

THE TEXAS A&M UNIVERSITY SYSTEM
HISTORICALLY UNDERUTILIZED BUSINESS (HUB) PERFORMANCE
IMPROVEMENT PLAN (HPIP)

I. MANDATORY REQUIREMENTS FOR INTERNAL HUB PROGRAM ADMINISTRATION

A. System HUB Administration, Responsibilities, and Actions

1. Organization

The Chancellor, with delegation to and support from the Executive Committee, exercises management control responsibility for implementation of the HUB Program throughout the System. Authority for program implementation is delegated to the Vice Chancellor for Administration. The Vice Chancellor shall develop and monitor the implementation of the HUB Performance Improvement Plan (HPIP) for the System and its components. The Vice Chancellor for Administration will provide functional staff expertise and support, and advise the Chancellor, the Deputy Chancellor and the Executive Committee regarding all phases of the HUB Program.

The System shall provide adequate financial, personnel, and material support to insure continuous administration and outreach. The System shall establish an independent HUB budget as intended by State law.

The Vice Chancellor shall establish a HUB Advisory Council that shall be comprised of System employees and component representatives. The Advisory Council will support the Vice Chancellor for Administration, providing oversight of the HUB initiatives and programs for the System and its components. The Advisory Council will provide support to the System HUB Coordinator/Director in outreach and training efforts.

The System shall continue to develop the rules, procedures, and the HUB Strategic Plan Progress Report required by the Texas Government Code and Texas Administrative Code (Appendix I, *a and b*)

The System HUB Coordinator/Director, in cooperation with Internal Audit, shall administer and perform an annual audit readiness assessment based upon the audit criteria set forth by the Texas State Auditor's Office, with additional requirements set forth by System Administrative and General Offices (SAGO) and the HPIP.

2. Administration

In addition to requirements set forth by Texas Government Code and Texas Administrative Code, System Policy 25.06, and System Regulation 25.06.01 (Appendix I, *a, b, d, and e*), the System shall provide the following services:

- (a) Advise and assist component HUB Coordinators/Directors, management, and staff in implementing essential HUB program functions as defined by State law, System policy and regulations, and component rules and procedures:
- (b) Make available an organizational chart and staffing structure to define responsibility and accountability for program implementation.
- (c) Establish a Marketing and Outreach Program:

Outreach strategies involve every practical means for informing the HUB vendor community of business opportunities with the System and its components. An important function of outreach is to inform the HUB vendor community of the benefits of registration on the Centralized Master Bidders List (CMBL) and provide all practical assistance to qualified vendors for HUB certification.

Participating, planning, and assisting in economic opportunity forums and fairs including those sponsored by legislators, the Texas Building and Procurement Commission (TBPC), other components, other state agencies, and private business entities, which are deemed beneficial to HUB Program success.

Designing specialized forums in which HUBs are invited to deliver technical and business presentations that demonstrate their business capabilities to component senior managers and procurement personnel, and to professionals/ contractors/ vendors who may be subcontracting for goods and services of the kinds supplied by the HUBs as required by current government and administrative code (Appendix I, *a and b*).

Continue to design, plan, and implement a Mentor/Protégé Program as required by current government and administrative codes. The Mentor/Protégé Program fosters long-term relationships between prime contractors/vendors and HUBs, increasing the ability of HUBs to contract with the System and its components (Appendix I, *a and b*).

- (d) Establish a System-wide HUB Education/Training Program:

Provide procurement, accounting, information services, and HUB Program development to implement effective HUB programs in the areas of their supervision.

- (e) Develop and maintain an internal HUB Reporting Database and Web Page.

