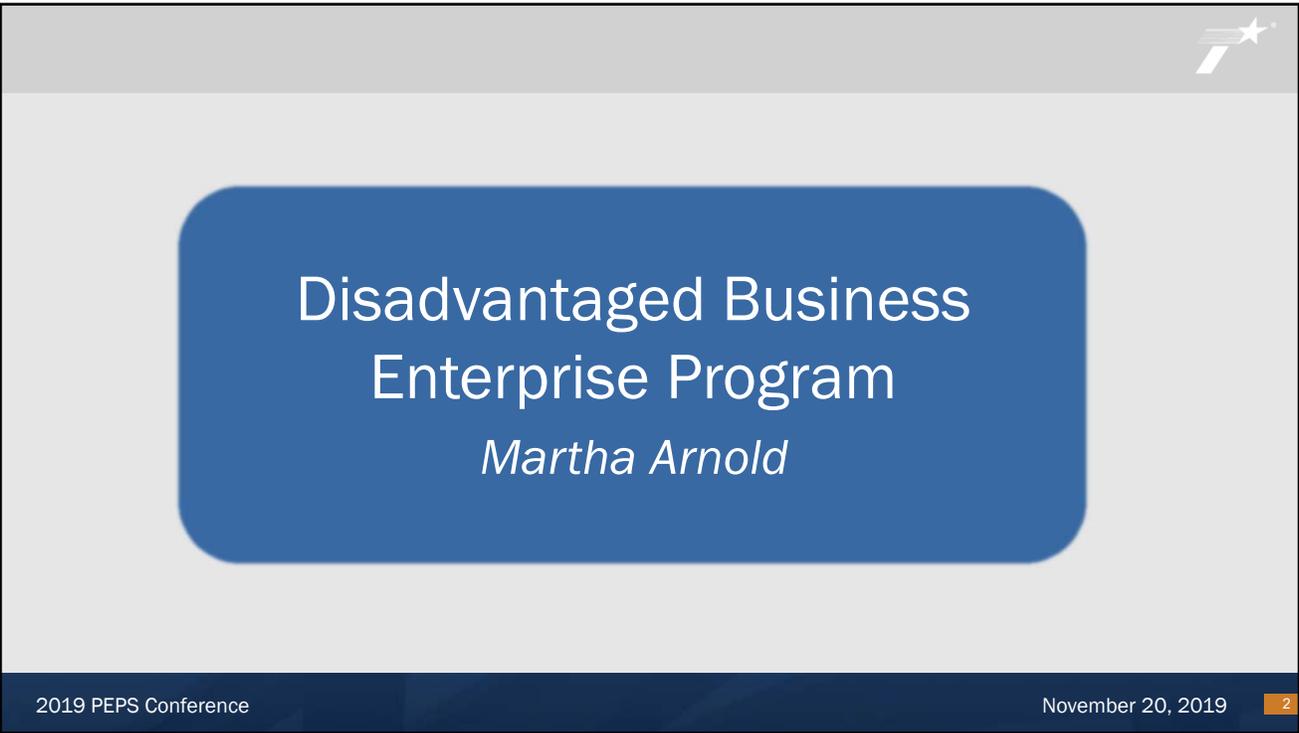




**Disadvantaged Business Enterprise & Historically Underutilized Business Programs**  
**2019 PEPS Conference**  
Martha Arnold  
Teresita Alvarado

November 20, 2019



**Disadvantaged Business Enterprise Program**  
*Martha Arnold*

2019 PEPS Conference

November 20, 2019

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Code of Federal Regulations (CFR)  
Title 49 - Transportation  
Subtitle A – Office of the Secretary of Transportation  
Part 26—Participation By Disadvantaged Business Enterprises in  
Department of Transportation Financial Assistance Programs

49 CFR Part 26



A for profit small business concern, that:

- is at least 51% owned by one or more individuals who are both socially and economically disadvantaged, and
- whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it.

## DBE Program Objectives

Ensure nondiscrimination in the award and administration of DOT-assisted contracts.

