



MIDWESTERN STATE UNIVERSITY

Operating Policies & Procedures Manual

University Operating Policy/Procedure (“OP”)

OP 54.03: Historically Underutilized Businesses (“HUBs”)

Approval Authority:	President
Policy Type:	University Operating Policy and Procedure
Policy Owners:	Vice President for Administration and Finance
Responsible Offices:	Director of Purchasing & Contract Management
SACSCOC Standard(s):	10.2 (Clear Policies/Documented Procedures); 13.6 (Federal and State Responsibilities)
Next Scheduled Review:	03/01/2026 ⁶⁷ . This OP will be reviewed in March of even-numbered years by the Director of Purchasing and Contract Management with recommendations for revision forwarded through the Vice President of Administration and Finance to the President by April 1st of the same year.

I. Policy and Purpose

- A.** ~~The State of Texas is committed to providing procurement and contracting opportunities for businesses owned by minorities, women, and disabled veterans. It is the state’s policy to create an environment that will enhance HUB participation in state procurements and contracts.~~ It is the policy of the Texas Comptroller of Public Accounts to encourage the use of historically underutilized businesses (“HUBs”) by state agencies and to assist agencies in the implementation of this policy through race, ethnic, and sex-neutral means. The purpose of the HUB program is to promote full and equal business opportunities for all businesses.
- B.** ~~The purpose of this Operating Policy/Procedure (“OP”) is to establish the policy and outline the procedures for the utilization of HUBs for the purchases of goods and services by Midwestern State University (“MSU” or “University”), a component institution of the Texas Tech University (“TTU”) System, to~~ make a good faith effort to utilize HUBs in contracts for construction, services (including professional and consulting services) and commodities purchases. All rules, guidance, and statutes related to the HUB program must be interpreted, applied, and implemented in accordance with the prohibition against race- and sex-based discrimination imposed by Texas Constitution, Article I, Section 3a, and United States Constitution, Amendment XIV. This OP shall apply to all contracts for construction, services (including professional and consulting services), and commodities purchases, ~~of goods and services~~ regardless of source of funds used for payment. All MSU

employees participating in the purchase of goods and services will be held accountable for adhering to the requirements of this OP.

II. Definitions

For purposes of this policy:

- A. Applicant** – A corporation, sole proprietorship, partnership, joint venture, limited liability company, or other business organization that applies to the comptroller for certification as a historically underutilized business.
- B. Centralized Master Bidders List (“CMBL”)** – An online master database maintained by the Texas Comptroller of Public Accounts and used by the State of Texas purchasing entities to develop a mailing list for vendors to receive bids. It is used alongside the historically unutilized business (“HUB”) Directory to solicit bids.
- C. Economically Disadvantaged Person** – Has the meaning assigned by Texas Government Code, §2161.001(3), subject to the prohibition against race- and sex-based discrimination imposed by Texas Constitution, Article I, Section 3a, and United States Constitution, Amendment XIV.
- D. Historically Underutilized Business (“HUB”)** – is defined by statute as a corporation, sole proprietorship, joint venture, or a supplier contract between a HUB and prime contractor that has not exceeded size standards, with its principal place of business in the State of Texas, that is formed for the purpose of making a profit, in which at least 51 percent of all classes of the shares of stock or other equitable securities are owned by one or more persons who have been historically underutilized (economically disadvantaged) because of their identification as a members of certain groups: Black American, Hispanic American, Asian Pacific American, Native American, American women, or service disabled veterans. These individuals must have a proportionate interest and demonstrate active participation in the control, operation, and management of the business. Effective December 2, 2025, is a business organization described in subparagraphs (1) - (6) of this paragraph that is certified by the Texas Comptroller of Public Accounts because it has not exceeded the size standards established by 34 TAC §20.294 (Graduation Procedures), maintains its principal place of business in Texas, and is:
 - (1) a corporation formed for the purpose of making a profit in which at least 51% of all classes of the shares of stock or other equitable securities are owned by one or more qualifying owners;
 - (2) a sole proprietorship created for the purpose of making a profit that is 100% owned, operated, and controlled by a qualifying owner;
 - (3) a partnership formed for the purpose of making a profit in which 51% of the assets and interest in the partnership is owned by one or more qualifying owners;
 - (4) a joint venture in which each entity is described by subparagraphs (1), (2), (3), or (4) of this paragraph;
 - (5) a supplier contract between an entity described by subparagraphs (1), (2), (3), or

(4) of this paragraph and a prime contractor under which the HUB is directly involved in the manufacture or distribution of the supplies or materials or otherwise warehouses and ships the supplies; or

(6) a business other than described in subparagraphs (2), (3), (4), and (5) of this paragraph, which is formed for the purpose of making a profit and is otherwise a legally recognized business organization under the laws of the State of Texas, provided that at least 51% of the assets and 51% of any classes of stock and equitable securities are owned by one or more qualifying owners.