- (f) Provide selective support and resources for regional HUB program implementation.
- (g) Monitor component efforts through monthly reporting, internal auditing, and correspondence.
- (i) The Vice Chancellor of Administration shall develop and submit to the Chancellor a specific plan showing the strategic actions that will be implemented to achieve the components HUB performance objectives for the next fiscal year. The Vice Chancellor will also provide an estimate of the annual System HUB participation level that would result if all System and component plans are successfully implemented. Any evaluations done will be based, however, on the demonstrated level of commitment to Senate Bill 178 and the implementation of the plans and will not be based on the achievement of a specific estimated HUB Participation level. The plan should be submitted by the end of June for the fiscal year beginning September 1st. Many elements of the plan should reflect the results from the above criteria, I.A.2.a thru g.
- (j) Pre-review any proposed revision to the component plan, changes in HUB purchasing practices, or reporting as to determine legal and HUB policy sufficiency prior to implementation.
- (k) Develop and Implement a HUB Subcontracting Plan for Goods and Services

The System shall:

- Promote and encourage HUB subcontracting in all contracts less than \$100,000, regardless of funding, whenever it is determined that a reasonable potential for HUB subcontracting exists.
- Include the System Policy 25.06 in invitations for bids, requests for proposals, or other purchase solicitation documents where subcontracting opportunities are probable, and follow the procedures set out therein for award and administration of all contracts with an expected value of \$100,000 or more. Rules can be developed to address particular local conditions; however, component rules may not contradict System policy. When subcontracting opportunities are not probable, a HUB Subcontracting Plan (HSP) is not required and must be justified with a statement on file.
- Review and amend their procurement procedures to ensure compliance with the foregoing requirements and further, to implement procedures across the full spectrum of agency procurement activities, which ensure equal opportunity for minority and woman-owned small businesses to participate as System and/or its component suppliers.
- Include provision of referenced lists of certified HUBs for subcontracting to prime contractors.
- Develop and execute a pre-bid conference for HSP explanation, subcontractor & prime contractor introductions, and project

requirements review. The component has the flexibility to determine which procurement of goods and/or services should include a pre-bid conference.

- Implement the Mentor/Protégé Program for projects requiring an HSP. The Mentor/Protégé Program allows the prime contractor to utilize a HUB vendor without requiring the HSP if a mentor/protégé relationship exists between the prime and the subcontractor.
- Include HUB subcontracting as a Best Value criterion in selecting a vendor to provide the required goods and/or services. The best value criterion should be developed within the limits of the laws, but be innovative enough to provide equal access.
- Develop an HSP Checklist for both the vendor who is submitting a bid that requires an HSP and the purchaser/HUB coordinator who is responsible for monitoring good faith efforts of the submitting vendor.
- The HUB coordinator will assist the development of the procurement specifications, HUB subcontracting plans, and evaluation of contracts for compliance.

3. Reporting

(a) To the System

The HUB Coordinator/Director shall report to the Vice Chancellor for Administration on the progress of the System and its component HUB Programs, on a monthly basis and/or more frequently as required. The Vice Chancellor for Administration shall report on the progress of the System and component HUB Programs to the Chancellor. The Chancellor shall report on the progress of the System and component HUB Programs to the Board of Regents.

(b) To the State

The System shall (1) include as a part of its Legislative Appropriations Request (LAR) a detailed report showing the extent of compliance with *Texas Government Code*, Chapter 2161, and *Texas Administrative Code*, Sections 111.11 – 111.28, for the two calendar years preceding the calendar year in which the request is submitted, and (2) make semi-annual and annual reports on expenditures for goods and services specified by object codes reportable under the HUB program in accordance with procedures as required by current government and administrative code (Appendix I, a & b).

The System shall report additional expenditures as required by current government and administrative code, such as group purchasing, term contracts, Texas Institute for the Blind and Handicapped, and so forth (Appendix I, a & b).

