642
Woman*	1,712	\$505,161,712	1,768	\$495,188,554
Service-Disabled Veteran**	25	\$4,130,183	23	\$3,500,237
<b>TOTAL</b>	<b>3,541</b>	<b>\$1,221,140,628</b>	<b>3,562</b>	<b>\$1,127,465,183</b>

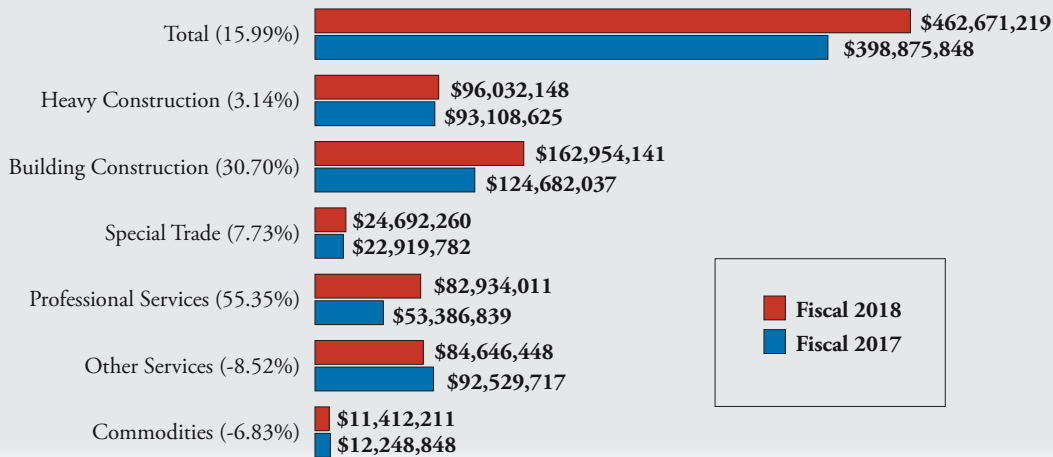
### Who Receives HUB Expenditures?

Businesses owned by Anglo women received more than 48.35 percent of the state expenditures with HUBs in the first six months of fiscal 2018.



### Subcontracting

The following chart compares subcontracting spending with HUBs for the first six months of fiscal 2017 and 2018.



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 2017 to the first half of fiscal 2018, state spending with HUBs increased in all business categories, except for other services. The increases were 8.59 percent for heavy construction, 14.46 percent for building construction, 7.65 percent for special trade, 38.63 percent for professional services and 3.36 percent for commodities industries. Other services declined by 1.43 percent.

### Fiscal 2018 – Semi-Annual\*\*\*

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$3,051,687,358	\$181,097,934	5.93%
Building Construction	21.10%	\$1,638,397,807	\$192,462,192	11.75%
Special Trade	32.90%	\$363,073,982	\$86,400,289	23.80%
Professional Services	23.70%	\$533,855,383	\$159,198,267	29.82%
Other Services	26.00%	\$2,266,104,013	\$319,907,021	14.12%
Commodities	21.10%	\$2,387,048,953	\$282,074,923	11.82%
<b>TOTAL**</b>		<b>\$10,240,167,496</b>	<b>\$1,221,140,628</b>	<b>11.93%</b>

**Fiscal 2018 Semi-Annual Statewide HUB Subcontracting Expenditures: \$462,671,219**

### Fiscal 2017 – Semi-Annual\*\*\*

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$3,320,464,309	\$166,774,654	5.02%
Building Construction	21.10%	\$819,303,746	\$168,150,212	20.52%
Special Trade	32.90%	\$345,153,709	\$80,258,903	23.25%
Professional Services	23.70%	\$468,608,554	\$114,838,790	24.51%
Other Services	26.00%	\$2,233,955,936	\$324,539,954	14.53%
Commodities	21.10%	\$2,340,713,501	\$272,902,667	11.66%
<b>TOTAL**</b>		<b>\$9,528,199,755</b>	<b>\$1,127,465,180</b>	<b>11.83%</b>

**Fiscal 2017 Semi-Annual Statewide HUB Subcontracting Expenditures: \$398,875,849**

### Fiscal 2017

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$6,860,140,547	\$364,471,113	5.31%
Building Construction	21.10%	\$2,046,897,725	\$384,135,898	18.77%
Special Trade	32.90%	\$773,138,784	\$177,389,708	22.94%
Professional Services	23.70%	\$1,022,953,287	\$264,879,500	25.89%
Other Services	26.00%	\$4,608,825,330	\$652,071,559	14.15%
Commodities	21.10%	\$4,957,196,486	\$583,804,174	11.78%
<b>TOTAL**</b>		<b>\$20,269,152,162</b>	<b>\$2,426,751,956</b>	<b>11.97%</b>