E. Historically Underutilized Business (“HUB”) Coordinator – The staff member designated by MSU to be primarily responsible for overseeing the implementation of HUB laws and monitoring attainment of HUB utilization goals.

F. Historically Underutilized Business (“HUB”) Directory – An online tool maintained by the Texas Comptroller of Public Accounts for finding certified HUBs for contracts and purchasing. It is used alongside the Centralized Master Bidders List (“CMBL”) to solicit bids.

G. Mentor-Protégé Program - A program designed by the Texas Comptroller of Public Accounts to assist encourage agencies in identifying to work with prime contractors and HUBs partners to foster long-term contractual relationships.

H. Qualifying Owner - A person who:

- (1) is a resident of the State of Texas;
- (2) has a proportionate interest and demonstrates active participation in the control, operation, and management of an applicant; and
- (3) is a service-disabled veteran, which includes veterans as defined by 38 U.S.C. §101(2) who have suffered at least a 20% service-connected disability as defined by 38 U.S.C. §101(16).

I. Subcontractor - An entity that contracts with a prime contractor to work or contribute toward completing work under a purchase order or other contract. The term does not include employees of the contractor but includes contracted workers who will work on the contract.

III. Procedures and Responsibilities

A. Policy Statewide Annual HUB Utilization Goals

1. The State of Texas is committed to providing procurement and contracting opportunities for businesses owned by minorities, women, and disabled veterans. It is the state’s policy to create an environment that will enhance HUB participation in state procurements and contracts. In accordance with 34 Texas Administrative Code (TAC) §20.284 (Statewide Annual HUB Utilization Goals) and Texas Government Code, §2161.181 and §2161.182, MSU shall make a good faith effort to utilize HUBs in contracts for construction, services (including professional and consulting services) and commodities purchases. MSU may achieve the statewide and the annual HUB utilization goals specified in its

Legislative Appropriations Request by contracting directly with HUBs or indirectly through subcontracting opportunities. ~~Consequently, MSU will make a good faith effort to award goods, services, and construction contracts to HUBs and HUB subcontractors in accordance with the rules adopted by the Texas Comptroller of Public Accounts.~~ All MSU offices and departments shall identify and ensure that businesses owned by HUBs are given an equal opportunity to bid/propose/quote on contracts for construction, services (including professional and consulting services) and commodities purchases.

2. ~~MSU will make a good faith effort to utilize HUBs in contracts and purchases awarded in accordance with the percentages provided in Texas Administrative Code §20.284.~~ The statewide HUB utilization goals are qualitative, with the goal of increasing participation of service-disabled veteran in state purchasing and contracts.
3. MSU-specific HUB utilization goals shall be based on:
 - (a) MSU's fiscal year expenditures and total contract expenditures;
 - (b) the availability to MSU of HUBs;
 - (c) MSU's historic utilization of HUBs; and
 - (d) other relevant factors.
4. MSU shall make a good faith effort to assist HUBs in receiving a portion of the total value of all contracts that it expects to award in a fiscal year. Factors in determining MSU's good faith shall include:
 - (a) MSU's performance in meeting or exceeding their HUB utilization goals or the statewide HUB utilization goals as it included as part of its legislative appropriations request in accordance with Texas Government Code, §2161.127; and
 - (b) MSU's adoption and implementation of the following procedures:
 - (1) prepare and distribute information on procurement procedures in a manner that encourages participation in state contracts by all businesses;
 - (2) divide proposed requisitions into reasonable lots in keeping with industry standards and competitive bid requirements;
 - (3) where feasible, assess bond and insurance requirements and design requirements that reasonably permit more than one business to perform the work;
 - (4) specify reasonable, realistic delivery schedules consistent with MSU's actual requirements;
 - (5) ensure that specifications, terms, and conditions reflect MSU's actual requirements, are clearly stated, and do not impose unreasonable or unnecessary contract requirements;

