

1. Title

Historically Underutilized Business (HUB) Program

2. Policy

Sec. 1 Purpose. The purpose of this Policy is to provide requirements and guidelines for implementing and maintaining the Historically Underutilized Business (HUB) program.

Sec. 2 Policy Statement. It is the Policy of The University of Texas System to promote full and equal opportunity for all businesses to supply the goods and services needed to support the mission, administrative, and logistical operations of U. T. System Administration and the U. T. System institutions. U. T. System Administration and U. T. System institutions commit to a good faith effort to increase purchases from and contract awards to HUB firms consistent with the State's goals for HUB participation and overall economic development.

As public entities, U. T. System Administration and institutions have a compelling interest to assure that procurement funds are expended in an equal-business-opportunity context. To meet that obligation, U. T. System and administrators shall establish and maintain procurement systems and procedures that are nondiscriminatory with respect to race, color, religion, sex, or national origin. That obligation also encompasses procurement systems and procedures of business firms under contract with U. T. System Administration or institutions in order to preclude U. T. System institutions' passive participation in an unlawfully discriminatory marketplace.

Sec. 3 HUB Planning and Direction - U. T. System Administration and Institutions Good Faith Effort. The Chancellor, with delegation to and support from the Executive Vice Chancellor for Health Affairs and the Executive Vice Chancellor for Academic Affairs, exercises management control responsibility for implementation of the HUB program throughout the U. T. System. The Executive Vice Chancellor for Business Affairs provides functional staff expertise and support and advises the Chancellor and the Executive Vice Chancellors regarding all phases of the HUB program. Authority for program implementation in System Administration is delegated to the Executive Officers heading the staff operating divisions.

The president of each institution is responsible for implementation of the institutional HUB program. Presidents shall develop the institutional strategic and action plans necessary for effective implementation of the HUB program.

Sec. 4 Annual HUB Goals. U. T. System Administration and institutions shall make good faith efforts to meet or exceed annual goals for HUB participation in purchases of and contracts for commodities and services. Refer to Item 5 for [Annual HUB Goals](#).

Sec. 5 HUB Program Infrastructure. U. T. System Administration and institutions shall implement the actions specified below.

5.1 HUB Coordinator. Designate a staff member to serve as the HUB Coordinator for the institution. If not the procurement director, the designee should be appointed and report to the same management level as or higher management level than the institution's procurement director.

The HUB Coordinator advises and assists institution management and staffs in implementing essential HUB program functions including, but not limited to

- (a) facilitating compliance with agency good faith effort criteria;
- (b) HUB program reporting;
- (c) HUB program marketing and outreach; and
- (d) contract administration as it relates to HUB program compliance, including development of procurement specifications and evaluation of contracts for compliance.

5.2 Resources. Institutions shall provide resources (financial, human, and equipment) necessary and sufficient for full and effective implementation of HUB program functions.

5.3 Structure. Institutions shall specify an operating division structure (line and block diagram with necessary explanatory narrative/notes) to define responsibility and accountability for program implementation. The institutions shall include that structure in the required strategic action plans.

5.4 Staff Coordinating Group. Institutions shall establish a Staff Coordinating Group to provide functional staff expertise regarding implementation of all aspects of the HUB program.

5.5 Marketing and Outreach Program. Institutions shall establish a Marketing and Outreach Program. Outreach strategies involve every practical means for informing the HUB vendor community

of business opportunities with U. T. System Administration and institutions and to make U. T. System personnel knowledgeable of HUB firms capable of supplying needed materials, supplies, equipment, and services.

- (a) Economic Opportunity Forums. Develop and participate in economic opportunity forums and fairs including those sponsored by legislators; Texas Procurement and Support Services (TPASS), a division of the State Comptroller's Office; other institutions; other State agencies; and private business entities.

Institutions should plan to participate in these and other outreach activities they deem necessary and beneficial to their HUB programs.

