

# SYSTEM REGULATIONS

## **25.06.01 Implementation of HUB Policy**

*November 2, 1998*

*Supplements System Policy 25.06*

### 1. COMPLIANCE

The System will comply with both "the letter and the spirit" of System Policy 25.06 and with all applicable laws, regulations and executive orders related to Historically Underutilized Businesses (HUBs).

- 1.1 The System will make a good faith effort to assist historically underutilized businesses to receive contract awards for the purchase of supplies, materials, equipment, and services, including those relating to the issuance of bonds.
- 1.2 The System will develop a written HUB Advocacy Program (HUBAP) to carry out these commitments.

### 2. DEFINITIONS

2.1 "Historically underutilized business" means:

- 2.1.1 a corporation formed for the purpose of making a profit in which 51 percent or more of all classes of the shares of stock or other equitable securities are owned by one or more disadvantaged persons who have a proportionate interest and actively participate in the corporation's control, operation, and management;
- 2.1.2 a sole proprietorship created for the purpose of making a profit that is completely owned, operated, and controlled by a disadvantaged person;
- 2.1.3 a partnership formed for the purpose of making a profit in which 51 percent or more of the assets and interest in the partnership are owned by one or more disadvantaged persons who have a proportionate interest and actively participate in the partnership's control, operation, and management;
- 2.1.4 a joint venture in which each entity in the venture is a historically underutilized business, as determined under another paragraph of this subdivision; or
- 2.1.5 a supplier contract between a historically underutilized business as determined under another paragraph of this subdivision and a prime contractor under which the historically underutilized business is directly involved in the manufacture or distribution of the goods or otherwise warehouses and ships the goods.

- 2.2 If a HUB is both minority-owned and woman-owned, it is to be classified as minority-owned.
- 2.3 “Disadvantaged person” means a person who is disadvantaged because of the person’s identification as a member of a certain group, including Black Americans, Hispanic Americans, women, Asian Pacific Americans, and Native Americans, and who has suffered the effects of discriminatory practices or other similar insidious circumstances over which the person has no control.
- 2.3.1 “Black Americans” include persons having origins in any of the Black racial groups of Africa.
- 2.3.2 “Hispanic Americans” include persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race.
- 2.3.3 “Women includes all women, regardless of ethnicity.
- 2.3.4 “Asian Pacific American” includes persons whose origins are from Japan, China, Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, the United States Trust Territories of the Pacific, the Northern Marianas, and Subcontinent Asian Americans which includes persons whose origins are from India, Pakistan, Bangladesh, Sri Lanka, Bhutan or Nepal.
- 2.4 “Joint Venture” means a limited association of two or more persons or firms formed to carry out a single business enterprise for profit, for which purposes they combine their property, money, efforts, skills, and knowledge.
- 2.5 “Vendor” or “Contractor” means an entity having any form of contractual agreement with the System.
- 2.6 “Treasury funds” are funds maintained in the state treasury and paid through the State Comptroller’s Office.
- 2.7 “Non-treasury funds” are funds paid by a state agency that are not treasury funds.

### 3. ADMINISTRATIVE RESPONSIBILITY

#### 3.1 System HUB Coordinator

The Chancellor will appoint a System HUB Coordinator who will have the responsibility for monitoring and lending assistance to all programs dealing with HUBs. The System HUB Coordinator will:

- (1) keep System administration and System components informed of latest developments in the area of HUBs;

- (2) update the System HUBAP as necessary and distribute to System components;
- (3) develop models of educational inreach and outreach activities for use by System components in developing component HUB programs;
- (4) serve as a liaison between System components to share successful methods of increasing the participation of HUBs;
- (5) serve as liaison between System components and System Management Information Services to ensure accuracy and timely availability of data;
- (6) review, consolidate and transmit required reports prepared by System components;
- (7) file required policy statements;
- (8) determine the degree to which System goals and objectives have been attained;
- (9) report good faith efforts to the Chancellor;
- (10) compile reports for presentation to the Chancellor, Board, or any external agency; and
- (11) identify areas that appear to require special attention or remedial action and assist components in obtaining needed information and/or in developing new procedures.