- (6) provide potential bidders with referenced list of certified HUBs for subcontracting;
 - (7) identify potential subcontracting opportunities in all contracts and require a HUB subcontracting plan for contracts of \$100,000 or more over the life of the contract (including any renewals), where such opportunities exist, in accordance with *Texas Government Code*, §2161.251;
 - (8) seek HUB subcontracting in contracts that are less than \$100,000 whenever possible;
 - (9) provide, at MSU's option, courtesy reviews of respondents' HUB subcontracting plans required to be submitted with responses pursuant to *Texas Government Code*, §2161.252; and
 - (10) provide, at MSU's option, HUB-subcontracting-plan-compliance training to potential respondents during pre-bid, pre-offer, and pre-proposal conferences, or at MSU HUB forums.
5. MSU may also demonstrate good faith under by submitting a supplemental letter with documentation to the comptroller with its HUB report or legislative appropriations request including other relevant information, such as:
- a. identifying the percentage of contracts (prime and subcontracts) awarded to businesses that are not HUBs, but that are owned by qualified owners;
 - b. demonstrating that a different goal from that identified in subsection III.A.2 of this section was appropriate given MSU's types of purchases;
 - c. demonstrating that a different goal was appropriate given the particular qualifications required by MSU for its contracts;
 - d. demonstrating that a different goal was appropriate given that graduated HUBs cannot be counted toward the goal; or
 - e. demonstrating assistance to business entities in obtaining HUB certification.

B. Responsibilities Subcontracts

1. Analyzing potential contracts of \$100,000 or more

In accordance with *Texas Government Code*, Chapter 2161, Subchapter F, if MSU is considering entering into a contract with an expected value of \$100,000 or more shall, *before* it solicits responses, MSU's HUB coordinator or designee must determine whether subcontracting opportunities are probable under the contract.

- a. MSU shall use the following steps to determine if subcontracting opportunities are probable under the contract:
 - (1) examine the scope of work to be performed under the proposed contract and determine if it is likely that some of the work may be performed by a subcontractor;
 - (2) check the HUB directory for HUBs that may be available to perform the contract work; and

- (2) consider whether subcontracting is probable for only a subset of the work expected to be performed or the funds to be expended under the contract.
 - b. MSU may consider additional sources of information regarding the probability of subcontracting, including:
 - (1) information from other state agencies and local governments; and
 - (2) information about past state contracts with similar scopes of work.
- 2. Requiring HUB subcontracting plans
 - a. If MSU's HUB coordinator or designee determines that subcontracting opportunities are probable, the solicitation shall state that probability and explicitly require that any response include a completed HUB subcontracting plan to be considered responsive. The solicitation shall state the applicable HUB utilization goal, and provide information on where to find and how to complete the comptroller's HUB subcontracting plan form.
 - b. MSU shall require HUB subcontracting plans to be submitted with each response. If MSU permits responses to be submitted in parts, with deadlines for each part, the solicitation shall specify which deadline applies to the HUB subcontracting plan and shall not open responses until after the HUB subcontracting plan is due.
 - c. When MSU requires a subcontracting plan, a bid, proposal, offer, or other applicable expression of interest for the contract must contain a plan to be considered responsive.
 - d. If a properly submitted HUB subcontracting plan contains minor deficiencies, such as failure to sign or date the plan or failure to submit already-existing evidence that a good faith effort was completed, MSU may allow the respondent to cure the minor deficiency. MSU may not allow a respondent to cure material deficiencies, including completion of a good faith effort after the response deadline (such as contacting trade organizations or producing the statement of how the respondent intends to self-perform the work that is required by subsection III.B.4 of this section).
- 3. Completing a HUB subcontracting plan

The HUB subcontracting plan shall consist of a completed form prescribed by the comptroller, with attachments as appropriate.
- 4. Demonstrating good faith in the development of a HUB subcontracting plan

The HUB subcontracting plan must demonstrate that the respondent developed it in good faith. For each part of the work that the solicitation identified as a probable subcontracting opportunity and each part of the work that the respondent actually intends to subcontract, the respondent must demonstrate its good faith development of a HUB subcontracting plan by a method described in paragraphs a-d of this subsection.

a. Solicitation Method

To complete the solicitation method, the respondent shall comply with all requirements of this clause.

- (1) The respondent shall divide the work into reasonable lots or portions consistent with prudent industry practices.
- (2) The respondent shall notify, in writing, at least two trade organizations or development centers that serve disabled veterans, of the subcontracting opportunities that the respondent intends to subcontract.
- (3) The respondent shall notify, in writing, at least three HUBs of the subcontracting opportunities that the respondent intends to subcontract. The respondent shall provide the notice described in this subclause to three or more HUBs per subcontracting opportunity that provide the type of work required.
- (4) The notices required by subparagraphs (2) and (3) of this paragraph shall include the scope of work, information regarding location to review plans and specifications, information about bonding and insurance requirements, required qualifications, and other contract requirements and identify a contact person.
- (5) The respondent shall provide the notices required by subparagraphs (2) and (3) of this paragraph at least seven working days prior to submission of the response. Neither the day on which the notice is sent nor the day on which the respondent submits its response count as one of the required seven working days. MSU may determine that circumstances require a different time period than seven working days but must notify potential vendors of the requirement and document the justification in the contract file.
- (6) The respondent shall submit documentation of having provided the notices required by subparagraphs (2) and (3) of this paragraph, including copies of relevant correspondence with the recipients, with its HUB subcontracting plan.
- (7) If the respondent selects a non-HUB business to perform a subcontract instead of a HUB that bid for the same subcontract work, the respondent shall include a written justification for the selection in its HUB subcontracting plan.
- (8) The respondent shall retain documentation of its compliance with each aspect of the solicitation method and submit it to MSU upon request.

