



HUB Subcontracting Plan (HSP) Training Transcript

Slide 1:

Today we will be covering the HUB Subcontracting Plan (HSP) Training. We hope this is a useful resource and addresses some common misconceptions when it comes to help submitting a compliant HSP for the Health and Human Services.

Let's begin.

Slide 2:

The agenda for this HSP training is as follows:

1. learn about HUB specific definitions and why they are important;
2. review the various subcontracting options and understand their differences;
3. Learn how to find class/item codes within the CPA's Commodity Book; and
4. Overview on how to search for HUBs on the CMBL and the HUB Directory.

Slide 3:

Agenda continued...

5. We will go over the HSP requirements, including:
 - the sections of 3-page HSP form;
 - Good Faith Effort Attachments, and documentation to be submitted; and
 - special reminders.

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6. Post-contract award process and HUB deliverables such as monthly submission of Progress Assessment Reports or PARs.
 7. Conclude with the contact information for our HUB Program office for any follow-up HUB-related questions.

Slide 4:

The HUB Subcontracting Goal is the procurement's assigned HUB goal, which is based on the expenditure and Statement-of-Work (SOW) information. The statewide HUB Subcontracting Goals from the CPA's office have been adopted at this agency and they are as follows:

- 11.2%: Heavy Construction
- 21.1%: Building Construction, include General Contractors
- 32.9%: Special Trade Construction
- 23.7%: Professional Services
- 26%: All Other Services
- 21.1%: for Commodities.

Slide 5:

Understanding HUB specific definitions and why they are important will provide more insight into the HUB Program.

The Texas HUB Program is mandated through both the Texas Government Code and the Texas Administrative Code (TAC); it is the LAW.

HUB stands for **Historically Underutilized Business**. To qualify to be a Texas Certified HUB, businesses must be a for-profit and must be approved by a certifying entity under the following criteria:

- Be a small business by U.S. Small Business Administrative standards,
- 51% minority, including:
 - Asian Pacific American
 - Black, Hispanic
 - Native American
 - Woman

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- Service Disabled Veterans, noting the Service-Disabled Veteran disability must be at least 20% due to military service
 - Reside and primary place of business must be in TX **and** actively participates in the daily control of the business.

The Texas Comptroller of Public Accounts or CPA maintains a database of certified HUBs and their certification details via the CMBL (Centralized Master Bidders List) and the HUB Directory.

There is no charge for HUB Certification. However, just like any business, a HUB may choose to pay a fee to receive solicitation notifications from the CMBL, or they may remain in the HUB Directory. For the sake of satisfying the good faith effort, HUBs from either of these databases are acceptable.

Solicitations valued at \$100,000 or more require a HUB Subcontracting Plan, or HSP, when the agency determines that subcontracting is probable. HSPs are what the State uses to determine compliance with the good faith effort requirements.

Important: a respondent must submit a completed and compliant HSP with their solicitation response in order for it to be considered for a contract award.

Slide 6:

What is a subcontractor?

In the eyes of this state agency, a subcontractor is defined by Texas Government Code as a person or company who is contracted by a prime contractor to provide a portion of the work. This can include materials, supplies, equipment and/or services. A non-W2 employee, 1099 employee, or even teaming partners *are all considered subcontractors* and should be included in associated HSP submissions. Failure to do so may result in the HSP being deemed non-responsive.

Slide 7:

There are currently 5 different HUB subcontracting options and we will discuss each in detail, starting with Method 1.

Method 1 – Subcontracting to ALL certified HUBs.

With this method, 100% of your subcontracting opportunities will be performed using only HUB vendors. You may have one active HUB vendor or multiple, but this method doesn't allow you to use any subcontractor that is not an active HUB vendor (at the time of the solicitation).

To prepare your HSP packet for this method, you will need to have the HSP form fully completed, an Attachment A form fully completed for each subcontracting item noted on page 2 of the HSP, and a copy of the HUB vendors' CPA CMBL/HUB Directory profile as supporting documentation.

