

Executive Summary

Minority- and woman-owned businesses are increasingly important to the state's economy. The Texas Legislature recently sought to increase participation by these historically underutilized businesses (HUBs) in state contracts by transferring responsibility for the HUB program to the Texas Comptroller of Public Accounts (CPA).

About 28 percent of Texas businesses registered with the state's Centralized Master Bidders List are certified HUBs. Yet Census data from 1997, the latest year for which such figures are available, showed that minorities and women owned nearly 49 percent of all Texas businesses.

Under CPA's direction, the program has increased its education and outreach efforts. This report summarizes the current HUB situation and details efforts toward improvement.

Statewide Total Expenditures

While the percentage of HUBs' share of state spending edged downward slightly from fiscal 2006 to 2008, total expenditures to HUBs increased.

Fiscal Year	Total Statewide Expenditures	Total HUB Expenditures	HUB Percent
FY 2006	\$12,567,300,595	\$1,725,980,161	13.73%
FY 2007	\$13,304,979,448	\$1,815,252,306	13.64%
FY 2008	\$13,796,781,160	\$1,863,488,953	13.51%

Who Owns Texas HUBs

Eligible HUB Groups	Number of Certified HUBs	Males	Females
Asian Pacific American	1,008	702	306
Black American	2,737	1,831	906
Hispanic American	3,984	2,986	998
Native American	262	176	86
American Woman*	5,833	N/A	5,833
TOTAL	13,824	5,695	8,129

* The Woman category includes all women of any ethnicity, except Native American (AI), Asian Pacific American (AS), Black American (BL) and Hispanic American (HI).

How Much Value

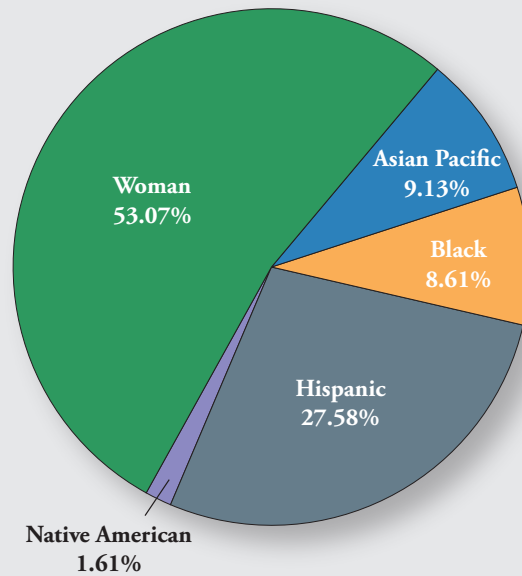
More than half the total dollar amount of state contracts going to HUBs was awarded to woman-owned businesses in fiscal 2008, totaling almost \$989,000. Hispanic American-owned businesses brought in more than \$514,000 in state contracts.

Eligible HUB Groups	Number of Awards Made to Vendor ID Numbers Eligible for HUB Credit	Total Dollar Amount Awarded to HUBs
Asian Pacific American	286	\$170,137,144
Black American	492	\$160,432,210
Hispanic American	1,323	\$514,000,030
Native American	78	\$29,950,896
American Woman*	2,289	\$988,968,669
TOTAL	4,468	\$1,863,488,953

* The Woman category includes all women of any ethnicity, except Native American (AI), Asian Pacific American (AS), Black American (BL) and Hispanic American (HI).

Who Receives HUB Expenditures?

Businesses owned by Anglo women received 53% of state expenditures with HUBs in fiscal 2008. Hispanic-owned businesses came in second at nearly 28%.



Note: The percentages reflected in this pie chart are based on the number of VIDs eligible for HUB credit.

Business Categories

Texas spent about \$5.3 billion on heavy construction in fiscal 2008, and 7.86% of that, or about \$414 million, went to HUBs. State expenditures totaled much less for commodities than for heavy construction, but HUBs received a much bigger piece of the commodities pie, totaling more than \$486 million, their biggest single category.

Fiscal 2006				
Category	HUB Goals**	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.90%	\$5,339,585,804	\$521,239,620	9.76%
Building Construction	26.10%	\$955,263,207	\$194,075,386	20.32%
Special Trade	57.20%	\$344,217,306	\$94,900,724	27.57%
Professional Services	20.00%	\$624,512,127	\$110,703,328	17.73%
Other Services	33.00%	\$2,343,350,101	\$436,750,547	18.64%
Commodities	12.60%	\$2,960,372,047	\$368,310,555	12.44%
TOTAL***		\$12,567,300,595	\$1,725,980,161	13.73%

Fiscal 2006 Statewide HUB Subcontracting Expenditures \$846,728,260

Fiscal 2007				
Category	HUB Goals**	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.90%	\$5,407,617,718	\$490,048,104	9.06%
Building Construction	26.10%	\$1,094,495,784	\$226,842,154	20.73%
Special Trade	57.20%	\$349,856,801	\$111,910,398	31.99%
Professional Services	20.00%	\$599,897,991	\$106,990,923	17.83%
Other Services	33.00%	\$2,624,783,086	\$452,966,057	17.26%
Commodities	12.60%	\$3,228,328,065	\$426,494,668	13.21%
TOTAL***		\$13,304,979,448	\$1,815,252,306	13.64%