b. All-HUB-Subcontractors Method

The respondent may use the all-HUB-subcontractors method to demonstrate a good faith effort for any subcontracting opportunity by submitting documentation that 100% of subcontracting opportunities will be performed by HUBs.

c. Meeting-or-Exceeding-HUB-Goal Method

The respondent may use the meeting-or-exceeding-HUB-goal method to demonstrate a good faith effort for any subcontracting opportunity by submitting documentation that it will utilize one or more HUBs to perform subcontracts with a total value that will meet or exceed the HUB utilization goal identified by the procuring state agency in the solicitation.

d. Self-performing Method

The respondent may use the self-performing method to demonstrate a good faith effort for any subcontracting opportunity by providing a statement of how it intends to fulfill the entire contract, including each subcontracting opportunity, with its own equipment, supplies, materials, and employees. The respondent shall provide the following if requested by MSU:

- (1) evidence of existing staffing to meet contract objectives;
- (2) monthly payroll records showing employees engaged in the contract.
- (3) on-site reviews of company headquarters or work site where services are to be performed; and
- (4) documentation proving employment of qualified personnel holding the necessary licenses and certificates required to perform the work.

e. Subcontracting to a HUB Protégé

If the respondent is a mentor in a mentor-protégé agreement that is registered with the comptroller under 34 TAC §20.298 (relating to Mentor-Protégé Program), the respondent may demonstrate a good faith effort for any subcontracting opportunity by subcontracting the work to its protégé.

f. The Respondent Shall Use the HUB Directory to identify HUBs.

If the respondent uses any alternate source, it accepts the risk that its HUB subcontracting plan may be noncompliant due to inaccurate HUB certification information. A business listed in the HUB directory at the time of the good faith effort is considered a HUB for purposes of evaluating a HUB subcontracting plan, even if the business later graduates or has its HUB status revoked or expired.

5. Accepting or Rejecting the HUB Subcontracting Plan

MSU's HUB coordinator or designees shall review all supporting documentation by a potential contractor to determine the respondent's HUB subcontracting plan prior to award. The HUB subcontracting plan shall become a provision of MSU's contract. MSU and contractor may agree to revise the submitted HUB subcontracting plan in accordance with subsection III.B.2.d of this section. MSU shall review the documentation submitted by the respondent to determine if the respondent made a good faith effort. MSU may reject a HUB subcontracting plan that was not developed in good faith or was not completed. MSU shall document the reasons for rejection in the contract file. If MSU finds that businesses identified in a HUB subcontracting plan are no longer HUBs, it may invite the vendor to submit a revised plan that identifies active HUBs.

6. Contractor Records

- a. The contractor shall maintain records documenting its compliance with the HUB subcontracting plan.
- b. Contractor will:
 - (1) Make all reasonable efforts to maintain their stated HUB participation goal, regardless of the changed scope of goods or services in the contract; and
 - (2) Prepare and submit established forms within the time designated on each form.
- c. Failure of the general/prime contractor to meet the HUB subcontracting plan requirements identified during the procurement process may be considered as a basis for a default in the awarded contract. If a determination is made that the contractor failed to implement the HUB subcontracting plan in good faith, MSU may, in addition to any other remedies, report non-performance to the Texas Comptroller and/or cancel the existing contract.

7. Progress Assessment Reports.

The contractor shall submit a progress assessment report to MSU with each invoice, in the format required by the comptroller. MSU may, at its option, allow electronic submissions of the compliance report required by this subsection so long as the electronically-submitted compliance reports are in the format and contain all information required by the comptroller. The progress assessment report shall be a condition for payment.

8. Monitoring HUB Subcontracting Plan Compliance

- a. During the term of the contract, MSU shall monitor the contractor's subcontracting by reviewing each HUB progress assessment report to determine whether it complies with the HUB subcontracting plan. MSU shall perform monitoring at intervals corresponding to invoice submissions. MSU shall determine if the value of the payments to HUBs meets or exceeds the HUB subcontracting plan, and whether the contractor is utilizing only subcontractors named in the HUB subcontracting plan. MSU shall document the contractor's performance in the contract file.
- b. To determine if the contractor is complying with the HUB subcontracting plan, MSU may consider the following:
 - (1) whether the contractor gave timely notice to the subcontractor regarding the time and place of the subcontracted work;
 - (2) whether the contractor facilitated access to the resources needed to complete the work; and
 - (3) any other information the state agency considers relevant.
- c. If the contractor fails to comply with the HUB subcontracting plan, MSU shall notify the contractor of the deficiencies and give the contractor an opportunity

to submit documentation and explain why its failure to fulfill the HUB subcontracting plan should not be attributed to a lack of good faith effort by the contractor. Any deficiencies identified by MSU must be rectified by the contractor prior to the next reporting period.