Slide 8:

Method 2 is using an approved **Mentor/Protégé relationship**, where the HUB protégé (an active certified HUB only) is being used for one or more of the subcontracting opportunities. The Mentor/Protégé agreement has to be approved and posted onto the CPA's website before you can use this method.

Important: If you will be using other non-HUB subcontractors as well to fulfill the contract, ***you will be required to perform the Method 4 - Solicitation Method*** to fully comply with the HUB requirements for those subcontracting needs your protégé is unable to provide.

To prepare your HSP packet for this method, you will need to have the HSP form fully completed, an Attachment B fully completed for each subcontracting opportunity noted on page 2 of the HSP, all supporting documentation previously discussed above, and the required documentation for Method 4. In addition, you will need to include a copy of each HUB vendor's CPA CMBL/HUB Directory profile as supporting documentation. See slide 10 for more information about **Method 4**.

Slide 9:

Method 3 allows you to use both HUBs and non-HUB subcontractors. However, you must meet or exceed the HUB contract goal with currently certified HUB vendors. **Note** *this method does not require the 7-working day advanced notification.*

If your company plans to subcontract with both HUBs and Non-HUBs, and the HUB utilization equals to or exceeds the HUB goal on the contract, then you can use this method to comply with the good faith effort requirements.

To prepare your HSP packet for this method, you will need to have the HSP form fully completed, an Attachment A form fully completed for each subcontracting item noted on page 2 of the HSP, and a copy of the HUB vendor's CPA CMBL/HUB Directory profile as supporting documentation.

Exception: Any HUB that your company has had under ***one continuous contract*** of five years or more cannot be counted towards meeting the HUB contract goal.

If you use a HUB vendor in *multiple* contracts during a five year period, then that HUB business **can** be counted - because it is not in *one continuous contract*.

If you have questions about this or if you need more help, reach out to the HUB Coordinator for guidance.

Slide 10:

Method 4 is the solicitation method used when the respondent is not using all HUBs and the HUB subcontracting contract goal will not be met.

This method involves the most amount of paperwork, as well as documentation that demonstrates compliance with the Good Faith Effort requirements. The following slide provides an overview of all that is required.

Slide 11:

Method 4 Solicitation requires the prime respondents to contact a minimum of 3 HUBs and 2 Minority/Trade organizations for EACH subcontracting opportunity.

Note: there is a Subcontractor Notification Form included in the HSP documents that is optional to use. If you choose not to use the CPA optional form, please ensure that you provide the following information in your communication:

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- notification must contain enough information so that the HUB is able to submit a bid, or a location where the solicitation or specifications are located for review, such as a link to the ESBD posting or a plan room;
 - must provide information of insurance and bonding requirements (if applicable);
 - respondent point of contact in case the HUB has any questions regarding the solicitation and needs to contact the respondent; and
 - due date that provides the HUB at least 7 business days to respond.

The notification must be in writing and the following submission are acceptable:

- **Email notifications:** you will need to include your sent emails to include the email address, date & time when it was sent, and any attachments;
- **Fax notifications:** please ensure your fax log shows all the faxes were successfully sent; or
- **Certified letters:** The confirmation receipts of the certified letters must document when the information was delivered and received.

You must allow both the HUBs and the HUB trade organizations or the business development centers at LEAST 7 WORKING DAYS to respond. This does not include the day the solicitation was sent (that is considered day zero). Weekends and state and federal holidays are also not applicable to the 7 working days response time.

Note: The due date cannot be after the date the solicitation is due at the agency.

If you will be utilizing the solicitation method, it is best to start immediately to ensure you have ample time to meet this time critical method.

To prepare your HSP packet for this method, you will need to have the HSP form fully completed, an Attachment B fully completed for each subcontracting opportunity noted on page 2 of the HSP, all supporting documentation previously discussed above, and a copy of each HUB vendor's CPA CMBL/HUB Directory profile as supporting documentation.