- (b) Agency Forum Program. Institutions with a biennial appropriation exceeding \$10 million are required to design a program of forums in which HUBs are invited to deliver technical and business presentations that demonstrate their business capabilities to institutional senior managers and procurement personnel and to professionals/contractors/vendors who may be subcontracting for goods and services of the kinds supplied by the HUB.
- (c) Mentor-Protégé Program. Institutions with a biennial appropriation exceeding \$10 million are required to implement a mentor-protégé program to foster long-term relationships between prime contractors and HUBs, to increase the ability of HUBs to contract with the State, or to receive subcontracts under a State contract.
- (d) HUB Certification Assistance. An important function of outreach is to inform the HUB vendor community of the benefits of registration on the Centralized Master Bidders List (CMBL) and application for certification as a HUB firm. All practical assistance should be provided to facilitate these outcomes.

- 5.6 Establish an Internal Education and Functional Staff Support Program. Operating Division Heads require special staff expertise including procurement, accounting, information services, and HUB program development in order to implement effective HUB programs in the areas of their supervision.

Primarily, the Staff Coordinating Group should provide this support.

- (a) All staff engaged in daily procurement operations must be knowledgeable of and vigorously implement HUB program goals, objectives, strategies, and action plans.
- (b) Institutions or departments may establish a system to monitor individual buyer performance as it relates to institutional HUB program goals and objectives.

5.7 Reporting Systems. Develop and maintain internal and external HUB utilization reporting systems.

- (a) Internal Reporting. The U. T. System Administration and U. T. System institutions shall compile and maintain monthly information relating to the use of HUB firms. Reporting systems must compile
 - (i) information regarding subcontractors and suppliers as required by *Texas Government Code* Section 2161.122;
 - (ii) compilation of data by operating division; and
 - (iii) no later than the 60th day of the fiscal year, estimations of the total value of contract awards expected to be made for that fiscal year that is subject to *Texas Government Code* Section 2161.181, and the total value of contract awards expected to be made for that fiscal year under *Texas Government Code*, Chapter 2166.

Estimates may be revised as new information indicates and will be maintained in agency files.

- (b) External Reporting.
 - (i) The U. T. System Administration and U. T. System institutions shall
 - (A) include as a part of its Legislative Appropriations Request (LAR), a detailed report showing the extent of compliance with Chapter 2161, *Texas Government Code* and 34 *Texas Administrative Code* Sections 20.11 – 20.28 for the two

calendar years preceding the calendar year in which the request is submitted, and

- (B) make semiannual and annual reports on expenditures for goods and services specified by object codes reportable under the HUB program. Institutions shall not include expenditures for building construction projects managed by the U. T. System Office of Facilities Planning and Construction (OFPC).
- (ii) Reports submitted to TPASS and to U. T. System Administration shall be certified by the president or the chief business officer.
- (iii) Reports regarding HUB program data, objectives, and activities must be provided as requested by U. T. System Administration.
- (c) Supplemental Reporting.
 - (i) Submit a supplemental summary letter that provides a more comprehensive representation of the agency's good faith effort.
 - (ii) Submit the number of HUBs submitting bids and/or proposals for the acquisition, construction, equipping, or operational implementation of State facilities or programs.
 - (iii) Submit the number of contracts awarded to businesses with regard to the agency's acquisition, construction, or equipping of a facility or implementation of a program.
 - (iv) Submit the report required by agencies authorized to participate in a group-purchasing program.
 - (v) Submit the HUB Strategic Plan Progress Report (SPPR) with agency Annual Financial Reports (AFR).
 - (vi) The U. T. System Administration shall
 - (A) submit the number of HUBs participating in System bond issuances distributed by ethnic group status and gender, and

(B) prepare and forward the annual report required by *Texas Education Code* Section 55.03(b) to the Board of Regents for further submission to the Governor and each house of the legislature not later than October 31 of each academic year. This report pertains to minority-owned and woman-owned business participation in contract costs relating to the issuance of bonds and in the total contract costs of items to be financed by such bond proceeds.

5.8 Procedures. Develop and implement procedures across the full spectrum of procurement processes (noncompetitive spot purchases, competitive spot purchases, advertisement for bids, requests for proposals, requests for quotations, competitive sealed proposals, design-build, construction manager-at-risk, etc.) that promote HUB utilization.

