

## Texas's HUB Program: M/WBE Opportunities for State Agency Contracts

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Texas recognizes the need for “full and equal business opportunities for all businesses,” and the State of Texas’s program promoting minority- and women-owned businesses (“M/WBE”), called the Historically Underutilized Businesses (“HUB”) Program, is a key tool used by the state to achieve that goal. The HUB Program, codified in Chapter 2161 of the Texas Government Code, sets statewide goals to encourage the use of HUBs by state agencies and universities. If your company is minority- or women-owned, or owned by a disabled veteran, the HUB Program is an amazing opportunity to do more business with the State. In the first half of 2019 alone, nearly \$1.24 billion was spent on contracts with HUB businesses. In 2018, 13.08% of all statewide expenditures were with HUB businesses, for a total \$2.68 billion.

To be recognized as a HUB, a business must be certified by the state. Generally, a HUB is a sole proprietorship, a corporation in which 51% of the shares, or a partnership in which 51% of the assets and interest, are owned by an “economically disadvantaged person,” who also “actively participate[s] in the corporation’s control, operation, and management.” Tex. Gov. Code § 2161.001(2). An “economically disadvantaged person” is a member of one of the following groups: (i) Black Americans, (ii) Hispanic Americans; (iii) women; (iv) Asian Pacific Americans; (v) Native Americans; or (vi) veterans who have suffered a 20 percent service-connected disability. Id. § 2161.001(3). Under the HUB Program, each state agency has to make a good faith effort to utilize HUBs in accordance with the following percentage goals:

- (1) 11.2% for heavy construction other than building contracts;
- (2) 21.1% for all building construction, including general contractors and operative builders contracts;
- (3) 32.9% for all special trade construction contracts;
- (4) 23.7% for professional services contracts;
- (5) 26.0% for all other services contracts; and
- (6) 21.1% for commodities contracts.

Tex. Admin. Code § 20.284(b). All state agencies must submit a HUB plan when filling a state agency contract with an expected value of \$100,000 or more, and the plan must identify the potential use of certified HUBs. Id. § 20.282(15).

If you think your business qualifies as a HUB, you need to register because the rewards can be substantial. To register, you must fill out a HUB application available on the Comptroller’s website. The applications (which differ

for different types of businesses) are not online, and must be printed, notarized, and submitted to the Comptroller's office. After applying for HUB status, you can apply online for the Centralized Master Bidders List ("CMBL"), which is the database that state agencies search when looking for vendors.

Once approved as a HUB and registered on CMBL, there are several steps you can take to increase your chances of getting business from state agencies. First, you should keep your profile up to date on both the HUB Directory and CMBL. Second, you should review Electronic Business Daily, which advertises bid opportunities on state contracts valued at more than \$25,000. Third, you should introduce yourself to the various state agency HUB coordinators. State agencies with biennial budgets that exceed \$10 million are required to designate a HUB coordinator for the agency. Tex. Gov. Code § 2161.062(e). The coordinator's role is to advise and assist agency executive directors and staff in complying with HUB requirements, facilitate the agency's HUB participation, monitor contracts for HUB compliance, and coordinate marketing and outreach HUB efforts. HUB coordinators are experts in their agency's purchasing requirements and processes, and can give you good advice on how to seek their agency's business. Fourth, the state facilitates a HUB Mentor Protégé Program designed to connect you to experienced vendors, which can offer both guidance and create profitable relationships because mentors can use protégés to fulfill HUB subcontracting requirements. Finally, follow the HUB Calendar of Events and be on the lookout for Economic Opportunity Forums, which are networking sessions with HUB coordinators and state purchasers, along with training programs.

HUB is not the only program promoting the use of minority- and women-owned businesses ("M/WBE"), as several cities and counties have also implemented M/WBE programs. But if your business does qualify, the HUB Program is an excellent opportunity to grow your business by tapping into the significant work generated by state agencies.

