

# 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 fiscal 2020, Texas had 16,067 certified HUBs. About 24.95 percent of them participated in state contracts as prime contractors or subcontractors, collectively receiving 11.74 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 fiscal 2020, about 23 percent of the state's certified HUBs were registered with the CMBL.

The state's overall spending through term contract purchases during fiscal 2020 totaled nearly \$569,105 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 1.27 percent to 1.14 percent.

The state's overall spending through group purchases for fiscal 2020 fell by 3.03 percent from the same period in the previous year, from \$330.5 million to about \$320.5 million. Total group purchasing dollars spent with HUBs, decreased by about 5.2 percent.

This report summarizes current HUB status and spending trends.

## Total Statewide Expenditures

The state's total spending for fiscal 2020 rose by more than \$4 billion compared with the previous fiscal year (or 19.11 percent) during the same period, while the share of statewide expenditures to HUBs decreased from 12.77 percent to 11.74 percent.

Fiscal Year	Total Statewide Expenditures	Total HUB Expenditures	HUB Percent
Fiscal 2020	\$25,040,821,627	\$2,940,956,359	11.74%
Fiscal 2019	\$21,023,711,787	\$2,684,434,187	12.77%
Fiscal 2018	\$20,505,202,813	\$2,682,307,194	13.08%

## Who Owns Texas HUBs

Eligible HUB Groups	Fiscal 2020 – Annual			Fiscal 2019 – Annual		
	Number of Certified HUBs	Males	Females	Number of Certified HUBs	Males	Females
Asian Pacific American	1,314	870	444	1,227	818	409
Black American	3,924	2,246	1,678	3,638	2,115	1,523
Hispanic American	5,010	3,482	1,528	4,956	3,494	1,462
Native American	271	192	79	274	200	74
Woman*	5,317	0	5,317	5,396	0	5,396
Service-Disabled Veteran**	231	231	0	196	196	0
<b>TOTAL</b>	<b>16,067</b>	<b>7,021</b>	<b>9,046</b>	<b>15,687</b>	<b>6,823</b>	<b>8,864</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.

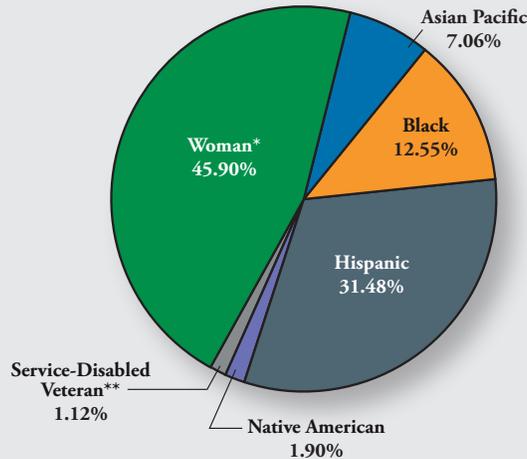
## Expenditures with HUB Groups

Between fiscal 2019 and fiscal 2020, state spending with HUBs owned by Asian Pacific Americans, Black-Americans, Hispanic-Americans, Women, and Service-Disabled Veterans increased by 13.09 percent, 3.95 percent, 9.28 percent, 11.03 percent, and 48.48 percent, respectively; spending with HUBs owned by Native Americans decreased by 11.75 percent. The overall share of money going to HUBs rose by 9.56 percent (approximately \$256.5 million).

Eligible HUB Groups	Fiscal 2020 – Annual		Fiscal 2019 – Annual	
	Number of Awards	Total HUB Expenditures	Number of Awards	Total HUB Expenditures
Asian Pacific American	283	\$377,129,124	298	\$333,474,104
Black American	503	\$310,928,472	504	\$299,120,213
Hispanic American	1,262	\$985,030,943	1,347	\$901,384,813
Native American	76	\$55,530,761	80	\$62,924,493
Woman*	1,840	\$1,193,310,002	1,911	\$1,074,716,204
Service-Disabled Veteran**	45	\$19,027,054	33	\$12,814,357
<b>TOTAL</b>	<b>4,009</b>	<b>\$2,940,956,356</b>	<b>4,173</b>	<b>\$2,684,434,184</b>