**Fiscal 2016 Semi-Annual Statewide HUB Subcontracting Expenditures: \$398,875,848**

### 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%
<b>TOTAL**</b>		<b>\$18,898,542,734</b>	<b>\$2,135,516,671</b>	<b>11.30%</b>

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

\* 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 2018, the state spent 11.37 percent less (nearly \$32.1 million) through term contracts than in the first half of fiscal 2017. Total state spending with HUBs through term contracts declined by approximately 38.29 percent (less than \$4.5 million) between the same period.

### Fiscal 2018 – Semi-Annual\*\*\*

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$2,814	\$2,750	97.73%
Building Construction	21.10%	\$2,549,853	\$11,499	0.45%
Special Trade	32.90%	\$78,634	\$453	0.58%
Professional Services	23.70%	\$886,992	\$4,246	0.48%
Other Services	26.00%	\$8,064,729	\$304,751	3.78%
Commodities	21.10%	\$238,582,683	\$6,958,691	2.92%
<b>TOTAL**</b>		<b>\$250,165,705</b>	<b>\$7,282,390</b>	<b>2.91%</b>

### Fiscal 2017 – Semi-Annual\*\*\*

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$3,036	\$0	0.00%
Building Construction	21.10%	\$234,143	\$16,956	0.08%
Special Trade	32.90%	\$679,072	\$117,132	3.08%
Professional Services	23.70%	\$906,171	\$29,695	20.46%
Other Services	26.00%	\$10,671,051	\$800,745	37.84%
Commodities	21.10%	\$269,780,134	\$10,837,052	4.99%
<b>TOTAL**</b>		<b>\$282,273,607</b>	<b>\$11,801,580</b>	<b>6.55%</b>

### Fiscal 2017

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$9,831	\$0	0.00%
Building Construction	21.10%	\$506,411	\$17,009	3.36%
Special Trade	32.90%	\$1,101,408	\$122,751	11.14%
Professional Services	23.70%	\$1,812,822	\$23,508	1.30%
Other Services	26.00%	\$19,589,432	\$1,330,334	6.79%
Commodities	21.10%	\$588,545,067	\$21,305,788	3.62%
<b>TOTAL**</b>		<b>\$611,564,971</b>	<b>\$22,799,390</b>	<b>3.73%</b>

### 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%
<b>TOTAL**</b>		<b>\$663,356,736</b>	<b>\$24,928,157</b>	<b>3.76%</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 2018, state spending through group purchasing fell by approximately \$31 million compared with the first half of fiscal 2017. State spending with HUBs through group purchasing rose by 190.7 percentage (approximately \$26.6 million).

### Fiscal 2018 – 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%	\$3,015,460	\$749,629	24.86%
Special Trade	32.90%	\$8,728,216	\$459,521	5.26%
Professional Services	23.70%	\$1,755,914	\$441,759	25.16%
Other Services	26.00%	\$12,064,041	\$5,653,201	46.86%
Commodities	21.10%	\$88,172,043	\$33,379,974	37.86%
<b>TOTAL**</b>		<b>\$113,735,674</b>	<b>\$40,684,084</b>	<b>35.77%</b>

### Fiscal 2017 – 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%	\$2,502,912	\$1,246,338	48.38%
Special Trade	32.90%	\$4,094,565	\$251,145	2.54%
Professional Services	23.70%	\$3,849,353	\$88,654	2.20%
Other Services	26.00%	\$17,301,628	\$576,835	9.25%
Commodities	21.10%	\$117,137,395	\$11,831,998	17.32%
<b>TOTAL**</b>		<b>\$144,885,853</b>	<b>\$13,994,970</b>	<b>14.39%</b>

### Fiscal 2017

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$7,643,965	\$4,482,811	58.65%
Special Trade	32.90%	\$4,039,734	\$151,818	3.76%
Professional Services	23.70%	\$1,429,985	\$666	0.05%
Other Services	26.00%	\$17,140,994	\$6,360,566	37.05%
Commodities	21.10%	\$70,267,993	\$8,324,204	11.85%
<b>TOTAL**</b>		<b>\$100,522,671</b>	<b>\$19,310,065</b>	<b>19.21%</b>

### 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%
<b>TOTAL**</b>		<b>\$139,050,744</b>	<b>\$24,661,834</b>	<b>17.74%</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.

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 Procurement Division before the division finalizes the state's semi-annual and annual HUB reports.