- d. MSU shall report failure to comply with the HUB subcontracting plan to the comptroller in accordance with 34 TAC §20.509 (relating to Vendor Performance Reporting). If MSU determines that the contractor failed to implement the HUB subcontracting plan in good faith, MSU may, in addition to any other remedies, bar the contractor from further contracting opportunities with MSU. MSU may also report nonperformance to the comptroller for consideration for possible debarment pursuant to *Texas Government Code*, §2155.077. A debarment for failure to implement the HUB subcontracting plan may be for a period of no more than five years.

9. Amending the HUB Subcontracting Plan

- a. Before the contractor performs or subcontracts any part of the contract in a manner that is not consistent with its HUB subcontracting plan, it shall submit an amended HUB subcontracting plan to MSU for its review and approval. No changes will be made to an accepted subcontracting plan prior to its incorporation into the contract. The contractor shall demonstrate good faith by complying with the requirements of subsection III.B.4 of this section in the development of the amended HUB subcontracting plan. Failure to comply with this section may be deemed a breach of the contract subject to any remedies provided by *Texas Government Code*, Chapter 2161 and other applicable law.
- b. MSU may approve requested changes to the HUB subcontracting plan by amending the contract. The reasons for amending the HUB subcontracting plan shall be recorded in the contract file.
- c. If MSU expands the scope of work through a change order or contract amendment, including a renewal that expands the scope of work, it shall determine if the additional scope of work contains additional probable subcontracting opportunities. If MSU determines probable subcontracting opportunities exist, MSU shall require the contractor to submit for its review and approval an amended HUB subcontracting plan for the additional probable subcontracting opportunities. The contractor shall demonstrate good faith by complying with the requirements of subsection III.B.4 of this section in the development of the amended HUB subcontracting plan.

C. ~~Historically Underutilized Business Subcontracting~~ Certification Process

- 1. A business seeking certification as a HUB must submit an application through the online HUB certification system, affirming under penalty of perjury that the business qualifies as a HUB.
- 2. If requested by the comptroller, the applicant must provide any and all materials and information necessary to demonstrate a qualifying active participation in the control, operation, and management of the HUB.

3. A person claiming Texas residency must prove residency status by submitting:
 - a. a current valid Texas driver's license or I.D. card; and
 - b. additional evidence of residency satisfactory to the comptroller, such as an appraisal statement for Texas real property (including whether a homestead exemption was claimed for that real property) or most recent paid utility statements.
4. The comptroller will certify the applicant as a HUB or provide the applicant with written justification of its denial of certification within 90 days after the date the comptroller receives an application.
5. The comptroller may reject an application based on one or more of the following:
 - a. the application is not satisfactorily completed;
 - b. the applicant does not meet the requirements of the definition of HUB;
 - c. the application contains false information;
 - d. the applicant does not provide required information in connection with the certification review conducted by the comptroller; or
 - e. the applicant has an unfavorable record of performance on prior contracts with the state.
6. The comptroller may approve the existing certification program of one or more local governments or nonprofit organizations in this state that certify historically underutilized businesses or disadvantaged business enterprises that substantially fall under the same definition, to the extent applicable for HUBs found in *Texas Government Code*, §2161.001, subject to the prohibition against race- and sex-based discrimination imposed by Texas Constitution, Article I, Section 3a, and United States Constitution, Amendment XIV, and maintain them on the comptroller's HUB directory, if the local government or nonprofit organization:
 - a. meets or exceeds the standards established by the comptroller and
 - b. agrees to the terms and conditions as required by statute relative to the agreement between the local government or nonprofits for the purpose of certification of HUBs.
7. The agreement in subsection III.C.6 of this section must take effect immediately and contain conditions as follows:
 - a. allow for automatic certification of businesses certified by the local government or nonprofit organization as prescribed by the comptroller;
 - b. provide for the efficient updating of the HUB directory;
 - c. provide for a method by which the comptroller may efficiently communicate with businesses certified by the local government or nonprofit organization;

- d. provide those businesses with information about the state's Historically Underutilized Business Program; and
- e. require that a local government or nonprofit organization that enters into an agreement under subsection III.C.6 of this section, complete the certification of an applicant with written justification of its certification denial within the period established by the comptroller in its rules for certification.
- 8. The comptroller will not accept the certification of a local government or nonprofit organization that charges money for the certification of businesses to be listed on the HUB directory.
- 9. The comptroller may terminate an agreement made under this section if a local government or nonprofit organization fails to meet the standards established by the comptroller for certifying HUBs. In the event of the termination of an agreement, those HUBs that were certified as a result of the agreement will maintain their HUB status during the fiscal year in which the agreement was in effect. Businesses which are removed from the HUB directory as a result of the termination of an agreement with a local government or nonprofit organization may apply to the comptroller for certification.
- 10. The certification is valid for a four-year period beginning on the date the comptroller certifies the applicant as a HUB. If the certification was granted by an organization other than the comptroller under subsections III.C.6 and 7 of this section, it is valid for the period granted by that organization.

