

## 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 who 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 2022, Texas had 16,528 certified HUBs (16,258 certified EIN numbers and 270 sole proprietorships with multiple small, certified businesses using the same EINs). About 22.9 percent of them participated in state contracts as prime contractors or subcontractors, collectively receiving 11.83 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 \$10,000. 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 2022, about 33.26 percent of the state's certified HUBs were registered with the CMBL.

The state's total expenditures for fiscal 2022 decreased by 8 percent compared to the fiscal 2021 expenditures while the total HUB expenditures increased by 3.82 percent. Overall, statewide term contract expenditures increased slightly by about 0.5 percent while the total HUB spending on term contracts increased by 19 percent.

The state's overall spending through group purchases for fiscal 2022 also increased by almost 27 percent from the same period in the previous year, from \$312.4 million to about \$396.4 million. Total group-purchasing dollars spent with HUBs increased by about 47.63 percent.

This report summarizes current HUB status and spending trends.

### TOTAL STATEWIDE EXPENDITURES

FISCAL YEAR	TOTAL STATEWIDE EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENT
Fiscal 2022	\$28,819,459,638	\$3,410,520,297	11.83%
Fiscal 2021	\$31,342,213,792	\$3,285,127,701	10.48%
Fiscal 2020	\$25,040,821,623	\$2,940,956,356	11.74%

### WHO OWNS TEXAS HUBS

ELIGIBLE HUB GROUPS	FISCAL 2022			FISCAL 2021		
	Number of Certified HUBs	Males	Females	Number of Certified HUBs	Males	Females
Asian Pacific American	1,424	927	497	1,358	881	477
Black American	4,510	2,406	2,104	4,188	2,320	1,868
Hispanic American	5,159	3,500	1,659	5,139	3,522	1,617
Native American	273	188	85	293	208	85
Woman*	4,866	0	4,866	5,149	0	5,149
Service-Disabled Veteran**	296	296	0	263	263	0
<b>TOTAL</b>	<b>16,528</b>	<b>7,317</b>	<b>9,211</b>	<b>16,390</b>	<b>7,194</b>	<b>9,196</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.

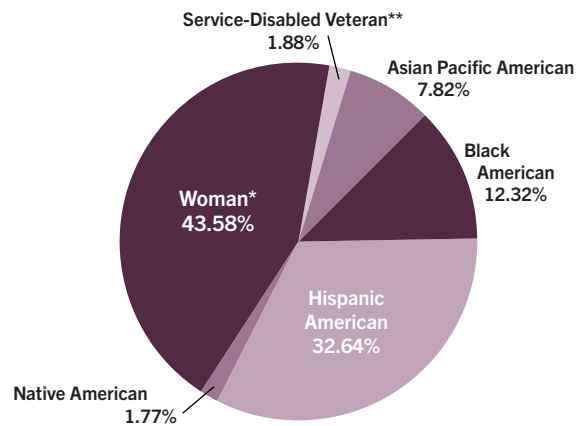
**EXPENDITURES WITH HUB GROUPS**

Between fiscal 2021 and fiscal 2022, the state’s overall spending decreased by 8 percent (\$2.5 billion); however, the total HUB expenditure percentage increased from \$3.28 billion in fiscal 2021 to \$3.41 billion in fiscal 2022, an increase of 3.8 percent. Hispanic American- and Woman-owned HUBs received the most expenditures with \$1.11 billion and \$1.49 billion, respectively. However, while the Hispanic American total awards increased by 16, the total value of these awards fell by 7.9 percent; expenditures with women-owned HUBs increased by 14.8 percent although the total number of awards decreased by 39. The number of awards to other HUB groups increased or remained steady.