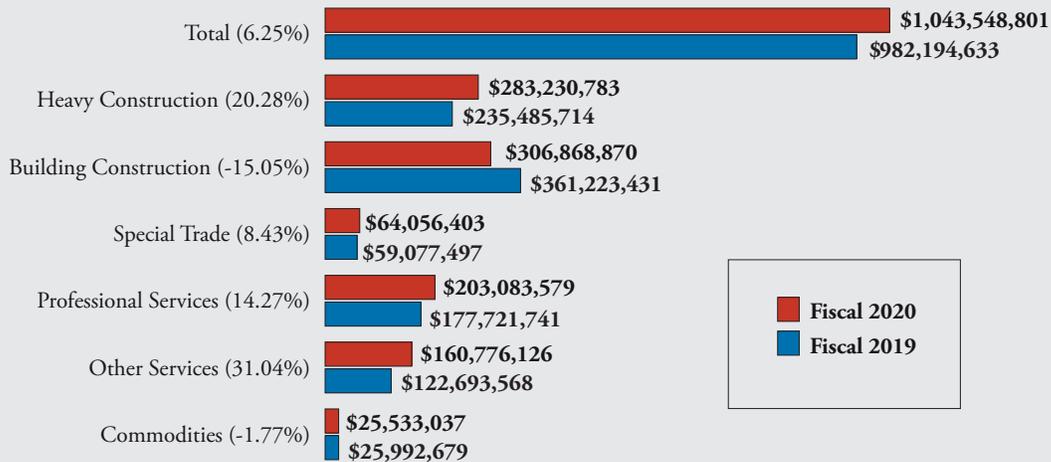
### Who Receives HUB Awards?

Businesses owned by Anglo women received 45.90 percent of the state expenditures with HUBs in fiscal 2020. Hispanic American-owned businesses came in second at 31.48 percent.



### Subcontracting

The following chart compares subcontracting spending with HUBs for fiscal 2020 and 2019:



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 fiscal 2019 to fiscal 2020, state spending with HUBs increased in two business categories. The increases were 0.96 percent for building construction, and 0.97 percent for professional services. Decreases in spending occurred in four categories: 0.73 percent for heavy construction, 1.52 percent for special trade, 0.94 percent for commodities, and 0.49 percent for other services.

### Fiscal 2020

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$8,387,877,123	\$445,096,593	5.31%
Building Construction	21.10%	\$2,134,748,131	\$408,586,692	19.14%
Special Trade	32.90%	\$931,750,334	\$198,816,776	21.34%
Professional Services	23.70%	\$1,348,986,108	\$398,169,678	29.52%
Other Services	26.00%	\$5,647,165,037	\$782,883,456	13.86%
Commodities	21.10%	\$6,590,294,890	\$707,403,161	10.73%
<b>TOTAL**</b>		<b>\$25,040,821,623</b>	<b>\$2,940,956,356</b>	<b>11.74%</b>

**Fiscal 2020 Statewide HUB Subcontracting Expenditures: \$1,043,548,801**

### Fiscal 2019

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$6,472,170,520	\$390,877,742	6.04%
Building Construction	21.10%	\$2,481,473,373	\$451,147,184	18.18%
Special Trade	32.90%	\$866,662,299	\$198,085,333	22.86%
Professional Services	23.70%	\$1,271,742,338	\$362,971,229	28.54%
Other Services	26.00%	\$4,555,348,858	\$653,776,939	14.35%
Commodities	21.10%	\$5,376,314,397	\$627,575,758	11.67%
<b>TOTAL**</b>		<b>\$21,023,711,787</b>	<b>\$2,684,434,187</b>	<b>12.77%</b>

**Fiscal 2019 Statewide HUB Subcontracting Expenditures: \$982,194,633**

### Fiscal 2018

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$6,130,813,815	\$387,871,467	6.33%
Building Construction	21.10%	\$2,684,579,011	\$449,573,277	16.75%
Special Trade	32.90%	\$765,405,553	\$200,301,273	26.17%
Professional Services	23.70%	\$1,108,634,928	\$369,619,518	33.34%
Other Services	26.00%	\$4,810,368,102	\$655,069,017	13.62%
Commodities	21.10%	\$5,005,401,403	\$619,872,640	12.38%
<b>TOTAL**</b>		<b>\$20,505,202,813</b>	<b>\$2,682,307,194</b>	<b>13.08%</b>

