

**UNIVERSITY OF HOUSTON SYSTEM  
ADMINISTRATIVE MEMORANDUM**

**SECTION: Fiscal Affairs**

**NUMBER: 03.B.02**

**AREA: Purchasing**

**SUBJECT: Contracting with Historically Underutilized Businesses (HUBs)**

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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 for-profit 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 African Americans, Hispanic Americans, American women, Asian Pacific Americans, Native Americans and/or Service-Disabled Veterans (see [Texas Government Code, Section 2161.001](#)).

3. ADMINISTRATION

3.1. The Senior 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 [Texas Government Code, Section 2161.062\(e\)](#)).
- b. report required information to the State Comptroller of Public Accounts (CPA) (see [Texas Government Code, Section 2161.062\(e\)](#)).

- c. match HUBs with key staff within their agency (see [Texas 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 [Texas Government Code, Section 2161.181](#)).
- e. implement a HUB program as set forth by legislation and the rules promulgated by the CPA (see [Texas Government Code, Section 2161](#) and [Texas Administrative Code, Chapter 20, Subchapter B](#)).

3.3. The Office of the Senior 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 assist each component university HUB coordinator to ensure that a correct and accurate HUB report is prepared for submission to the CPA when required. Each component university shall report semi-annually, following the publication of the CPA's semi-annual HUB reports, to the Senior Vice Chancellor for Administration and Finance on HUB-related activities.

#### 6. REVIEW AND RESPONSIBILITY

Responsible Party: Senior Associate Vice Chancellor for Finance

Review: Every two years on or before March 1

7. APPROVAL

Approved: Jim McShan  
Senior Vice Chancellor for Administration and Finance

Renu Khator  
Chancellor

Date: April 12, 2017

**REVISION LOG**

<b>Revision Number</b>	<b>Approval Date</b>	<b>Description of Changes</b>
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 <sup>st</sup> to odd numbered years on or before May 1 <sup>st</sup>
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 <sup>st</sup> to every two years on or before March 1 <sup>st</sup>
5	05/25/2011	Applied revised SAM template and added new Revision Log. No additional changes were required per the Subject Matter Expert (SME)

<b>Revision Number</b>	<b>Approval Date</b>	<b>Description of Changes</b>
6	07/28/2015	Added African Americans, American Women, and/or Service-Disabled Veterans to Section 2, and removed discriminatory practices statement. Added Government and Administrative Codes to Section 3.2 a through e. Revised Section 5 to reflect current requirements for HUB assessments when required
7	04/12/2017	Updated titles and links as applicable. No other additional changes were made by the Subject Matter Experts (SMEs)