

# SYSTEM REGULATION

## **25.06.01 System HUB Program**

*November 2, 1998*

*Revised March 3, 2003*

*Supplements System Policy 25.06*

### 1. COMPLIANCE

The System will comply with 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 HUBs in gaining equal access and equal opportunities to receive contract and subcontract awards for design and construction projects and for the purchase of supplies, materials, equipment and services, including those relating to the issuance of bonds, in accordance with the rules established by the Texas Building and Procurement Commission (TBPC).

1.2 The System will develop a written HUB Program to support these commitments.

### 2. DEFINITIONS

2.1 A “Historically underutilized business (HUB)” is an entity with its principal place of business in Texas that is:

2.1.1 a business that has satisfied the requirements of the TBPC and has been granted certified status;

2.1.2 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;

2.1.3 a sole proprietorship created for the purpose of making a profit that is completely owned, operated, and controlled by a disadvantaged person;

2.1.4 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;

2.1.5 a joint venture in which each entity in the venture is a historically underutilized business, as determined under another paragraph of this section; or

- 2.1.6 a supplier contract between a historically underutilized business as determined under another paragraph of this section 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 economically disadvantaged because of the person’s identification as a member of a certain group, including Black Americans, Hispanic Americans, American women, Asian Pacific Americans, and Native Americans.
  - 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 “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.
  - 2.3.4 "Native Americans" includes persons who are American Indians, Eskimos, Aleuts, or Native Hawaiians.
  - 2.3.5 “American women includes all women, of any ethnicity except those specified in sections 2.3.1, 2.3.2, 2.3.3 and 2.3.4 above.
- 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 a supplier of commodities or services to a state agency under a purchase order contract or other contract.
- 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 System component that are not treasury funds.

2.8 "HUB Coordinator" is an employee who holds a position equivalent to the procurement director or is the procurement director. The employee reports to the component CEO on HUB activities including, but not limited to, the component's good faith effort criteria, HUB reporting, contract administration, and marketing and outreach efforts for HUB participation.

2.9 "HUB Subcontracting Plan" is the written plans for the use of HUB subcontractors, which is required by a component in procurements with an expected value of \$100,000 or more which a potential contractor/vendor must prepare and return with their bid, proposal or offer.

### 3. COMPLIANCE WITH THE TEXAS A&M UNIVERSITY SYSTEM PROCUREMENT CODE

The Texas A&M University System Procurement Code (see System Regulation 25.99.02) requires that all purchases, except as specifically provided, be based on best value. Nothing in this regulation shall be construed to require otherwise.

### 4. ADMINISTRATIVE RESPONSIBILITY

#### 4.1 System HUB Coordinator

The Chancellor will appoint a System HUB Coordinator who will have the responsibility for administering the Texas Administrative Code (TAC) rules regulating HUB implementation. In addition, the System HUB Coordinator will:

- (1) monitor, lend assistance, and coordinate all programs dealing with HUBs;
- (2) keep System administration and components informed of latest developments in HUB Program administration;
- (3) update the System HUB Program as necessary and distribute to System components;
- (4) develop a HUB plan for internal educational and outreach activities for the use of the System and its components;
- (5) serve as a liaison between the System and its components to share successful methods of increasing HUB participation;
- (6) monitor and update System HUB Policy and Regulation;
- (7) determine the degree to which System goals and objectives have been attained and suggest ways to improve performance;
- (8) review, consolidate and transmit reports of System and component HUB activities and participation, except as provided in section 6.1(b), to the Chancellor, Board, or other state entity or state official; and

- (9) identify areas that appear to require special attention or remedial action and assist components in obtaining needed information and/or in developing new HUB procedures or strategies.

#### 4.2 Component HUB Coordinators

The CEO of each System component will appoint a HUB Coordinator who will have responsibility for administering the TAC rules regulating HUB implementation for that component. In addition, the component HUB Coordinator will:

- (1) coordinate the development of the component HUB program;
- (2) identify areas requiring special attention in the component HUB program and recommend action;
- (3) provide training to the component employees;
- (4) report results to the CEO on a regular basis;
- (5) report performance to the System database;
- (6) serve as liaison between the System component and the System HUB Coordinator; and
- (7) review the use of subcontracting plans for procurements.

### 5. HUB PROGRAM

In addition to the TAC rules, the System 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 TBPC is accessible to all employees and encourage use of the directory in procurement activities;
- (2) distribute procurement policies and procedures to HUBs in an effective process so as to encourage participation of those businesses;
- (3) develop and participate in educational outreach activities, such as:
  - (a) publishing materials expressly designed to convey information to HUBs about the component's procurement process; and
  - (b) actively participating in the local Chamber of Commerce and/or economic development programs that promote business opportunity fairs for HUBs.
- (4) develop and/or participate in internal educational activities, such as:

- (a) a formal procurement training program for all professional purchasing staff that incorporates improvement of business skills and encourages HUB opportunities and participation; and
  - (b) developing and distributing information related to HUBs for use in departmental purchases not being processed through the central purchasing department.
- (5) examine bid specifications to ensure that HUBs have access and equal opportunity for all procurement, contracting activities, and physical plant projects;
- (6) participate in programs that consolidate information about upcoming contracting opportunities and allow potential bidders to review those opportunities; and
- (7) develop a System web page to support and encourage HUB participation.

## 6. REPORTING REQUIREMENTS

- 6.1 The TBPC is required to prepare a consolidated report based, in part, on information provided by each System component. In accordance with this requirement, each component will:
- (a) continuously maintain, and compile monthly, information relating to use of HUBs by the component and each operating division of the component, including information regarding subcontractors and suppliers; and
  - (b) report to the TBPC in accordance with Texas Government Code §§2161.121 and 2161.122 and 1 TAC §111.11 et seq.
- 6.2 The System Office of Treasury Services 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 information specified in Section 55.03.
- 6.3 Each component shall report the monthly progress made in the HUB participation to the System HUB Program Office.

CONTACT FOR INTERPRETATION: System HUB Coordinator

HISTORY: Last Version: November 2, 1998

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