D. ~~Data Collection and Reporting~~ Graduation Procedures

1. Size Standards

A HUB shall graduate from being eligible for HUB certification when it has maintained gross receipts or total employment levels during four consecutive years which, including all affiliates, exceed the U.S. Small Business Administration size standards set forth in 13 CFR Part 121.

ii. Graduation

The comptroller shall review, as part of the certification or recertification process, the financial revenue or relevant data of a business to determine whether the size standards identified in subsection III.C.1 of this section have been achieved. When the comptroller determines that the business exceeds the applicable size standard, the comptroller shall inform the business that it has graduated and is no longer certified as a HUB, and shall remove the business from the HUB directory.

iii. Effects of Graduation.

- 1. Businesses that have graduated from the HUB program may not be included in meeting statewide or state agency HUB utilization goals after the end of last reporting period in which they held certification for at least one day.

- b. A business that has graduated or does not qualify as a HUB under this title, shall be eligible to reapply for HUB certification only after demonstrating that it meets the qualifications for HUB, including the size standards.
- c. A business is considered a successor in interest if it has acquired substantially all of the assets and liabilities of another business. The application of the successor in interest to a HUB that has graduated will be treated as a reapplication of the HUB. The successor in interest applicant must show that it meets the size standards before it is considered eligible to apply.

E. HUB Coordinator Responsibilities

1. Texas Government Code, §2161.062(e), requires state agencies with biennial budgets that exceed \$10 million are required to designate a staff member to serve as the HUB Coordinator for the state agency during the fiscal year. The President of MSU will designate a HUB coordinator who will be at least equal in position to the institution's Purchasing Director. The Purchasing Director may serve in the capacity of the MSU HUB coordinator, and the TTU System Vice Chancellor for Facilities Planning & Construction, as the TTU System's Chancellor's designee will serve as the HUB coordinator for the TTU System administration and for all facilities projects that fall under the control of the Office of Facilities Planning & Construction, pursuant to [Texas Tech University Regent's Rules 07.13](#). The HUB coordinators shall coordinate programs to recruit, identify, and certify HUBs; report any required information; and match HUBs with appropriate procurement opportunities.
2. The MSU HUB coordinator will advise and assist MSU personnel in complying with the requirements of Texas Government Code, §321.013, and §2101.011, and Texas Government Code, Chapter 2161.
3. The HUB coordinator and her/his designee are responsible for obtaining and utilizing the [Centralized Master Bidders List \("CMBL"\)](#) as the primary reference list for HUB vendors.
4. The HUB coordinators will also:
 - a. Provide potential bidders/proposers with the CMBL website, HUB directory, and/or other directories when searching for HUB subcontractors;
 - b. Determine whether specific HUB goals are appropriate;
 - c. Identify potential subcontracting opportunities in all contracts requiring a HUB subcontracting plan and seek HUB subcontracting on contracts that do not require a HUB subcontracting plan, whenever possible; and
 - d. Encourage utilization of firms that commit to using certified HUBs to provide a portion of the goods and services.
5. To demonstrate good faith effort, MSU shall provide the HUB coordinator with necessary and sufficient resources from its current operations and budget to effectively promote the achievement of all the responsibilities of the HUB coordinator. The HUB coordinator will assist MSU in the development of MSU's

procurement specifications, HUB subcontracting plans, and evaluation of contracts for compliance. The HUB coordinator should be in a position that reports, communicates, and provides information directly to the President of MSU. To assist state agencies and the comptroller with HUB compliance, the duties and responsibilities of HUB coordinators include, but are not limited to, facilitating compliance with the state agency's good faith effort criteria, HUB reporting, contract administration, and marketing and outreach efforts for HUB participation. The comptroller may assist agencies, upon request, to identify other responsibilities of a HUB coordinator for compliance.

6. The HUB coordinator shall carry out their duties on a race-neutral, ethnicity-neutral, and sex-neutral basis, mindful that the Texas and U.S. Constitutions prohibit discrimination and require equal protection under the law.