Additionally, the System shall:

- 1) Submit a supplemental summary letter that provides a more comprehensive representation of the agency’s good faith effort. The following data will be included in the letter:

Purchase Category	Total Expenditures	Underutilized HUB Payments (%)	Non-certified or Graduated Underutilized HUB Payments *	HUB Non-Availability Payments **	Adjusted Underutilized HUB Payments(%)
Heavy Construction	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Building Construction					
S. T. Construction					
Professional Services					
Other Services					
Commodities					
TOTAL					

* numerator adjustment; ** denominator adjustment

Use the following definition of HUB non-availability:

“No HUB vendor offering the demanded goods or services could be identified on the augmented Centralized Master Bidders List (CMBL) or the Texas Building and Procurement Commission HUB Directory, or underutilized HUB vendors did not respond to solicitations.” 2) Submit the number of HUBs submitting bids and/or proposals for the acquisition, construction, equipping, or operational implementation of state facilities or programs.

- 3) Submit the number of contracts awarded to businesses with regard to the agency’s acquisition, construction, or equipping of a facility or implementation of a program.
- 4) Submit the report required by agencies authorized to participate in a group-purchasing program.
- 5) Submit the HUB Strategic Plan Progress Report (SPPR) with agency Annual Financial Reports (AFR).

The System shall (a) submit the number of HUBs participating in System bond issuances distributed by racial/ethnic group status and gender, and (b) prepare and forward the annual report required by Texas Education Code, Section 55.03 (b) to the Board of Regents for further submission to the Governor and each house of the legislature not later than October 31 of each academic year. This report pertains to minority-owned and woman-owned business participation in contract

costs relating to the issuance of bonds and in the total contract costs of items to be financed by such bond proceeds.

(Reference Appendix I, *a and b*)

B. Component HUB Administration, Responsibilities, and Actions

1. Administration

The Chief Executive Officer (CEO) of each System component is responsible for implementation of the component HUB Program. The CEO is required to implement State law, and System Policies and Regulations regarding the HUB Program. The CEO, working with the Vice Chancellor for Administration, will set HUB performance objectives prior to the beginning of the new fiscal year. The CEO shall report those objectives to the Chancellor. The CEO yearly evaluations will include his/her ability to meet those objectives.

The HUB Performance objectives will be specified as follows: A commitment to full compliance with the letter and spirit of SB 178, and the development of an institutional plan to see that this is done. The CEO will also provide an estimate of the annual HUB participation level for his/her component to result from the implementation of this plan. Evaluation will be based, however, on the demonstrated level of commitment to SB 178 and the implementation of the institutional plan, and will not be narrowly focused on the achievement of a specific estimated HUB participation level.

An Advisory Committee shall be developed to advise, coordinate, and support the HUB Program. The committee should consist of component employees that can directly and/or indirectly impact the component's HUB Program. Although the selection of the committee is at the discretion of the CEO, it is recommended that those individuals associated with minority based programs be considered. The committee will elect two members as representatives to participate in the System's HUB Advisory Council.

The CEO shall develop and submit to the Chancellor a specific plan showing the strategic actions that will be implemented to achieve the components HUB performance objectives for the next fiscal year along with an estimated HUB participation level to result from implementing the Plan. The plan should be submitted by the end of June for the fiscal year beginning September 1st. Many elements of the plan should reflect the results from the criteria found in section, I.B.3.a through g. Any proposed revisions to the plan, changes in HUB purchasing practices, or reporting shall also be submitted for pre-review for legal and HUB policy sufficiency prior to implementation.

The component should exercise an annual self-assessment program compliance and audit readiness. Upon execution of the self-assessment or completion of an audit, the HUB Coordinator/Director shall report the findings to the CEO/CFO for evaluation and recommend action.

2. Organization

The CEO, as required by law, shall appoint a member of the staff to facilitate, promote, and develop the component's HUB Program. The title of HUB Coordinator/Director shall be given to the selected staff member.

The HUB Coordinator/Director shall report the progress of the component's HUB Program to the CEO or CFO on at least a monthly basis through a line of direct communication. The progress report should provide adequate information as to monitor the component's efforts.

The HUB Coordinator, when different from the Purchasing Director, must be at least equal to the Director of Purchasing. The System interprets the intent of the law to mean that the HUB Coordinator's salary and reporting remain consistent with that of the Purchasing Director.

