

**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 universities.

2. DEFINITIONS

For the purposes of this policy, a “historically underutilized business” is a for-profit corporation, for-profit sole proprietorship, for-profit partnership, HUB joint venture, or supplier contract between a HUB and a prime contractor, 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 economically disadvantaged persons and that is certified by the Texas Comptroller’s Office as a business enterprise meeting the HUB criteria.

Economically disadvantaged persons are those who are economically disadvantaged because of their membership in a certain group, including African Americans, Hispanic Americans, women, Asian Pacific Americans, Native Americans and/or Service-Disabled Veterans and have suffered the effects of discriminatory practices or other similar insidious circumstances over which they have no control (see [Texas Government Code, Section 2161.001](#)).

3. ADMINISTRATION

3.1. The Senior Vice Chancellor for Administration and Finance or their 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 university.

3.2. Each university’s purchasing office will appoint an employee (HUB coordinator) to carry out the provisions of this policy at the university level. A university with a biennial budget more than \$10 million must appoint a HUB coordinator who is equal to the position of the university’s procurement director (procurement director may serve in this capacity). Coordinators shall:

- 3.2.1. Coordinate training programs to recruit HUBs (see [Texas Government Code, Section 2161.062\(e\)](#)).
- 3.2.2. Report required information to the State Comptroller of Public Accounts (CPA) (see [Texas Government Code, Section 2161.062\(e\)](#)).
- 3.2.3. Match HUBs with key staff within their agency (see [Texas Government Code, Section 2161.062\(e\)](#)).
- 3.2.4. 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](#)).
- 3.2.5. 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, Title 34, Part 1, Chapter 20, Subchapter D, Division 1](#)).
- 3.3. The Office of the Senior Vice Chancellor for Administration and Finance will provide 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 university shall actively assist HUBs in learning how to conduct business with the System.
- 4.2. Each 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 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 university HUB coordinator to ensure that a correct and accurate HUB report is prepared for submission to the CPA when required. Each 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: Associate Vice Chancellor for Finance

Review: Every five years

7. APPROVAL

Approved:       /Raymond Bartlett/        
Senior Vice Chancellor for Administration and Finance

      /Renu Khator/        
Chancellor

Date:       October 10, 2023