F. Mentor-Protégé Program

1. The Mentor-Protégé Program is a program administered by the comptroller in accordance with *Texas Government Code*, §2161.065, and required to be implemented by each state agency (like MSU) with a biennial appropriation that exceeds \$10 million. The purpose of the Mentor-Protégé Program is to foster long-term relationships between experienced contractors and HUBs and to increase the ability of HUBs to obtain and perform contracts and subcontracts for state agency business.
2. MSU shall consider:
 - a. the needs of protégé businesses requesting to be mentored;
 2. the availability of mentors who possess unique skills, talents, and experience related to the mission of MSU's program; and
 3. MSU's staff and other resources.
3. MSU may elect to implement the Mentor-Protégé Program individually or in cooperation with other agencies, public entities, or private organizations. Agencies are encouraged to implement a Mentor-Protégé Program to address the needs of protégé businesses in the following areas:
 - a. construction;
 - b. commodities; and
 - c. services.
4. MSU may consider, but is not limited to, the following factors in developing its Mentor-Protégé Program:

internal procedures, including an application process, regarding the Mentor-Protégé Program which identifies the eligibility criteria and the selection criteria for mentors and potential HUB protégé businesses;

 - a. recruitment of contractor mentors and protégés;

- b. documentation of the roles and expectations of MSU, the mentor and the protégé;
 - c. monitoring progress of mentor-protégé relationships;
 - d. key MSU resources including senior managers and procurement personnel to assist with the implementation of the program;
 - e. partnerships with local governmental and nonprofit entities;
 - f. the appropriate length of time for mentor-protégé relationships to continue (generally limited to four years); and
 - g. assessment of the effectiveness of its Mentor-Protégé Program by conducting periodic surveys and interviews of mentors and protégés.
5. MSU's Mentor-Protégé Program implementation must include mentor eligibility and selection criteria. In determining the eligibility and selection of a mentor, MSU shall require each mentor to be registered on the Centralized Master Bidders List ("CMBL"); and may additionally consider the following criteria:
- a. whether the mentor has extensive work experience and can provide developmental guidance in areas that meet the needs of the protégé, including but not limited to, business, financial, and personnel management; technical matters such as production, inventory control and quality assurance; marketing; insurance; equipment and facilities; and other related resources;
 - b. whether the mentor is in "good standing" with the State of Texas and is not in violation of any state statutes, rules or governing policies;
 - c. whether the mentor has mentoring experience;
 - d. the number of protégés that a mentor can appropriately assist;
 - e. whether the mentor has a successful past work history with MSU;
 - f. the amount of time a HUB has participated as a mentor in the program, or in other agencies' programs; and
 - g. whether and to what extent the mentor and protégé businesses share management, board members, partners, current or former employees, or other resources that might indicate that they are related or affiliated businesses.
6. MSU's Mentor-Protégé Program implementation must include protégé eligibility and selection criteria. In determining the eligibility and selection of HUB protégés, MSU may use the following criteria:
- a. whether the protégé is eligible and willing to become certified as a HUB;
 - b. whether the protégé's business has been operational for at least one year;
 - c. whether the protégé is willing to participate with a mentor and will identify the type of guidance that is needed for its development;

- d. whether the protégé is in "good standing" with the State of Texas and is not in violation of any state statutes, rules, or governing policies;
 - e. whether the protégé is involved in a mentoring relationship with another contractor;
 - f. the amount of time a HUB has participated as a protégé in the program, or in other agencies' programs; and
 - g. whether and to what extent the mentor and protégé businesses share management, board members, partners, employees, or other resources that might indicate that they are related or affiliated businesses.
7. The mentor and the protégé should agree on the nature of their involvement under MSU's Mentor-Protégé Program. MSU will monitor the progress of the relationship. The mentor and protégé relationship should be reduced to writing and may include, but is not limited to, the following:
- a. identification of the developmental areas in which the protégé needs guidance;
 - b. the time period which the developmental guidance will be provided by the mentor;
 - c. points of contact that will oversee the agreement of the mentor and protégé;
 - d. procedure for a mentor to notify the protégé in advance if it intends to withdraw from the program or terminate the mentor-protégé relationship;
 - e. procedure for a protégé to notify the mentor in advance if it intends to terminate the mentor-protégé relationship; and
 - f. a mutually agreed upon timeline to report the progress of the mentor-protégé relationship to MSU.
8. The protégé must maintain its HUB certification status for the duration of the agreement.
9. MSU must notify its mentors and protégés that participation is voluntary. The notice must include written documentation that participation in the state agency's Mentor-Protégé Program implementation is neither a guarantee of a contract opportunity nor a promise of business; but the program's intent is to foster positive long-term business relationships.
10. MSU may demonstrate its good faith under this section by submitting a supplemental letter with documentation to the comptroller with their HUB report or legislative appropriations request identifying the progress and testimonials of mentors and protégés that participate in MSU's program.
11. MSU must report that information to the comptroller upon completion of a signed agreement by both parties. Information regarding the Mentor-Protégé Agreement shall be reported in a form prescribed by the comptroller within 21 calendar days after the agreement has been signed. The comptroller will register that agreement on the approved list of mentors and protégés. Approved Mentor-Protégé

Agreements are valid for all state agencies in determining good faith effort for the particular area of subcontracting to be performed by the protégé as identified in the HUB subcontracting plan.