ELIGIBLE HUB GROUPS	FISCAL 2022		FISCAL 2021	
	Number of Awards	Total HUB Expenditure	Number of Awards	Total HUB Expenditure
Asian Pacific American	296	\$380,249,518	286	\$401,897,189
Black American	466	\$341,168,461	443	\$301,142,287
Hispanic American	1,235	\$1,110,212,158	1,219	\$1,194,883,719
Native American	67	\$64,527,416	67	\$67,792,747
Woman*	1,649	\$1,488,688,593	1,688	\$1,296,349,069
Service-Disabled Veteran**	71	\$25,674,151	64	\$23,012,992
<b>TOTAL</b>	<b>3,784</b>	<b>\$3,410,520,297</b>	<b>3,767</b>	<b>\$3,285,078,003</b>

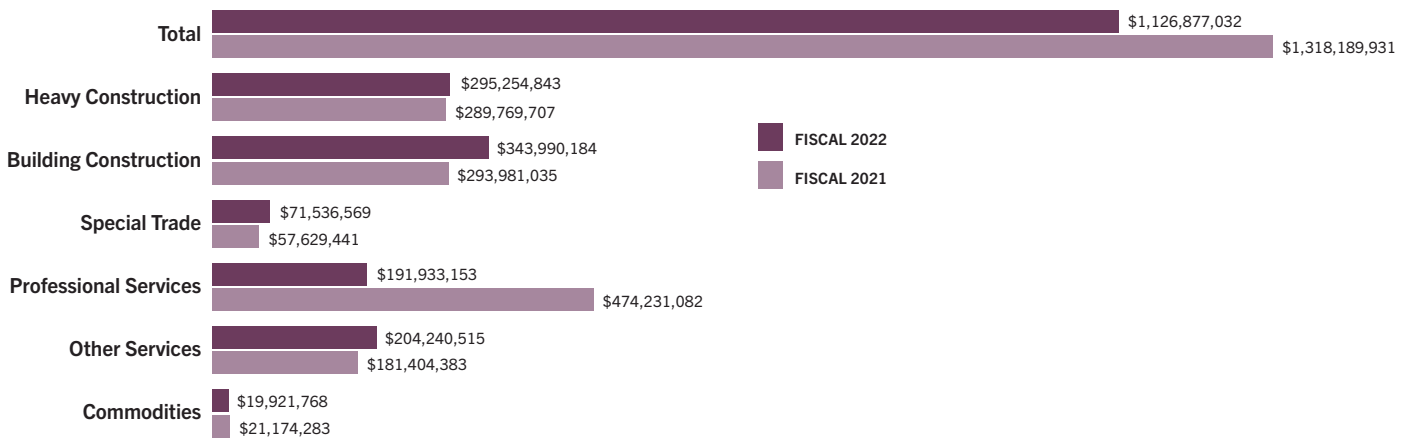
**WHO RECEIVES HUB EXPENDITURES?**

In fiscal 2022, HUB Hispanic American-owned businesses received 32.64 percent of state HUB expenditures and Women-owned businesses were awarded with 43.58 percent.



**SUBCONTRACTING**

The following chart compares subcontracting spending with HUBs for fiscal 2022 and 2021:



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**

Overall, from fiscal 2021 to 2022, total state expenditures decreased by approximately 8 percent (\$2.5 billion) while total HUB expenditures increased by 3.82 percent (\$125 million), also increasing the percentage of overall HUB spending to 11.8 percent, a similar level to fiscal 2020. The following five categories increased in HUB expenditures: Heavy Construction by 7 percent, Building Construction by 19.9 percent, Special Trade by 35 percent, Other Services by 16.4 percent and Commodities by 19.3 percent. The only category to decrease in HUB expenditures was Professional Services by 49.9 percent — although this decreased to a level similar to fiscal 2020.

