



## 720 – Fiscal 2022 Annual HUB Report Supplemental Letter

It is the policy of The University of Texas System Administration to promote and encourage contracting and subcontracting opportunities for Historically Underutilized Businesses (HUBs) in all contracts. Measurements of supply marketplace variables, including demand for goods and services for which no HUB suppliers are available, and payments to non-certified HUB firms are important considerations in evaluating HUB program performance. In the Other Services procurement category, the low HUB participation is caused in part by the purchase of property insurance on a systemwide basis. The size of the contract far exceeds the small business size limitations for insurance brokers and represents well over 50 percent of total expenditures in Other Services. In FY 20, UT System delegated management of major capital projects to UT Arlington, UT San Antonio, UT Health Houston, and UT Health San Antonio thereby reducing total reportable expenditures in building construction, architecture, engineering, and office furnishings for UT System Administration. This past fiscal year saw a dramatic drop in building construction expenditures due to the pandemic related postponement of major capital projects managed by UT System. This reduction in expenditures has led to a decline in the overall HUB percentage and the HUB percentage in Professional Services in particular. Typically, the design work for major capital projects is a Professional Service through the use of licensed architects and engineers. The work usually requires architects to subcontract out work to various engineering disciplines. In accounting, however, CPA firms typically perform audit work with its employees providing very little opportunity for subcontracting.

Good faith efforts include but are not limited to:

- Sponsorship of two systemwide HUB outreach events focused on goods and services in April and construction in June with nearly 300 participants online. System administration and all the UT institutions made presentations. Chancellor James Milliken spoke at the April event and Chief Business Officer Jonathan Pruitt spoke at the June event
- Participation and facilitation of HUB forum events in all regions of the state and HUB one-on-ones.
  - Participated in 10 HUB outreach events sponsored by various organizations including Minority Supplier Development Councils in Houston and Dallas, and Minority Chambers of Commerce in D/FW and Tyler
  - Staff had 55 one-on-one meetings with HUB firms virtually, on the phone, and in person
- Sponsored construction subcontractor training classes
  - In person in Edinburg and El Paso
  - Online for HUB subcontractors in the Austin and San Antonio metro area
- Partnered with state agencies and universities to sponsor two HUB special HUB outreach events
  - Sponsored a virtual HUB outreach event in partnership with UT RGV, UT Austin, & other agencies, and hosted by Senator West and Senator Lucio
  - Cosponsored an in-person HUB outreach event in July hosted by State Senator Royce West, State Senator Sarah Eckhardt and sponsored by UT Austin, Texas Facility Commission, and other state agencies and universities
- Focus on Mentor Protégé Program
  - Currently there are 9 active partnerships: 5 Construction, 3 Professional Services, and 1 Commodities.

The University of Texas System Administration, in partnership with the institutions within The University of Texas System, is committed to maximizing HUB participation by fostering collaborative efforts and innovative approaches ensuring HUB inclusion in local communities throughout the state in an effort to facilitate economic development.

The University of Texas System Administration submits this supplemental letter to provide additional information and background related to its HUB program. Please address inquiries to the HUB Office, 512-499-4377 or e-mail to [hhay@utsystem.edu](mailto:hhay@utsystem.edu).

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