

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 2021, Texas had 16,373 certified HUBs. About 23.02 percent of HUBs participated in state contracts as prime contractors or subcontractors, collectively receiving 10.48 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 2021, about 21.37 percent of the state's certified HUBs were registered with the CMBL.

Due to the transfer of purchasing authority for highway materials from the Comptroller of Public Accounts to Texas Department of Transportation, the term contract expenditures decreased, however, total HUB spending decreased by only 1.7 percent.

The state's overall spending through group purchases for fiscal 2021 fell by 2.53 percent or \$19.4 million less from the same period in the previous year.

This report summarizes current HUB status and spending trends.

Total Statewide Expenditures

The state's total spending for fiscal 2021 increased by more than \$6.3 billion compared with the previous fiscal year during the same period, with the statewide HUB expenditures also increasing by 11.7 percent as compared with fiscal 2020.

Fiscal Year	Total Statewide Expenditures	Total HUB Expenditures	HUB Percent
Fiscal 2021	\$31,342,213,792	\$3,285,127,701	10.48%
Fiscal 2020	\$25,040,821,623	\$2,940,956,356	11.74%
Fiscal 2019	\$21,023,711,787	\$2,684,434,187	12.77%

Who Owns Texas HUBs

Eligible HUB Groups	Fiscal 2021 – Annual			Fiscal 2020 – Annual		
	Number of Certified HUBs	Males	Females	Number of Certified HUBs	Males	Females
Asian Pacific American	1,358	881	477	1,314	870	444
Black American	4,188	2,320	1,868	3,924	2,246	1,678
Hispanic American	5,139	3,522	1,617	5,010	3,482	1,528
Native American	293	208	85	271	192	79
Woman*	5,149	0	5,148	5,317	0	5,317
Service-Disabled Veteran**	263	263	0	231	231	0
TOTAL	16,390	7,194	9,195	16,067	7,021	9,046

*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.

Note: In 2021, the Comptroller's office implemented an online registration system for HUB certification with a third party vendor that processes direct applications to Statewide HUB program and certifications through entities that have agreements with the Comptroller's office. Five certifications counted in the Statewide Totals report lack correct HUB Group information and are omitted from the total counts in this table. These incomplete certifications occurred are included during data migration to the new certification process and are subject to correction by the Statewide HUB auditing team.

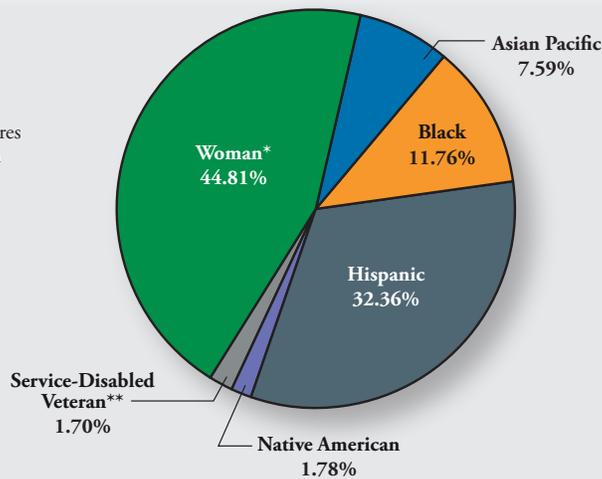
Expenditures with HUB Groups

Between fiscal 2021 and fiscal 2020, the state’s overall spending with HUBs increased by 11.7 percent (\$344.1 million). Awards to Service-Disabled Veteran HUBs increased from 45 to 64 with an increase in expenditures of almost \$4 million. The Hispanic American- and Woman-owned HUBs received the most expenditures with \$1.2 and \$1.3 billion each. The Native American-owned HUBs had fewer awards but expenditures for that group increased by \$12.2 million; the Asian Pacific-American HUBs received slightly more awards totaling \$24.7 million more in fiscal 2021 than 2020. The Black American HUBs had 60 fewer contract awards reflecting a 3.15 percent decrease in expenditures.

Eligible HUB Groups	Fiscal 2021 – Annual		Fiscal 2020 – Annual	
	Number of Awards	Total HUB Expenditures	Number of Awards	Total HUB Expenditures
Asian Pacific American	286	\$401,897,189	283	\$377,129,124
Black American	443	\$301,142,287	503	\$310,928,472
Hispanic American	1,219	\$1,194,883,719	1,262	\$985,030,943
Native American	67	\$67,792,747	76	\$55,530,761
Woman*	1,688	\$1,296,349,069	1,840	\$1,193,310,002
Service-Disabled Veteran**	64	\$23,012,992	45	\$19,027,054
TOTAL	3,767	\$3,285,078,003	4,009	\$2,940,956,356