**Fiscal 2022 Annual**

CATEGORY	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENTAGE
Heavy Construction	11.20%	\$7,713,373,106	\$216,220,718	6.17%
Building Construction	21.10%	\$2,018,087,961	\$471,402,613	23.85%
Special Trade	32.90%	\$1,030,693,889	\$246,189,751	23.67%
Professional Services	23.70%	\$1,274,440,937	\$315,990,871	25.98%
Other Services	26.00%	\$9,831,454,024	\$1,075,931,181	11.27%
Commodities	21.10%	\$6,951,409,718	\$786,751,023	11.08%
<b>TOTAL**</b>		<b>\$28,819,459,635</b>	<b>\$3,410,520,295</b>	<b>11.83%</b>

*Fiscal 2022 Statewide HUB Subcontracting Expenditures: \$1,126,877,032*

**Fiscal 2021 Annual**

CATEGORY	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENTAGE
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%	\$12,197,837,636	\$951,984,555	7.80%
Commodities	21.10%	\$6,398,183,150	\$645,672,485	10.09%
<b>TOTAL**</b>		<b>\$31,342,213,791</b>	<b>\$3,285,127,698</b>	<b>10.48%</b>

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

**Fiscal 2020 Annual**

CATEGORY	HUB GOALS*	TOTAL EXPENDITURES	TOTAL HUB EXPENDITURES	HUB PERCENTAGE
Heavy Construction	11.20%	\$8,387,377,123	\$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*

\* 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 2022, the state spent \$1.6 million more than previous year. The total HUB spend also increased by approximately \$925,000 during fiscal 2022 to almost \$6.2 million.

**Fiscal 2022**

TERM CONTRACTS	HUB GOALS*	TOTAL SPENDING	TOTAL HUB SPENDING	HUB PERCENTAGE
Heavy Construction	11.20%	\$63,541	\$0	0.00%
Building Construction	21.10%	\$1,364,326	\$371,817	27.25%
Special Trade	32.90%	\$502,108	\$4,626	0.92%
Professional Services	23.70%	\$1,730,448	\$0	0.00%
Other Services	26.00%	\$18,226,072	\$478,589	2.63%
Commodities	21.10%	\$325,505,869	\$6,064,475	1.86%
<b>TOTAL**</b>		<b>\$347,392,364</b>	<b>\$6,919,507</b>	<b>1.99%</b>

**Fiscal 2021**

TERM CONTRACTS	HUB GOALS*	TOTAL SPENDING	TOTAL HUB SPENDING	HUB PERCENTAGE
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%
<b>TOTAL**</b>		<b>\$345,775,145</b>	<b>\$5,995,505</b>	<b>1.73%</b>

**Fiscal 2020**

TERM CONTRACTS	HUB GOALS*	TOTAL SPENDING	TOTAL HUB SPENDING	HUB PERCENTAGE
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>\$6,268,495</b>	<b>1.14%</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 2022, total state spending through group purchasing increased by approximately \$84 million, with the total HUB expenditures increasing by \$31,261,313 to \$96,898,538.

**Fiscal 2022**

GROUP PURCHASING	HUB GOALS*	TOTAL SPENDING	TOTAL HUB SPENDING	HUB PERCENTAGE
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$11,888,010	\$830,420	6.99%
Special Trade	32.90%	\$16,792,595	\$2,138,501	12.73%
Professional Services	23.70%	\$679,003	\$6,026	0.89%
Other Services	26.00%	\$79,046,584	\$9,628,778	12.18%
Commodities	21.10%	\$287,953,763	\$84,294,813	29.27%
<b>TOTAL**</b>		<b>\$396,359,955</b>	<b>\$96,898,538</b>	<b>24.45%</b>

**Fiscal 2021**

GROUP PURCHASING	HUB GOALS*	TOTAL SPENDING	TOTAL HUB SPENDING	HUB PERCENTAGE
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%
<b>TOTAL**</b>		<b>\$312,403,580</b>	<b>\$65,637,225</b>	<b>21.01%</b>

**Fiscal 2020**

GROUP PURCHASING	HUB GOALS*	TOTAL SPENDING	TOTAL HUB SPENDING	HUB PERCENTAGE
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>

\* 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.