Using all HUB businesses, or meeting or exceeding the HUB Contract Goal methods do NOT have this time critical requirement, and less paperwork is required to comply with those methods.

Slide 12:

Method 5 is used when there will be no subcontracting or Self-Performing for the entirety of the contract work. This means that your company will be using ALL its own resources, staff (W-2 employees), equipment, materials, etc.

Note: you will need to provide a high-level overview of how exactly your company can perform all the necessary parts and pieces.

This is the only option that does not require an additional Good Faith Effort Attachment form to be completed.

Slide 13:

Your first step in figuring out which subcontracting method would be best for your company is to review the procurement's scope of work closely and determine if your organization will have the need to subcontract out any areas of the work, including supplies, materials, equipment, or services.

To locate HUBs that match the outsourced work you need in order to complete the contract, you should look up all of the applicable class and item codes, otherwise known as the National Institute of Governmental Purchasing (NIGP) codes.

You can use the [CPA's commodity webpage](#) as a source to determine the relevant codes to search for potential HUBs to include in your marketing effort for HSP compliance. Slide 13 provides an example of some of the information that the CPA Commodity webpage will provide.

There are two ways to search this information: on the webpage or you can even download the entire Commodity Book.

You have a few options when searching via the webpage. You can search the webpage by class code, if you already know that information, or you can search by text.

To search by text, click on the *Alpha Index for Keyword Search* option. You will be taken to the second screen shown on slide 13. This is where you can type in specific words to search.

You can also download the entire commodity book to reference when you are not online or in the event of connectivity issues.

For more information on how to use this information fully, check out our HUB training resources page.

Slide 14:

Once you have relevant class/item codes, you can use the CMBL webpage to search for HUB vendors under the associated NIGP Codes (which are appropriate for the specific subcontracting opportunity).

Refer back to our website for expanded training tools including how to optimize searching for and finding HUBs on the CMBL.

Look at the *Business Description* field to obtain better understanding what the company provides. Because both HUBs and Non-HUBs are listed in the CMBL directory, it is best to verify they are an **active** HUB at the time of your solicitation efforts. Also verify that the HUB Certification Expiration Date is not outdated.

If you are looking for *services*, HUB companies that are in the immediate or surrounding area may be able to provide you with a competitive price; *products* can be shipped from various locations throughout the state.

It is best to ensure your efforts reflect a genuine effort to provide HUBs an opportunity to participate in the opportunity you are soliciting.

Slide 15:

No matter which of the five subcontracting methods you select, there is information that all prime respondents must identify on their HSPs. The next few slides will cover these HSP requirements and special reminders.

While the actual HUB Subcontracting Plan is only three pages, there is important information all respondents need to complete. Make sure to either type or print legibly.

Slide 16:

Slide 16 shows an example of the first page of the HSP.

The blank area will include details related to the specific procurement, including the established HUB subcontracting goal. Take note of this information.

The lower part shows Section 1, where the **required Contractor/Company information** should be listed. Please include one or more company points-of-contact, including their name, phone number, and email address so that the HUB team may contact you if we need additional HSP information.

Slide 17:

Page 2 of the HSP is a very important page and needs to be filled out completely. Please list your company name and solicitation# at the top of all HSP or HUB related documents. All bidders must indicate their Subcontracting intentions listed in Section 2a.

Companies with identified Subcontracting Methods 1-4 will mark “Yes” and continue to the next Section 2b. ***This particular page will directly correlate to the Good Faith Effort Attachment forms, which we will discuss later during this training.***

All subcontracting opportunities identified would need to be listed out with a description of the overall work in this section. **Example: Transportation or delivery of materials/goods, or even professional services.** These 2 examples would be listed separately on item number 1 and 2, respectively.

Additionally, the anticipated percentage of subcontracted work for the entire contract award needs to be included, along with whether the work will be performed by an active Texas HUB or non-HUB.