12. The comptroller retains and make available to state agencies all registered Mentor-Protégé Agreements. MSU shall monitor and report the termination of an existing Mentor-Protégé Agreement that has been registered with the comptroller within 21 calendar days.

G. Data Collection and Reporting

The HUB coordinators will coordinate with each other and comply with all HUB reporting requirements, including bi-annual reports to the Texas Comptroller.

5. A HUB report will be produced monthly to assess agency awards made to HUBs. The report will identify total purchases and percentages of HUB participation.
6. Monthly reports will be generated and sent to the Vice President for Administration and Finance to review current utilization of HUB participation by departments in their acquisition programs. Departments will be expected to make a good faith effort to comply with MSU HUB goals.
7. Bi-annual reports will be prepared and submitted to the Texas Comptroller by March 15th and September 15th each year.
8. Not later than the 60th day of its fiscal year, MSU will estimate and post on its website the total value of contract awards.
9. Reports to the Board of Regents will be provided as requested.

IV. Related Statutes, Rules, Policies, and Websites

Related Codes:

[Texas Government Code, §321.013](#)

[Texas Government Code, §2101.011](#)

[Texas Government Code 2155.001](#)

[Texas Government Code 2161.001](#)

[Texas Administrative Code \(“TAC”\), Title 34, Part 1, Chapter 20, Subchapter D, Division 1:](#)

[34 TAC §20.281 \(Policy and Purpose\)](#)

[34 TAC §20.282 \(Definitions\)](#)

[34 TAC §20.283 \(Evaluation of Active Participation in the Control, Operation, and Management of Entities\)](#)

[34 TAC §20.284 \(Statewide Annual HUB Utilization Goals\)](#)

[34 TAC §20.285 \(Subcontracts\)](#)

[34 TAC §20.286 \(State Agency Planning Responsibilities\)](#)

[34 TAC §20.287 \(State Agency Reporting Responsibilities\)](#)

[34 TAC §20.288 \(Certification Process\)](#)

[34 TAC §20.294 \(Graduation Procedures\)](#)

[34 TAC §20.295 \(Program Review\)](#)

[34 TAC §20.296 \(HUB Coordinator Responsibilities\)](#)
[34 TAC §20.298 \(Mentor-Protégé Program\)](#)
[34 TAC §20.509 \(Vendor Performance Reporting\)](#)

Website for Texas Comptroller of Public Accounts:
[Texas Comptroller of Public Accounts – HUB Program](#)
[HUB Subcontracting Plan \(“HSP\) Forms](#)

Phone: 512-463-5872

VetHUBProgram@cpa.texas.gov

Mailing Address:

Texas Comptroller of Public Accounts - VetHUB Program
Statewide Procurement Division

P.O. Box 13186

Austin, Texas 78711

Related University Policies and Procedures:

[Texas Tech University System Regulations](#)

[Texas Tech Regents’ Rules](#)

[TTUS Contract Management Handbook 2022 Revisions](#)

[MSU OP 30.02 MSU Contract Management Handbook](#)

V. Responsible Offices

Contact: Director of Purchasing and Contract Management

Phone: 940-397-4277

E-mail: tracy.nichols@msutexas.edu

VI. Revision History

11/09/1990: MSU Policy/Procedure 4.174 (Purchasing - Minority and Female-Owned Businesses), required by Senate Bill 457, 71st Texas Legislature, adopted by the MSU Board of Regents.

05/12/1995: Revised to reflect current legislation and adopted and approved by the MSU Board of Regents.

08/05/2021: Former MSU Policy/Procedure 4.174: Purchasing-Minority and Female-Owned Businesses is renumbered OP 54.03: Purchasing - Minority and Female Owned Businesses, and adopted and approved by the MSU Board of Regents.

06/13/2024: Revised to align with TTU System Regulations and *Regents’ Rules* and renamed MSU OP 54.03: Historically Underutilized Businesses (HUBs), and adopted and approved by MSU President Stacia Haynie.

00/00/202_: Revised to align with the emergency rules issued by the Texas State Comptroller’s Office effective December 2, 2025, and adopted and approved by MSU President Stacia Haynie.

Stacia Haynie, President
Midwestern State University

Date Signed: _____

DRAFT