Fiscal 2007 Statewide HUB Subcontracting Expenditures \$829,694,479

Fiscal 2008				
Category	HUB Goals**	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.90%	\$5,267,861,178	\$413,927,844	7.86%
Building Construction	26.10%	\$1,196,799,233	\$289,246,357	24.17%
Special Trade	57.20%	\$396,295,877	\$131,290,100	33.13%
Professional Services	20.00%	\$590,858,766	\$107,182,943	18.14%
Other Services	33.00%	\$2,763,748,312	\$435,770,219	15.77%
Commodities	12.60%	\$3,581,217,791	\$486,071,487	13.57%
TOTAL***		\$13,796,781,160	\$1,863,488,953	13.51%

Fiscal 2008 Statewide HUB Subcontracting Expenditures \$743,770,909

** For HUB reporting purposes, expenditures with all HUBs certified at any time during the current Fiscal Year are included toward annual HUB procurement utilization goals.
 *** Slight differences in some totals are due to rounded numbers.

Spending on Statewide Term Contracts

HUBs' share of term contracts by the state declined in both percentage and total dollars spent from fiscal 2006 to 2008.

Fiscal 2006				
Term Contracts	HUB Goals**	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.90%	\$20,195	\$0	0%
Building Construction	26.10%	\$50,476	\$135	.27%
Special Trade	57.20%	\$403,030	\$7,746	1.92%
Professional Services	20.00%	\$208,551	\$0	0%
Other Services	33.00%	\$12,405,054	\$272,070	2.19%
Commodities	12.60%	\$166,308,983	\$14,225,037	8.55%
TOTAL***		\$179,396,289	\$14,504,988	8.09%

Fiscal 2007				
Term Contracts	HUB Goals**	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.90%	\$1,464	\$0	0%
Building Construction	26.10%	\$1,252	\$0	0%
Special Trade	57.20%	\$362,687	\$65,683	18.11%
Professional Services	20.00%	\$186,514	\$79,357	42.55%
Other Services	33.00%	\$11,105,050	\$492,624	4.44%
Commodities	12.60%	\$165,027,543	\$10,371,072	6.28%
TOTAL***		\$176,684,510	\$11,008,736	6.23%

Fiscal 2008				
Term Contracts	HUB Goals**	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.90%	\$12,622	\$12,561	99.52%
Building Construction	26.10%	\$120,606	\$26,540	22.01%
Special Trade	57.20%	\$543,868	\$60,762	11.17%
Professional Services	20.00%	\$257,759	\$79,946	31.02%
Other Services	33.00%	\$10,890,392	\$161,743	1.49%
Commodities	12.60%	\$182,243,498	\$7,914,163	4.34%
TOTAL***		\$194,068,745	\$8,255,715	4.25%

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 *** Slight differences in some totals are due to rounded numbers.

Spending on Statewide Group Purchasing

Group purchasing from HUBs by the state grew substantially in percentages and total dollars over the past three fiscal years.

Fiscal 2006				
Group Purchasing	HUB Goals**	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.90%	\$460,000	\$0	0%
Building Construction	26.10%	\$3,218,451	\$612,288	19.02%
Special Trade	57.20%	\$2,193,007	\$85,945	3.92%
Professional Services	20.00%	\$814,721	\$0	0%
Other Services	33.00%	\$5,485,094	\$187,083	3.41%
Commodities	12.60%	\$164,962,888	\$9,187,042	5.57%
TOTAL***		\$177,134,161	\$10,072,358	5.69%

Fiscal 2007				
Group Purchasing	HUB Goals**	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.90%	\$197,246	\$0	0%
Building Construction	26.10%	\$938,567	\$29,166	3.11%
Special Trade	57.20%	\$3,636,071	\$223,171	6.14%
Professional Services	20.00%	\$1,795,139	\$3,512	.20%
Other Services	33.00%	\$8,226,575	\$458,202	5.57%
Commodities	12.60%	\$200,325,446	\$13,955,796	7.00%
TOTAL***		\$215,119,044	\$14,669,847	6.82%

Fiscal 2008				
Group Purchasing	HUB Goals**	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.90%	\$0	\$0	0%
Building Construction	26.10%	\$321,875	\$0	0%
Special Trade	57.20%	\$4,193,026	\$1,398,366	33.35%
Professional Services	20.00%	\$994,615	\$2,415	.24%
Other Services	33.00%	\$13,481,204	\$1,416,626	10.51%
Commodities	12.60%	\$215,296,434	\$15,237,045	7.08%
TOTAL***		\$234,287,154	\$18,054,452	7.71%

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The Texas Procurement and Support Services (TPASS) Division of the Comptroller of Public Accounts makes agencies and higher education institutions responsible for the accuracy of their self-reported data and relies on them to confirm that they have reported correct information to the TPASS Division prior to the TPASS Division finalizing the semi-annual and annual HUB reports.