Note: There are **two** columns for utilizing active HUBs. The first column would be filled out if your company does not have a *continuous relationship* (5 years or longer) with the active HUB, while the second column is to be used if your company does have an existing relationship of more than 5 years. If you have questions, please contact the HUB Coordinator for guidance.

Once all subcontracted opportunities and related information have been filled in, combine and total up all columns at the bottom of Section 2b.

The HUB subcontracting goal and identified subcontracting method are especially relevant to this section.

There are some additional Yes or No checkboxes that your company may need to address. This is based on which subcontracting method your company has chosen. Refer back to the Quick Checklist.

Your company may not know the exact details for this particular section in the early stages of the procurement response or HSP development, so you may wish to fill this out closer to the HSP and/or bid submission date. **Do not forget to complete it.**

Note: Only if no subcontracting will be performed under *Method 5: Self-Performing* would you answer *No* to Section 2a and jump directly to the third page of the HSP.

Slide 18:

Section 3 is for self-performing justification only.

This is where prime respondents will provide a high-level overview on how exactly they can perform all aspects of the scope of work for this individual solicitation using their own W-2 employees, have all the necessary materials and equipment the company in their possession, and can provide any specialized or required licensing or services in-house, if needed, and not by any 1099 staff or teaming partners.

The space in this section should be adequate to provide an understanding on how your company can fulfill the needed aspects of this particular procurement only. You do not need to submit an additional long capability statement.

All respondents must fill out and sign the Affirmation Section 4 on the bottom of page 3. This is a binding signature.

Note: If your final HSP does not have enough information provided, the HUB team may request a clarification. These clarification requests have a very short response time, usually by the Close of Business Day of the day of the

request, so it is best to submit a completed HSP or request an HSP Courtesy Review prior to the proposal submission.

The clarification will identify any deficiencies that you may be able to correct. Remember to allow appropriate time in case you need to use Method 4 Solicitation (7 working day notification window, etc.). If you have questions regarding any part of the HSP, feel free to contact one of our HUB team members for assistance. The earlier you ask, the better.

Slide 19:

In addition to the 3-page HSP, subcontracting methods 1-4 require one of the Good Faith Effort Method Attachment forms, either A or B. Slide 20 shows an example of Attachment A.

Slide 20:

This slide is a representation of the Good Faith Effort (GFE) Attachment A. This GFE Form is strictly used for Method 1 and Method 3.

Method 1 – Subcontracting to ALL certified HUBs

Method 3 – Subcontracting to both HUBs and Non-HUBs

An easy way to remember which form goes with which method is:

Attachment A is for odd numbered methods.

But remember: Method 5 does not require any GFE.

Steps 1-3 demonstrate the required fields to be filled out:

1. Respondent/Company name & Requisition# or solicitation#.
2. The item# and description: this information would be listed on page 2, Section 2b of the HSP. (Remember: page 2 of the HSP directly correlate to the associated GFE attachment forms.)
 - a. Since each item# and description are listed on separate lines, you **MUST** Submit this form for each of those areas of Subcontracting. If you identify 10 subcontracting opportunities to contract out, then you **Must** include 10 GFE Attachment A's (front only).

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3. The selection of the subcontractors:
 - a. You **MUST** mark Y/N to identify if the subcontractor is a TX Certified HUB, include the subcontractor's Tax Identification Number, and either the Federal EIN or the Texas Taxpayer Identification Number.
 - b. If you are unable to find this information online, contact the company directly to obtain this information. Some companies do change information and it can be overlooked. **Remember: It is ALL about the Details, when it comes to showing a GFE.**
 4. The \$ amount is an estimate to contract out for each item.
 5. The % information is determined by each associated subcontracted opportunity's expected subcontracted dollar amount divided by the total contracted dollar amount.

Slide 21:

The GFE Attachment B is used on the even-numbered methods. It is two pages; there is a backside to fill out for this particular form.