### 3.2 HUB Representatives

The CEO of each System component will appoint a HUB representative who will have responsibility for implementing all programs dealing with HUB activities for that component. The HUB Representative for each component will:

- (1) coordinate the development of the component HUB program and communicate these actions to System administration through the System HUB Coordinator;
- (2) identify areas requiring special attention in the HUB program and recommend action;
- (3) administer record-keeping systems that will measure the effectiveness of this program and report the progress on goals to the System HUB Coordinator;
- (4) coordinate the completion and filing of all reports required by law through the System HUB Coordinator;

- (5) report good faith efforts of the component to the System HUB Coordinator;
- (6) serve as liaison between the System component and the System HUB Coordinator; and
- (7) keep administrators of the System component informed of the latest developments in the area of HUBs.

#### 4. SYSTEM COMPONENT HUB PROGRAM

In order to implement the System HUBAP, the component HUB program shall include, to the greatest extent possible, good faith efforts to:

- (1) ensure that the Texas HUB Certification Electronic Database provided by the General Services Commission (the Commission) is accessible to all employees and encourage use of the directory in procurement activities;
- (2) identify and assist potential HUB applicants in obtaining state certification through the Commission;
- (3) distribute procurement policies and procedures to HUBs in an effective process so as to encourage participation of those businesses;
- (4) develop and participate in educational outreach activities, such as:
  - (a) publishing a brochure expressly designed to convey information to HUBs about the component's procurement process;
  - (b) staging periodic trade fairs for HUBs to demonstrate their products and services for potential buyers;
  - (c) actively participating in the local Chamber of Commerce and/or economic development programs that promote business opportunity fairs for HUBs; and
  - (d) periodically staging an "open house" of the applicable central purchasing department;
- (5) develop and participate in educational inreach activities, such as:
  - (a) incorporating into the formal training program of the professional buying staff a training program designed to improve their business skills which will encourage HUB participation;
  - (b) including requisitioning department representatives in the organization and participation of trade fairs for HUBs and of the central purchasing department's "open house" for HUBs; and

- (c) developing and distributing information related to HUBs for use in departmental purchases not being processed through the central purchasing department;
- (6) examine bid specifications to ensure that HUBs are not placed needlessly at a competitive disadvantage;
- (7) participate in programs that consolidate information about upcoming contracting opportunities and allow potential bidders to discover upcoming opportunities;
- (8) make available to all potential bidders information relating to previously successful bids (to the extent such information is public under the Public Information Act);
- (9) actively encourage potential contractors to use HUB subcontractors through wording in bid and proposal documents and through information given at pre-bid conferences, meetings and "open houses;" and
- (10) disseminate the HUBAP to all appropriate personnel in the System component entity.

## 5. COMPLIANCE WITH STATE LAW

Current state law requires that all purchases, except as specifically provided, be based whenever possible on competitive bids. Nothing in this policy shall be construed to require otherwise.

## 6. REPORTING REQUIREMENTS

- 6.1 A copy of this policy and the System HUBAP will be included in the System strategic plan as required by Texas Government Code, Sec. 2161.123.
- 6.2 The General Services Act requires that a consolidated report be issued by the Commission based, in part, on information provided by each state agency. In accordance with this requirement, each component will:
  - (a) continuously maintain, and compile monthly, information relating to its use and the use of HUBs by each operating division of the component, including information regarding subcontractors and suppliers;
  - (b) report to the Commission through the System HUB Coordinator the total number and dollar amount of purchases of goods and services awarded and actually paid from non-treasury funds by the component. This report will be in a form prescribed by the Commission and will be due not later than March 15 for the previous six-month period and September 15 for the previous fiscal year;
  - (c) report to the Commission through the System HUB Coordinator the total number and dollar amount of certified HUB subcontracting participation in all of the component's contracts for the purchase of goods and services. This

report may include subcontracting participation paid from treasury and non-treasury funds. The report will be due not later than March 15 for the previous six-month period and September 15 for the previous fiscal year.

6.3 The System Office of Treasury Services for the System shall file a report related to bond issuance and items financed by bonds, as required by Section 55.03, Texas Education Code. The report shall contain the following information:

(a) total number of contracts and dollar amount of each contract relating to the issuance of bonds by the Board under Chapter 55 and to the items to be financed by those bonds; and

(b) total number of businesses submitting bids or proposals relating to the issuance of bonds and to the items to be financed by those bonds.

6.4 The Chancellor shall report to the Board annually the progress made by SAGO and each component university in the participation by HUBs.

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CONTACT FOR INTERPRETATION: System HUB Coordinator

HISTORY: Replaces former APRM C.6.4.