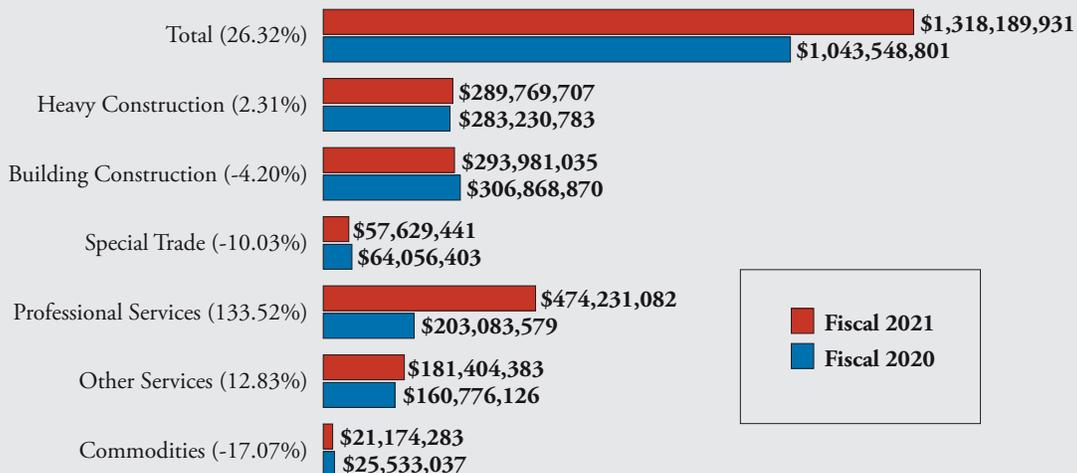
Who Receives HUB Awards?

In fiscal 2021, HUB businesses owned by Women received 44.81 percent of the state HUB expenditures and Hispanic American-owned businesses came in second at 32.36 percent.



Subcontracting

The following chart compares subcontracting spending with HUBs for fiscal 2021 and 2020:



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 2021 to fiscal 2020, state spending with HUBs increased by \$344,171,342. Two categories saw more expenditures: professional Services spending increased by \$262.4 million and Other Services by \$169.1 million. HUB expenditures in Heavy Construction decreased by 0.03 percent; Building Construction decreased by 1.8 percent; Special Trade decreased by 9 percent, and Commodities expenditures decreased by 8.7 percent.

Fiscal 2021

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$8,262,889,980	\$444,964,253	5.39%
Building Construction	21.10%	\$2,206,929,467	\$401,274,305	18.18%
Special Trade	32.90%	\$830,222,251	\$180,680,794	21.76%
Professional Services	23.70%	\$1,446,151,287	\$660,551,306	45.68%
Other Services	26.00%	\$12,197,837,656	\$951,984,555	7.80%
Commodities	21.10%	\$6,398,183,150	\$645,672,485	10.09%
TOTAL**		\$31,342,213,791	\$3,285,127,698	10.48%

Fiscal 2021 Statewide HUB Subcontracting Expenditures: \$1,318,189,933

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%
TOTAL**		\$25,040,821,623	\$2,940,956,356	11.74%

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	18.187%
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%
TOTAL**		\$21,023,711,787	\$2,684,434,187	12.77%

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

* 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 2021, the state spent \$239.5 million less than previous years due to the purchasing authority changes for highway materials from the Comptroller of Public Accounts to Texas Department of Transportation. Corresponding spending with certified HUBs through term contracts decreased by almost \$692,000 in fiscal 2021.

Fiscal 2021

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$1,977,674	\$84,600	4.28%
Special Trade	32.90%	\$436,935	\$705	0.16%
Professional Services	23.70%	\$1,451,623	\$0	0.00%
Other Services	26.00%	\$14,900,689	\$273,261	1.83%
Commodities	21.10%	\$327,008,224	\$5,636,939	1.72%
TOTAL **		\$345,775,145	\$5,995,505	1.73%

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%
TOTAL **		\$585,289,647	\$6,687,495	1.14%

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%
TOTAL **		\$572,590,689	\$7,256,600	1.27%

* 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 2021, total state spending through group purchasing fell by approximately \$8.1 million, with the total HUB expenditures decreased to 21 percent of this category of expenditures.

Fiscal 2021

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$69,137	\$0	0.00%
Building Construction	21.10%	\$14,764,749	\$1,871,650	12.68%
Special Trade	32.90%	\$32,526,168	\$1,884,192	5.79%
Professional Services	23.70%	\$7,645,646	\$1,652,451	21.61%
Other Services	26.00%	\$58,885,190	\$9,982,949	16.95%
Commodities	21.10%	\$198,512,690	\$50,245,983	25.31%
TOTAL**		\$312,403,580	\$65,637,225	21.01%

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%
TOTAL**		\$320,511,991	\$85,069,558	20.54%

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%
TOTAL**		\$330,529,766	\$80,864,200	24.47%

* 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 semiannual and annual HUB reports.