- Method 2 – Utilizing an approved Mentor/Protégé relationship (Note when utilizing additional subcontracting items that the protégé is unable to provide, you will be required to use Method 4 for the additional items, if not all of the subcontractors are HUBs)
- Method 4 - Subcontracting to both HUBs and Non-HUBs

Slide 21 shows required fields.

Steps 1 and 2 are the same as we have already outlined.

Remember: The item number and description is the same information listed on page 2, Section 2b of the HSP. Since each item# and description are listed on separate lines, you **MUST** complete and submit this form for **each** of those areas of Subcontracting. If you identify 10 opportunities to contract out, you must include 10 GFE Attachment B (front & back completed).

Don't forget to answer Section B2 regarding the Mentor-Protégé program as a Y/N (listed as step #3 in the slide). It is easy to overlook this item if you are using Method 4.

The bottom half of the page is very important and is frequently the cause of non-compliant HSPs. Pay special attention to Section B3 – Notification of Subcontracting opportunities of the HUBs and HUB trade organizations and/or business development centers.

Specific Measures

There are some very specific measures that must be addressed, performed, and documented in order to have provided a Good Faith Effort to include HUB companies in your procurement outreach efforts.

- You MUST contact a minimum of 3 Texas Certified HUB Vendors; however, contacting more, is always a good idea to obtain maximum HUB utilization in the contract.
- You are also required to reach out to 2 or More HUB Trade Organizations or Business Development Center per contract.
- You MUST allow a minimum of 7 Business Days for all the HUBs and minority/trade organizations to respond.
 - **Remember:** the initial day you sent the notice, weekends and Federal/state holidays do not count toward the 7-business day requirement.
- You will need to provide documentation showing the date when the notice was sent, as well as whether any responses were collected for both the HUBs and Minority/Trade Orgs. Proper Documentation such as emails, including confirmation delivered receipts, fax confirmations, and certified letters show your company did perform their due diligence and GFE. These 3 methods are the ONLY types of documentation allowed.

This is applicable to all respondents, HUB and Non-HUB. When contacting the HUBs and minority/trade organizations, you MUST include the scope of work, any bonding/insurance requirements, and any specific qualifications / certifications. An Optional Subcontracting Notification Form is included with the HSP forms in the solicitation. You are welcome to use this.

Important: If you fail to contact HUB vendors as required, or provide them at least 7 working days to respond, your response will be

rejected and cannot be considered for a contract award under Texas Administrative Code.

If you are having difficulties locating HUBs on the CMBL to solicit, please contact the assigned HUB Coordinator for assistance. If HUBs are not available in the CMBL or the HUB Directory, you will need to submit supporting documentation that you acted in good faith to comply by including screenshots of the online research search results.

Question: If your company is HUB certified – Do you still have fill out a GFE effort Attachment B form?

If you are planning on Subcontracting ANY portion of the work, then **YES**.

If the HUB respondent will not meet or exceed the established HUB contract goal or utilize HUBs for all of their subcontracting needs, your company is still required to search out 3+ HUBs and 2+ Minority and/or Trade Orgs, just like all other respondents. *In addition, you cannot count any portion you are performing towards the HUB subcontracting goal.*

The selection of the identified subcontractors of this Attachment B are listed on slide 22.

Slide 22:

Page 2 of the GFE Attachment B

Steps 1-3 demonstrate the required fields to be filled out. Steps 1 & 2 are the same as on the front side of this GFE attachment and should match.

Step 3 is extremely important: **The Selection of the Subcontractors.**

You **MUST** mark Y/N if the subcontractor is a Texas-Certified HUB.

Document the estimated dollar amount and percentage for each subcontractor that will be utilized. Omitting this information may result in non-responsive response.

Just a reminder: the percentage is determined by each associated subcontracted opportunity's expected subcontracted dollar amount divided by the total contracted dollar amount.

Under Section C, at the bottom of the page, is where you will provide an explanation as to why any Non-HUBs were chosen over HUBs.