**Fiscal 2018 Statewide HUB Subcontracting Expenditures: \$1,029,519,294**

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

During fiscal 2020, the state spent 2.17 percent more (approximately \$12.7 million) through term contracts than in fiscal 2019. Total state spending with HUBs through term contracts declined by approximately 7.84 percent (a decrease of \$569,105) during that period.

### Fiscal 2020

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$20,704	\$0	0.00%
Building Construction	21.10%	\$1,816,205	\$0	0.00%
Special Trade	32.90%	\$546,995	\$1,583	0.29%
Professional Services	23.70%	\$1,947,468	\$1,216	0.06%
Other Services	26.00%	\$21,494,496	\$400,302	1.86%
Commodities	21.10%	\$559,463,779	\$6,284,394	1.12%
<b>TOTAL **</b>		<b>\$585,289,647</b>	<b>\$6,687,495</b>	<b>1.14%</b>

### Fiscal 2019

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$4,491	\$0	0.00%
Building Construction	21.10%	\$98,910	\$38,665	39.09%
Special Trade	32.90%	\$222,549	\$7,212	3.24%
Professional Services	23.70%	\$1,954,694	\$19,082	0.98%
Other Services	26.00%	\$23,387,670	\$575,466	2.46%
Commodities	21.10%	\$546,922,375	\$6,616,175	1.21%
<b>TOTAL **</b>		<b>\$572,590,689</b>	<b>\$7,256,600</b>	<b>1.27%</b>

### Fiscal 2018

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$112	\$0	0.00%
Building Construction	21.10%	\$3,933,642	\$14,613	0.37%
Special Trade	32.90%	\$323,127	\$453	0.14%
Professional Services	23.70%	\$1,830,194	\$4,246	0.23%
Other Services	26.00%	\$12,166,791	\$408,924	3.36%
Commodities	21.10%	\$511,924,822	\$10,537,437	2.06%
<b>TOTAL **</b>		<b>\$530,178,688</b>	<b>\$10,965,673</b>	<b>2.07%</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.

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 fiscal 2020, state spending through group purchasing fell by approximately 3 percent (\$10.02 million) compared with fiscal 2019. State spending with HUBs through group purchasing increased by 5.2 percent to approximately \$85.07 million.

### Fiscal 2020

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$10,312,127	\$3,433,334	33.29%
Special Trade	32.90%	\$13,435,589	\$3,786,365	28.18%
Professional Services	23.70%	\$3,502,414	\$211,742	6.05%
Other Services	26.00%	\$66,057,893	\$10,557,883	15.98%
Commodities	21.10%	\$227,203,968	\$67,080,234	29.52%
<b>TOTAL**</b>		<b>\$320,511,991</b>	<b>\$85,069,558</b>	<b>26.54%</b>

### Fiscal 2019

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$16,066,445	\$9,538,623	59.37%
Special Trade	32.90%	\$52,669,878	\$3,475,137	6.60%
Professional Services	23.70%	\$17,098,064	\$361,075	2.11%
Other Services	26.00%	\$36,178,790	\$3,542,614	9.79%
Commodities	21.10%	\$208,516,589	\$63,946,751	30.67%
<b>TOTAL**</b>		<b>\$330,529,766</b>	<b>\$80,864,200</b>	<b>24.47%</b>

### Fiscal 2018

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$7,815,056	\$2,437,449	31.19%
Special Trade	32.90%	\$11,896,162	\$1,012,636	8.51%
Professional Services	23.70%	\$6,007,440	\$918,164	15.28%
Other Services	26.00%	\$16,286,709	\$2,907,748	17.85%
Commodities	21.10%	\$117,398,379	\$25,709,604	21.90%
<b>TOTAL**</b>		<b>\$159,403,746</b>	<b>\$32,985,601</b>	<b>20.69%</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.

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 its semi-annual and annual HUB reports.