

UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM

SECTION: Fiscal Affairs

NUMBER: 03.B.02

AREA: Purchasing

SUBJECT: Contracting with Historically Underutilized Businesses (HUBs)

1. PURPOSE

The University of Houston System supports and encourages historically underutilized businesses (HUBs). The programs, policies, and procedures described in this administrative memorandum apply to all purchases and procurement for goods and services for the System and its component universities.

2. DEFINITIONS

For the purposes of this policy, a “historically underutilized business” is a corporation, sole proprietorship, partnership, or joint venture, with a principal place of business in this state, in which at least 51 percent is owned, controlled, operated, and actively managed by one or more persons who have been economically disadvantaged because of their membership in a certain group, including Black Americans, Hispanic Americans, women, Asian Pacific Americans, and Native Americans and who have suffered the effects of discriminatory practices or other similar insidious circumstances over which the person has no control (see Government Code [Section 2161.001](#)).

3. ADMINISTRATION

- 3.1. The Executive Vice Chancellor for Administration and Finance or his designee shall have overall responsibility for the planning, coordination, implementation, and enforcement of the policy and may develop rules and guidelines necessary for its implementation, including the integration of the policy into the purchasing and procurement processes of each component university.
- 3.2. Each component university’s purchasing office will appoint an employee (HUB coordinator) to carry out the provisions of this policy at the component university level. A component university with a biennial budget more than \$10 million must appoint a HUB coordinator who is equal to the position of the component university’s procurement director (procurement director may serve in this capacity). Coordinators shall:
 - a. coordinate training programs to recruit HUBs (see Government Code [Section 2161.062\(e\)](#)).

- b. report required information to the State Comptroller of Public Accounts (CPA) (see Government Code [Section 2161.062\(e\)](#)).
 - c. match HUBs with key staff within their agency (see Government Code [Section 2161.062\(e\)](#)).
 - d. make a good faith effort to increase the award of goods and services contracts to HUBs in accordance with the adopted rules implemented as a result of the Disparity Study (see Government Code [Section 2161.181](#)).
 - e. implement a HUB program as set forth by legislation and the rules promulgated by the CPA.
- 3.3. The Office of the Executive Vice Chancellor for Administration and Finance will provide component universities with support, as needed, to implement the HUB program as set forth by legislation and the rules promulgated by the CPA.

4. THE PURCHASING PROCESS

- 4.1. The Purchasing Department of each component university shall actively assist HUBs in learning how to conduct business with the System.
- 4.2. Each component university shall attempt to increase the participation of HUBs in the purchasing process by selecting bids or proposals submitted by such businesses whenever those bids or proposals are comparable to other bids or proposals received, and whenever such a selection does not conflict with state or federal law.
- 4.3. When authorized by law, the component universities shall minimize the amount of any performance bond required with contracts when contracting with HUBs.

5. ASSESSMENT

The System Office of Finance will provide summary reports on HUB vendor participation for each component university and work with each component university HUB coordinator to ensure that a correct and accurate HUB report is prepared for submission to the CPA every six months. Each component university shall report semi-annually, coinciding with the state-generated HUB reports, to the Executive Vice Chancellor for Administration and Finance on HUB-related activities.

6. REVIEW AND RESPONSIBILITY

Responsible Party: Associate Vice Chancellor for Finance

Review: Every two years on or before March 1

7. APPROVAL

Approved: Carl P. Carlucci
Executive Vice Chancellor for Administration and Finance

Renu Khator
Chancellor

Date: May 25, 2011

REVISION LOG

Revision Number	Approval Date	Description of Changes
1	06/15/1992	Initial version
2	07/07/1998	Removed specific definitions of HUBs in Section 2.1. Added Sections 2.2 and 2.3. Added Section 3.3 on responsibilities of the Vice Chancellor for Administration and Finance. Removed Section 4.3. Added Section 5.0 on Assessment documentation and summary reports. Changed review period from odd numbered years on or before July 1 st to odd numbered years on or before May 1 st
3	01/11/2000	Applied revised SAM template. Provided additional documentation in Section 2.1 and reference to Government Code Section 2161.001. Provided additional redlines to Section 3.2 on the Procurement Director's responsibilities; removed most documentation on Section 3.3 on the Vice Chancellor of Administration and Finance's responsibilities
4	06/09/2009	Applied revised SAM template. The organizational structure was updated and the component HUB reporting requirements were increased to semi-annually. The Government Code was also cited and hyperlinked for reference. Changed the responsible party to the AVC for Finance. Changed the review period from odd numbered years on or before May 1 st to every two years on or before March 1 st

Revision Number	Approval Date	Description of Changes
5	05/25/2011	Applied revised SAM template and added new Revision Log. No additional changes were required per the Subject Matter Expert (SME)