A couple of examples of acceptable responses would be *No responses were received from HUBs* or *Pricing was not best value*.

Your response should not have indicated you did not act in good faith to provide HUBs a genuine opportunity.

Slide 23:

Documentation, along with the HSP, showing your company's Good Faith Effort is required in order to be deemed compliant.

Regardless of the good faith effort method utilized to comply with the State of Texas HUB requirements, **you are required to submit a copy the HUB vendor Profile from the CMBL or the HUB Directory for each HUB vendor you solicited or selected in your HUB subcontracting Plan as supporting documentation.**

These profiles are necessary to substantiate that the HUB vendor was a currently active HUB at the time of the solicitation, as well as provide additional information you will need to fill out your documentation.

If you are using **Method 4**, you must send out written notices to a minimum of 3 active HUBs and 2 minority/trade organizations for EACH Subcontracting opportunity identified). You **MUST** supply documentation showing your GFE by including:

1. the sent email (with the email address, date & time it was sent, along with any attachments included, and reply back date – Read/delivered receipts, if available;
2. certified letters showing when it was delivered and signed for; and
3. fax logs ensuring the transmission was successful, otherwise it is not valid.

Please contact the HUB Office if you have any questions regarding these crucial details.

Slide 24:

The Quick Checklist is a guide to follow based on each of the subcontracting methods. It will tell you exactly what sections need to be completed in order to submit a compliant HSP with associated documentation. Each particular procurement requiring a HSP will have a Quick Check List as a reference. In addition, a blank HSP will be included in the posting.

A quick hint to help you remember which GFE attachment goes to which methods:

- The odd numbered options (with the exception of Subcontracting method 5) requires the GFE Attachment A; and
- The even numbered options require the GFE Attachment B.

Once your HSP is submitted, no changes are allowed. Should you be successful in procuring a contract, the HSP becomes a contract provision and any changes to the HSP must have a justification. In addition, you will need to perform additional good faith efforts to add or replace a subcontractor.

Courtesy Reviews of HSPs are available. Review requests are to be made in writing and reference the procurement solicitations information.

The earlier your company begins the HSP process, the better off you will be to adhere to the Good Faith Effort requirements. However, if you wait until the last minute to start your HSP, it might hard to get your HSP courtesy review recommendations or questions answers in a timely manner. Please do not wait to start the HSP process – it can be time-consuming, especially if you will not meet the established HUB subcontracting goal.

Please know that our HUB team is here for you and we do not want to deem anyone as non-compliant for HUB related issues.

- If your company has any SPECIFIC HUB or HSP questions, submit those via email to HUBOutreach@hpsc.state.tx.us.

The HUB team will be available for follow-up HUB related questions to address additional concerns that might come up closer to the solicitation and HSP submission dates.

Slide 25:

Post Award Meetings will be scheduled after an award has been made, to discuss HUB reporting items and other on-going HUB compliance-related information. If there are foreseeable changes to any subcontractors, it is extremely important to contact the HUB coordinator as soon as possible, as proper documentation needs to be filled out and approved.

Within 10 days after an award has been made, **notification of selected subcontractors** must be submitted to the HUB Program Office. The email listed here is the best email address to use: HHSCHUB@hhsc.state.tx.us.

Progress Assessment Reports also known as (PARs) are a reporting HUB deliverable and are required as condition of payment.

They are required with all pay requests and list all sub-contractors and payments made each pay period (HUBs and Non-HUBs). Even if you are **Self-Performing** all the work, reporting PAR submissions is still required.

Coming soon: additional training resources regarding these and even more HUB related content will be made available on our website!

Slide 26:

Following is the contact information for our HUB outreach email box and our shared HUB email, as well as our main phone line.

HUBOutreach@hhsc.state.tx.us

(512) 406-2570

For an active solicitation contact HUB Coordinator listed in the solicitation docs.

Slide 27:

This concludes the HUB HSP Training Webinar. Thank you for attending the HUB Subcontracting Plan (HSP) Training.