Sec. 6 Agency Program Operations. U. T. System Administration and institutions shall adopt procedures to ensure

- 6.1 preparation and distribution of information on procurement procedures in a manner that encourages participation in State contracts by all businesses;
- 6.2 division of proposed requisitions into reasonable lots in keeping with industry standards and competitive bid requirements;
- 6.3 where feasible, assessment of bond and insurance requirements and the designing of such requirements to reasonably permit more than one business to perform the work;
- 6.4 specification of reasonable, realistic delivery schedules consistent with an agency's actual requirements;
- 6.5 specifications, terms, and conditions reflect an agency's actual requirements, are clearly stated, and do not impose unreasonable or unnecessary contract requirements;
- 6.6 provision of referenced lists of certified HUBs for subcontracting to prime contractors;
- 6.7 determination of whether specific agency-wide goals are appropriate under the Disparity Study;

- 6.8 inclusion of supplemental summary providing a more comprehensive representation of institution good faith efforts, as prescribed by TPASS, in semiannual and annual program reporting; and
 - 6.9 identification of potential subcontracting opportunities in all contracts and requirement for a HUB subcontracting plan for contracts of \$100,000 or more, where such opportunities exist.
- Sec. 7 Agency Supplementary Good Faith Effort. U. T. System Administration and institutions may further demonstrate good faith efforts by
- 7.1 establishing rules and procedures for increasing HUB utilization;
 - 7.2 documenting outreach efforts, including identification of available HUBs, marketing effort, and dissemination of information to HUBs;
 - 7.3 writing specifications that encourage use of HUB contractors and subcontractors;
 - 7.4 designating an agency HUB coordinator; and
 - 7.5 complying with HUB reporting requirements.
- Sec. 8 Contracting for Goods and Services. U. T. System Administration and institutions shall include the Policy on Utilization of Historically Underutilized Businesses (HUBs) in all invitations for bids, requests for proposals, or other purchase solicitation documents where subcontracting opportunities are probable and follow the procedures set out therein for award and administration of all contracts with an expected value of \$100,000 or more. The Policy may be modified to address particular local conditions.

This Policy may be found at
<http://www.utsystem.edu/offices/historically-underutilized-business/hub-forms>.

When subcontracting opportunities are not probable, a HUB Subcontracting Plan documenting good faith effort is not required. Sample statements of subcontracting probabilities required by the policy may be found in the HUB Program Action Plan.

3. Definitions

Historically Underutilized Businesses or HUBs - the business enterprises defined as minority or women-owned firms demonstrating at least 51% ownership in the firm (reference TPASS HUB certification application).

Non-Treasury Funds - all funds paid by the U. T. System Administration or an institution that are not deposited in the State treasury.

Treasury Funds - funds maintained in the State treasury and paid through the State Comptroller's Office for the U. T. System Administration or an institution.

4. Relevant Federal and State Statutes, Policies, and Standards

[Texas Government Code, Chapter 2155, Purchasing: General Rules and Procedures](#)

[Texas Government Code, Chapter 2161, Historically Underutilized Businesses](#)

[Texas Government Code, Chapter 481, Texas Economic Development and Tourism Office](#)

[Texas Government Code, Chapter 321, Section 321.013, Powers and Duties of State Auditor](#)

[Texas Government Code, Chapter 2101, Section 2101.011, Financial Information Required of State Agencies](#)

[Texas Administrative Code \(TAC\) Title 1, Chapter 20, Subchapter B, Sections 20.11 – 20.28](#)

[Civil Practice and Remedies Code, Chapter 106, Section 106.001, Prohibited Acts](#)

[Texas Education Code, Chapter 51, Section 51.933, Provisions Generally Applicable to Higher Education](#)

[Texas Education Code, Chapter 55, Section 55.03, Minority-Owned and Women-Owned Businesses](#)

[Texas Education Code, Chapter 73, Section 73.115, Acquisition of Goods and Services](#)

[Texas Education Code, Chapter 74, Section 74.008, Acquisition of Goods and Services](#)

5. Relevant System Policies, Procedures, and Forms

[Regents' Rules and Regulations, Rule 20701](#)

[Policy on the Utilizations of HUBs](#)

[Annual HUB Goals](#)

6. System Administration Office(s) Responsible for Policy

Office of HUB Development

7. Dates Approved or Amended

March 1, 2005

April 14, 2010

November 19, 2012