

A woman with dark hair in braids, wearing a teal shirt and a grey patterned blazer, is standing in an office and looking down at a white document she is holding. In the background, there is a desk with a laptop, a monitor displaying a website, and some office plants.

# TEXAS' STATEWIDE HISTORICALLY UNDERUTILIZED BUSINESS (HUB) PROGRAM<sup>1</sup>

## What Is the HUB Program?

The Statewide Historically Underutilized Business (HUB) Program is a Texas state initiative designed to promote full and equal state procurement and contracting opportunities for small businesses owned by Black individuals and other people of color, women, and service-disabled veterans.<sup>2</sup> Then-Texas Governor George W. Bush signed the Program into law in 1999 to correct documented discrimination in state contracting.<sup>3</sup> More than 25 years later, the Program is still needed to address discrimination faced by historically underutilized businesses in the state procurement process.

## How Does a Business Qualify for the HUB Program?

To qualify for the Texas HUB Program, a business must be at least 51 percent owned by an economically disadvantaged person.<sup>4</sup> Economically disadvantaged people are defined as people who are: 1) Black, Hispanic, Asian Pacific American, or Native American; women;

or service-disabled veterans (with at least a 20 percent service-connected disability); and 2) who have suffered the effects of discrimination.<sup>5</sup>

## Why Is the HUB Program Important?

The Texas HUB Program helps level the playing field for business owners who have experienced discrimination, ensuring equal opportunities are available to these businesses in state procurement and contracting.<sup>6</sup> The Program offers free certification, education and training, technical assistance, networking, mentorship, subcontracting opportunities, and increased visibility in a statewide directory.<sup>7</sup> **The Program does not establish quotas for hiring HUB-certified businesses.**<sup>8</sup> However, it is a **good faith program** that sets aspirational goals that state agencies generally strive to meet.<sup>9</sup> Furthermore, the Program does not require that the state or localities consider the race or gender of the business owner when deciding who to contract with.<sup>10</sup> **HUB-certified businesses must still compete for contracts.**<sup>11</sup> They do not automatically receive contracts.<sup>12</sup>



### **Has the HUB Program Been Successful?**

**Yes.** Since its creation, the Texas HUB Program has certified over 15,000 businesses.<sup>13</sup> In Fiscal Year 2025 alone, HUB businesses secured roughly \$2 billion in contract awards, 11 percent of the state's total procurement spending.<sup>14</sup> While the HUB Program improved access to state contracts for historically underutilized businesses, it has not solved the problem of race- and gender-based discrimination in state contracting.

### **What Is the Current Status of the HUB Program?**

On December 2, 2025, the Texas Comptroller's Office announced that it restructured the HUB Program under new emergency rules.<sup>15</sup> Under the emergency rules, businesses owned by people of color and women will be removed from the HUB Program.<sup>16</sup> Moving forward, HUB certification will only be available to service-disabled veterans, and the Program will be renamed the "Veteran Heroes United in Business" Program or

"VetHUB."<sup>17</sup> Additionally, businesses that have a HUB certification connected to their owners' race, ethnicity, or sex will have their certification revoked.<sup>18</sup> In the first six months of Fiscal Year 2025, there were 15,790 HUB-certified businesses in Texas,<sup>19</sup> and 485 of them were owned by service-disabled veterans who are men.<sup>20</sup> With the state's latest actions, more than 15,000 businesses (nearly 97 percent) owned by people of color and women lost their HUB certifications.<sup>21</sup>

### **Can the Texas Comptroller of Public Accounts Suspend or End the HUB Program?**

**No.** The Office of the Texas Comptroller of Public Accounts is a state executive agency responsible for collecting taxes and managing revenues of the Texas state government.<sup>22</sup> In addition to its fiscal duties, the Texas Comptroller of Public Accounts manages a variety of funds and programs, including the Texas HUB Program.<sup>23</sup> According to the Texas Government Code, state agencies, including the Office of the Texas

Comptroller of Public Accounts, are permitted to propose rules that create new regulations or modify existing ones.<sup>24</sup> However, in Texas, the ability to create, amend, or repeal a law is primarily held by the Texas Legislature, which consists of the Senate and House of Representatives.<sup>25</sup> **The Texas Comptroller of Public Accounts does not have the power to make business owners of color and women business owners ineligible for the HUB Program, as these requirements are in statute and would require legislative, not executive, action to remove.**

### **What Can HUB-Certified Businesses Do While the Program Is Suspended?**

**While the HUB Program is suspended, Texas HUB-certified businesses can:**

- Check their HUB expiration date and leverage their existing work history and performance, rather than relying on formal certification, when communicating with current agency contacts.
- Continue to identify and compete for state contracts and other certifications.
- Update their contractor NAICS code and profiles to make sure their businesses are listed accurately in the Centralized Master Bidders List, SAM.gov, and any relevant agency directories.
- Explore local opportunities to partner with state agencies and prime contractors.
- Contact state lawmakers and their staff and ask them to urge the Texas Comptroller's Office to reinstate the HUB Program.

Companies bidding on Texas state contracts with an expected value of at least \$100,000 must continue to comply with agency and statutory requirements for a HUB Subcontracting Plan, including making good faith efforts to implement the Plan.<sup>26</sup>

### **What Is at Stake if the HUB Program Is Not Restored?**

**If the Texas HUB Program is not restored:**

- New HUB certifications will not be issued, and expiring ones will not be renewed.
- Businesses owned by historically underrepresented groups (i.e., Black people, other people of color, and women) will permanently lose their HUB certifications unless they demonstrate ownership and control by a service-disabled veteran.
- Expiring HUBs will be removed from the active directory, resulting in lost visibility and outreach advantages.
- Prime contractors will struggle to meet subcontracting plan goals, limiting teaming options for small businesses.
- State agencies are unlikely to meet HUB participation targets, potentially skewing contract awards toward incumbents.
- Businesses owned by historically underrepresented groups (i.e., Black people, other people of color, and women) will face barriers in obtaining state contracts.
- The size of the HUB Program will be significantly reduced.

