

THE TEXAS STATE UNIVERSITY SYSTEM  
POLICY ON UTILIZATION OF HISTORICALLY  
UNDERUTILIZED BUSINESS (HUB) FIRMS

I. POLICY STATEMENT

A. Purpose

It is the policy of The Texas State University System to promote full and equal opportunity for all businesses to provide the goods and services needed to support mission, administrative, and logistical operations of the System Administrative Office and component institutions. The Board commits the System Administrative Office and its component institutions to a good faith effort to increase purchases and contract awards with Historically Underutilized Businesses (HUB) firms, consistent with the state's goals for HUB participation and overall social advancement and economic prosperity.

B. Scope

1. Component institutions of The Texas State University System include Angelo State University, Lamar University-Beaumont, Lamar State College-Port Arthur, Lamar State College-Orange, Lamar Institute of Technology, Sam Houston State University, Southwest Texas State University, Sul Ross State University, and Sul Ross Rio Grande College.
2. This policy applies to acquisition of commodities, professional and other services, and construction by the System Administrative Office and component institutions, including auxiliary enterprises, regardless of funding source (treasury or non-treasury funds).

C. Definitions

1. "Historically Underutilized Business" means a business enterprise, which is defined as a Form of Historically Underutilized Business in C.3. below, formed for the purpose of making a profit and which is owned by one or more persons who: (a) is or are Socially Disadvantaged person(s) as defined in C.2 below and who has or have suffered the effects of discriminatory practices or similar insidious circumstances over which they have no control, and (b) have a proportionate interest and demonstrate active participation in the control, operation, and management of the enterprise's affairs.

2. “Socially Disadvantaged Person” means and includes Black American; Hispanic American; Asian Pacific American; Native American; or an American woman, a woman of any ethnicity except an American Woman otherwise specified in this section, I. C .2.
3. “Forms of Historically Underutilized Business Enterprises” mean and include:
  - (a) A corporation in which at least 51 % of all classes of the shares of stock or other equitable securities are owned by one or more persons described in C.2 above;
  - (b) A sole proprietorship that is 100% owned by a person described in C.2 above;
  - (c) A partnership in which at least 51 % of the assets and interests in the partnership is owned by one or more persons described in C.2 above;
  - (d) A joint venture in which each entity in the joint venture is an historically underutilized business;
  - (e) A supplier contract between an historically underutilized business and a prime contractor under which the historically underutilized business is directly involved in the manufacture or distribution of the supplies or materials or otherwise warehouses and ships the supplies; and,
  - (f) A business, other than described in subparagraphs (a) through (e) above, which is a legally recognized business organization under the laws of the State of Texas, provided that at least 51 % of the assets and interest and 51% of any classes of stock and equitable securities are owned by one or more persons described in C .2 above.
4. “Good faith” effort to meet or exceed HUB goals shall have the meaning ascribed to it in § 111.13(c) and (d) of the General Services Commission (“GSC”) rules (see <http://www.tbpc.state.tx.us/hub/index.html>).
5. “Commodities” mean materials, supplies, or equipment.
6. “Professional Services” mean services procured under provisions of the Professional Services Procurement Act (Subchapter A, Chapter 2254, Texas Government Code).

7. Services” means all services, other than construction and professional services, including consulting services procured under provisions of Subchapter B, Chapter 2254, Texas Government Code.
8. “Construction” means construction, improvement, maintenance, or repair of buildings, roads, highways, or grounds.
9. “Treasury Funds” are funds maintained in the state treasury and paid through the State Comptroller’s Office for the System Administrative Office or a component institution.
10. “Non-Treasury Funds” are all funds paid by the System Administrative Office or a component institution that are not deposited in the state treasury.

## II. SYSTEM ADMINISTRATIVE OFFICE AND COMPONENT INSTITUTION RESPONSIBILITIES

### A. System Administrative Office

1. The Chancellor, with support from and delegation to the Vice Chancellor and General Counsel exercises oversight responsibility for implementation of policies outlined herein by the Texas State University System as a whole, and is responsible for policy implementation in the System Administrative Office.
2. The Director of Finance provides functional staff expertise and support, and advises the Chancellor, and the Vice Chancellor and General Counsel regarding all phases of the HUB program.

### B. Component Institution Administration

The Chief Administrative Officer (“CAO”) of each component institution is responsible for implementation of policies and procedures promulgated herein at his/her institution. CAOs shall develop strategic and action plans necessary for effective implementation of the HUB program. Success as a CAO shall depend, in part, upon a CAO’s success in implementing the provisions of this policy. At his/her annual review, the Board will consider HUB policy performance as a critical part of the CAO ‘5 performance.

### C. Annual Procurement Utilization Goals

In accordance with the Board’s policy of encouraging the use of HUB’s in SAO and component institution procurement, and based upon the findings of the GSC’s Disparity Study, the Board will strive to meet or exceed the goals

articulated in § 111.13(b) of the GSC rules (see <http://www.tbpc.state.tx.us/hub/index.html>). However, the institutions may consider HUB availability, HUB utilization, location of the project, contractual scope of work, or other relevant factors in the award of any bid or business.

SAO or component  
geographical  
factors in

### III. PROCEDURES

The Chancellor and each CAO shall:

- A. Specify an operating division structure (line and block diagram with necessary explanatory narrative/notes) for the purpose of defining responsibility and accountability for achieving structure in strategic and action plans required by Section II.B above.
- B. Establish a staff coordinating group (SCG), chaired by the Chief Business Officer, to provide functional staff expertise, advice, and counsel regarding implementation of all aspects of the HUB program. Organization of the SCG shall include the directors, or comparable supervisors of budget, accounting, purchasing, information services, and physical plant functions, and HUB coordinators. Other staff representation may be added at the discretion of the Chief Administrative Officer.
- C. Establish an outreach program designed to contact and maintain continuous liaison with the local/regional HUB business community. Two major objectives of this program are (1) to become knowledgeable of HUB firms capable of supplying needed materials, supplies, equipment, and services, and (2) to inform the HUB business community of business opportunities with component institutions and of requisite business processes and procedures.
- D. Establish internal programs designed to educate and provide functional staff expertise to operating division heads, who exercise budget expenditure authority. All staff engaged in daily procurement operations must be knowledgeable of and vigorously implement HUB program goals, objectives, strategies, and action plans.
- E. Develop and maintain a HUB utilization reporting system. Compile monthly data by operating division; compile data sufficient to satisfy reporting requirements of the General Services Commission (GSC) and to produce output and outcome measures specified in institutional strategic plans, including output/outcome measures by ethnic/gender divisions of HUB firms. Reports submitted to the GSC and to the System Administrative Office (sub-paragraph H below) shall be certified by the Chief Administrative Officer or the Chief Business Officer.

- F. Utilize and supplements as appropriate purchasing rules and regulations published by the GSC in support of HUB objectives.
- G. Establish a system to monitor individual buyer performance as it relates to institutional HUB program goals and objectives.
- H. Report progress toward HUB program objectives annually to the Board and as requested by the System Administrative Office.

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