The HUB Coordinator/Director shall be involved in any procurement process in which HUBs can be solicited. The HUB Coordinator/Director shall be involved in the development of bid specifications to ensure equal access for HUBs is provided. The HUB Coordinator/Director will review bids as required by law. In addition, the HUB Coordinator/Director shall develop vendor lists for the component's procurement department and help faculty and staff identify HUBs for solicitation purposes (Appendix I, a & b).

The HUB Coordinator/Director must serve on a full-time basis in that capacity for all components with HUB eligible expenditures in excess of \$30M.

The CEO shall appoint a full-time (a member of the staff devoted 100% to the HUB Program) support staff if the component's expenditures meet or exceed \$20M dollars. The full-time support staff shall not be less than that of an administrative secretary in salary plus benefits. The support staff will report to the HUB Coordinator/Director. The appointment of a full-time support staff affects those components whose expenditures total over \$20M, which apply only to Texas A&M, SAGO, Prairie View, the Health Science Center, and the Ag Program, based on fiscal year 2002 results.

The CEO shall determine the reporting structure by posting a HUB Program organizational chart.

The component shall have a separate job description for the HUB Coordinator/Director on file with the Human Resources Department.

The component shall provide adequate financial, personnel, and material support to insure continuous administration and outreach. In addition, the component shall establish an independent HUB budget as intended by State law.

3. Rules and Procedures

In addition to current Government Code, Texas Administrative Code, System Policy & Regulations (Appendix I, *a, b, d, and e*), the components shall include but not limit to:

- (a) The component shall develop procurement rules and procedures that complement the System Procurement Code. The component's rules and procedures should provide procurement processes and include statement(s) regarding purchasing from HUBs. The rules and procedures shall include new procurement initiatives, department procurement processes. Specific rules to be included are:

1) HUB Subcontracting for Goods and Services

The Component shall:

- Promote and encourage HUB subcontracting in all contracts less than \$100,000, regardless of funding, whenever it is determined that a reasonable potential for HUB subcontracting exists.
- Include the System Policy 25.06 in invitations for bids, requests for proposals, or other purchase solicitation documents where subcontracting opportunities are probable, and follow the procedures set out therein for award and administration of all contracts with an expected value of \$100,000 or more. Rules can be developed to address particular local conditions; however, component rules may not contradict System policy. When subcontracting opportunities are not probable, a HUB Subcontracting Plan (HSP) is not required and must be justified with a statement on file.
- Review and amend their procurement procedures to ensure compliance with the foregoing requirements and further, to implement procedures across the full spectrum of agency procurement activities, which ensure equal opportunity for minority and woman-owned small businesses to participate as System and/or its component suppliers.
- Include provision of referenced lists of certified HUBs for subcontracting to prime contractors.
- Develop and execute a pre-bid conference for HSP explanation, subcontractor & prime contractor introductions, and project requirements review. The component has the flexibility to determine which procurement of goods and/or services should include a pre-bid conference.
- Implement the Mentor/Protégé Program for projects requiring an HSP. The Mentor/Protégé Program allows the prime contractor to utilize a HUB vendor without requiring the HSP if a mentor/protégé relationship exists between the prime and the subcontractor.
- Include HUB subcontracting as a Best Value criterion in selecting a vendor to provide the required goods and/or services. The best value

criterion should be developed within the limits of the laws, but be innovative enough to provide equal access.

- Develop an HSP Checklist for both the vendor who is submitting a bid that requires an HSP and the purchaser/HUB coordinator who is responsible for monitoring good faith efforts of the submitting vendor.
- The HUB coordinator will assist the development of the procurement specifications, HUB subcontracting plans, and evaluation of contracts for compliance.

2) The component must provide equal access to HUBs as stated in its procurement rules and procedures (Appendix I, a, b, & c). Equal access should include but are not limited to the following:

- Development of a web page that includes bid advertisements, award notifications, purchasing procedure basics, HUB Program basics, and department contact information.
- Providing a HUB directory/list for departmental or delegated purchases.
- Automate purchasing processes to maximize vendor solicitations.
- Exercise vendor follow up processes to determine success or improvements for bid solicitations.