**With the state's latest actions, more than 15,000 businesses (nearly 97 percent) owned by people of color and women lost their HUB certifications.**



## Endnotes

- 1 The information contained within this explainer describes the Historically Underutilized Business program before December 2, 2025.
- 2 Tex. Dep't of Pub. Safety, *Historically Underutilized Business (HUB) Program*, Tex. Dep't of Pub. Safety, <https://www.dps.texas.gov/section/infrastructure-operations/historically-underutilized-business-hub-program> (last visited Jan. 5, 2026).
- 3 Jason Whitely, *Texas Ends State Contract Program for Women and Minority-Owned Businesses Under New Comptroller Rule*, WFAA (Dec. 2, 2025), <https://www.wfaa.com/article/news/politics/texas-comptroller-women-minority-owned-businesses/287-bbf68f52-486e-43a3-950d-62c09eacc527>.
- 4 Tex. Gov. Code § 2161.001 (2)(A) (West 2008).
- 5 *Id.* at § 2161.001 (3)-(4).
- 6 Greater Hou. LGBTQ+ Chamber of Com., *Women, Minority Small Business Owners Confused, Worried After Texas Kicks Them off HUB Program*, Greater Hou. LGBTQ+ Chamber of Com. (Dec. 3, 2025), <https://business.houstonlgbtchamber.com/media-room/Details/statement-from-the-greater-houston-lgbtq-chamber-of-commerce-on-the-suspension-of-texas-hub-certification-process-301752>.
- 7 City of Hutto, *Texas Historically Underutilized Business Certification*, City of Hutto <https://www.huttotx.gov/806/Texas-Historically-Underutilized-Business> (last visited Jan. 8, 2026); *See also*, John Roam, *Unlocking Opportunities: The Comprehensive Advantages of Texas HUB Certification for Small Businesses*, LinkedIn (Dec. 7, 2023), <https://www.linkedin.com/pulse/unlocking-opportunities-comprehensive-advantages-texas-john-roam-yqnzc/>.
- 8 ReShonda Tate, *What's Next? MWBEs Weigh Future After Texas Dismantles HUB Program*, Defender (Dec. 10, 2025), <https://defendernetwork.com/news/texas-minority-business-hub/>.
- 9 *Id.*
- 10 Michael R. Hatcher, *Texas' Suspension of 'Historically Underutilized Business' Certifications Impacts State Contracting Processes*, JACKSON LEWIS (Nov. 6, 2025), <https://www.jacksonlewis.com/insights/texas-suspension-historically-underutilized-business-certifications-impacts-state-contracting-processes>.
- 11 *Id.*
- 12 *Id.*
- 13 Hegar, Glenn, "Letter to Governor Greg Abbott, Lieutenant Governor Dan Patrick, and Speaker of the Texas House of Representatives Dustin Burrows Regarding the Statewide Historically Underutilized Business Program's Fiscal Year 2025 Semi-Annual Expenditure Report," (May 15, 2025).
- 14 *Id.*
- 15 Tex. Comptroller of Pub. Accounts, *Acting Texas Comptroller Kelly Hancock Announces Emergency Rules for Revamped VetHUB Program*, Tex. Comptroller of Pub. Accounts (Dec. 2, 2025), <https://comptroller.texas.gov/about/media-center/news/20251202-acting-texas-comptroller-kelly-hancock-announces-emergency-rules-for-revamped-vethub-program-1764695317378>.
- 16 *Id.*
- 17 Paul Cobler, *Texas Removes Women and Minorities from Historically Underutilized Business Program for State Contracts*, TEX. TRIB. (Dec. 2, 2025), <https://www.texastribune.org/2025/12/02/texas-historically-underutilized-business-program-hub-women-minorities/>.
- 18 *Id.*
- 19 Hegar, *supra* note xiii, at 1.
- 20 *Id.*; *See also*, Express-News Ed. Bd., *Texas Loses by Cutting Program for Minority- and Women-Owned Businesses*, S.A. EXPRESS NEWS (Dec. 10, 2025), <https://www.expressnews.com/opinion/editorial/article/hub-women-minority-businesses-21233096.php>; *See also*, Paul Cobler, *Women, Minority Small Business Owners Confused, Worried After Texas Kicks Them off HUB Program*, TEX. TRIB. (Dec. 8, 2025), <https://www.texastribune.org/2025/12/08/texas-hub-program-paused-comptroller-historically-underutilized-businesses/>.
- 21 Cobler, *supra*.
- 22 Texapedia, *Texas Comptroller of Public Accounts*, Texapedia, <https://texapedia.info/texas-comptroller/> (last visited Dec. 2, 2025).
- 23 *Id.*
- 24 Tex. Gov. Code § 2001.023 et seq. (West 2008).
- 25 Tex. Const. art. III, § 1.
- 26 The Texas HUB statute has not been repealed. Companies bidding on Texas state contracts with an expected value of at least \$100,000 should continue to comply with agency and statutory requirements for a HUB Subcontracting Plan until further notice. *See*, Tex. Gov. Code § 2161.253 (West 2008).