(b) The component shall develop HUB rules and procedures that complement current State law, System Policy, and System Regulations. The component's HUB rules and procedures shall include the organizational structure, operating structure, marketing and outreach strategies, education programs, and institutional representation.

(c) The component shall implement an operating division structure that defines responsibility and accountability for HUB Program implementation.

(d) The component shall establish a Marketing and Outreach Program:

Outreach strategies involve every practical means for informing the HUB vendor community of business opportunities with the System and its components.

Participate, plan, and assist in economic opportunity forums and fairs including those sponsored by legislators, the TBPC, other components, other state agencies, and private business entities deemed beneficial to HUB Program success.

Design specialized forums in which HUBs are invited to deliver technical and business presentations that demonstrate their business capabilities to component senior managers and procurement personnel and to professionals/contractors/vendors who may be subcontracting for goods and services of the

kinds supplied by the HUB as required by current government and administrative code (Appendix I, a & b).

Design, plan, and implement a Mentor-Protégé Program to foster long-term relationships between prime contractors and HUBs, to increase the ability of HUBs to contract with the State or to receive subcontracts under a state contract as required by current government and administrative code (Appendix I, a & b).

An important function of outreach is to inform the HUB vendor community of the benefits of registration on the Centralized Master Bidders List (CMBL) and provide all practical assistance to qualified vendors for HUB certification.

(e) The component shall establish a Component HUB Education Program to:

Establish procurement, accounting, information services, and HUB program development in order to implement effective HUB programs in the areas of their supervision.

(f) The component is to act as a representative of the System as well as its own agency at all events and outreach efforts.

4. Reporting

(a) To the System

The component shall report on a monthly basis HUB Program progress via a predetermined HUB Reporting Database. The component shall submit the required information no later than the 15th of each month. The CEO is responsible for accurate and timely reporting. The CEO shall provide written justification if the required data is not provided to the System by the requested date.

b) To the State

The Component shall (1) include as a part of its Legislative Appropriations Request (LAR) a detailed report showing the extent of compliance with *Texas Government Code*, Chapter 2161, and *Texas Administrative Code*, Sections 111.11 – 111.28, for the two calendar years preceding the calendar year in which the request is submitted, and (2) make semi-annual and annual reports on expenditures for goods and services specified by object codes reportable under the HUB program in accordance with procedures as required by current government and administrative code (Appendix I, a & b).

The Component shall report additional expenditures as required by current government and administrative code, such as group purchasing, term contracts, Texas Institute for the Blind and Handicapped, and so forth (Appendix I, a & b).

Additionally, the component shall:

- 1) Submit a supplemental summary letter that provides a more comprehensive representation of the agency's good faith effort. The following data will be included in the letter:

Purchase Category	Total	Underutilized	Non-certified or	HUB Non-	Adjusted
	Expenditures	HUB Payments (%)	Graduated	Availability Payments **	Underutilized HUB Payments(%)
			Underutilized		
			HUB Payments *		
Heavy Construction	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Building Construction					
S. T. Construction					
Professional Services					
Other Services					
Commodities					
TOTAL					

* numerator adjustment; ** denominator adjustment

Use the following definition of HUB non-availability:

“No HUB vendor offering the demanded goods or services could be identified on the augmented Centralized Master Bidders List (CMBL) or the Texas Building and Procurement Commission HUB Directory, or underutilized HUB vendors did not respond to solicitations.”

- 2) Submit the number of HUBs submitting bids and/or proposals for the acquisition, construction, equipping, or operational implementation of State facilities or programs.
- 3) Submit the number of contracts awarded to businesses with regard to the agency's acquisition, construction, or equipping of a facility or implementation of a program.
- 4) Submit the report required by agencies authorized to participate in a group-purchasing program.
- 5) Submit the HUB Strategic Plan Progress Report (SPPR) with agency Annual Financial Reports (AFR).

The Component shall (a) get for submission from the System Treasurer, the number of HUBs participating in System bond issuances distributed by racial/ethnic group status and gender, and (b) prepare and forward the annual report required by Texas Education Code, Section 55.03 (b) to the Board of Regents for further submission to the Governor and each house

of the legislature, not later than October 31 of each academic year. This report pertains to minority-owned and woman-owned business participation in contract costs relating to the issuance of bonds and in the total contract costs of items to be financed by such bond proceeds.

(Reference Appendix I, *a and b*)

II. DIRECTIVES FOR COMPONENT ASSESSMENT CONCERNING HUB STAFFING STRUCTURE

A. HUB Organization

Implement a New HUB Organization structure, independent of purchasing, with a HUB Director, reporting directly to the CEO or CFO, at the same level and pay as the Purchasing Director, and a staff from 2 to 5 people. This is the new organizational model proposed by the HUB Program Committee, jointly chaired by Senator West and Representative Dukes, for all state agencies with an annual budget greater than \$10M.

B. Salary and Title

Upgrading the title and pay of all HUB Coordinators to be consistent with the titles and pay given to the Purchasing Managers/Directors.

III. MANDATORY REQUIREMENTS FOR EXTERNAL HUB PROGRAM ADMINISTRATION

A. Strategic Event Planning

There are currently many HUB related conferences, workshops and other events that persons working in the HUB area are asked to attend. Some are critical, but not all are of equal importance. Trying to attend all events can present an unnecessary burden on already strained HUB staff. An effective approach to strategic planning and assessment of all these HUB related events could insure that coverage is both efficient and effective. System and the components shall work to develop:

- (1) A strategic HUB conference/events plan, which will prioritize all HUB related events by the System, its components, and the State. The strategic events plan should include those events that are critical to the System and/or component, who at the System and/or component should attend, and the importance of the event to the System and/or component.

B. Community & Cultural Outreach Programs

It is always easier to do business with those one knows and trusts. Although, sometimes an over reliance on these factors can lead to sub-optimal business decisions. Nevertheless, cultural differences and lack of understanding can sometimes make it more difficult to do business with HUB vendors than with non-HUB vendors. An effective HUB Performance Improvement Plan must also address these issues. So, in addition to actions on the policy and operations fronts, it is important to insure that effective community and cultural outreach programs are in place to help build good working relationships with the HUB vendor community and the forums and organizations that represent them.

Traditionally, this has been one of the missions of the System Office of Community Development. As part of this Plan, we are asking that our office focus our objective of working cooperatively with the System HUB Program Office, and developing a specific plan to address needs on an event by event basis.

C. Legislative HUB Initiatives

It seems clear to many, that the existing HUB certification structure can be improved by some appropriate simplifications to make it a less cumbersome and prohibitive burden for potential HUB applicants. The recent System-wide HUB Summit developed a number of proposals for simplifying this process, which are listed in Appendix III.

As part of this Plan, we are asking that the Office of Governmental Relations move forward to develop a legislative strategy for recommending implementation of these improvements.

IV. OTHER HUB PROGRAM INITIATIVES (BEST PRACTICES)

The implementation of the HUB Program at each component is directly related to the uniqueness and complexity of the component. While each HUB Program will be different in the details and best practices, there will be great similarity in the structure of the programs.

The CEO and senior staff can shape the internal environment of the HUB program by incorporating current and future best practices into the component's overall HUB strategy. The following "Best Practice" points will provide the components a basis for beginning their effort.

1. Certification Initiatives (Best Practices) – Appendix III - 1
2. Administration Initiatives (Best Practices) – Appendix III - 1

3. Reporting Initiatives (Best Practices) – Appendix III - 2
4. HUB Subcontracting Initiatives (Best Practices) – Appendix III - 2
5. Financial Management Initiatives (Best Practices) – Appendix III - 3
6. Procurement Process Initiatives (Best Practices) – Appendix III - 3