Create a level playing field

Ensure the DBE program is narrowly tailored

Ensure only eligible firms are permitted to participate

Help remove barriers to participation

Promote the use of DBEs in all federally-assisted contracts and procurements

Assist the development of firms that can compete successfully in the marketplace

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## Certification Standards



Group membership or individual disadvantage

Size standard

- 3 year average gross receipts < \$23.98 million (Heavy Highway)
  - Engineering firms \$16.5 million
  - Architectural services \$8 million
- Personal Net Worth (PNW) < \$1.32 million
- (Assets minus Liabilities)

Ownership

Control

## Certification Standards



Must be an independent business

Ownership and contribution of capital must be real, substantial, and continuing

Must share in the risks and be entitled to the profits and losses

Must hold the highest officer position

Must not be subject to any formal or informal restrictions

Must have an overall understanding, managerial, technical competence, and experience directly related to the type of business in which the firm is engaged and the firm's operations.

Non-disadvantaged individuals must not be disproportionately responsible for the operations of the firm.

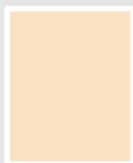
## Texas Unified Certification Program Certifying Entities



City of Austin



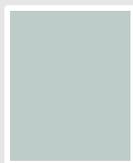
City of Houston



Corpus Christi Regional  
Transportation Authority



North Central Texas Regional  
Certification Authority

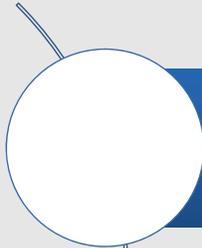


South Central Texas Regional  
Certification Authority

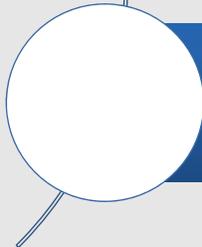


Texas Department of  
Transportation

## Texas Unified Certification Program (TUCP)



The TUCP provides “one stop shopping” for firms seeking certification in the federal DBE program in Texas.



A DBE certified by any one of the TUCP member entities is automatically DBE certified with TxDOT.

## TUCP DBE Directory



The TUCP DBE Directory lists the firm’s name, address, phone number, and the most specific North American Industry Classification System (NAICS) code to describe the principal goods or services the DBE will provide to DOT recipients.



Only those DBEs listed in the TUCP DBE Directory are eligible to be used for DBE goal attainment.



The TUCP Directory is located in the Diversity Management System (DMS) located on TxDOT’s website at <https://txdot.txdotcms.com/>.

## NAICS Codes



### Engineering, Surveying, & Architecture

- 541310 – Architectural Services
- 541330 – Engineering Services
- 541320 – Landscape Architectural Services
- 541360 – Geophysical Surveying and Mapping
- 541380 – Testing Laboratories
- 541620 – Environmental Consulting Services
- 541820 – Public Relations Agencies
- 541990 – All Other Professional, Scientific, and Technical Services
- 561990 – All Other Support Services
- 237310 – Highway, Street, & Bridge Construction

## Applying for DBE Certification

The screenshot shows the Texas Department of Transportation website. The main navigation bar includes links for Driver, Government, Business, Inside TxDOT, and Careers. The 'Business' section is active, and the 'Partnerships' sub-section is selected. The 'Disadvantaged Business Enterprise' page is displayed, featuring a 'Subscribe to Updates' button and a yellow arrow pointing to the text: 'You may apply for DBE and/or ACDBE certification using TxDOT's Diversity Management System.'

**Partnerships**

- Comprehensive Development Agreement
- Disadvantaged Business Enterprise
- Small Business Enterprise Program
- Historically Underutilized Business Program
- Travel Industry Partners

**Disadvantaged Business Enterprise**

Texas Department of Transportation > Business > Partnerships

Subscribe to Updates

The Disadvantaged Business Enterprise (DBE) Program was created to provide a level playing field for small, minority- and women-owned companies wanting to do business with TxDOT and other agencies receiving federal funds from the U.S. Department of Transportation (DOT).

The Airport Concessions Disadvantaged Business Enterprise (ACDBE) Program is similar to the DBE Program. ACDBE is a DOT program designed to level the playing field for small businesses wanting to do business with TxDOT and other agencies receiving federal funds through the Federal Aviation Administration (FAA) and wish to participate in contracting opportunities at airports (airside, landside and off airport).

You may apply for DBE and/or ACDBE certification using TxDOT's Diversity Management System.

**Certification**

TxDOT is a member of the Texas Unified Certification Program (TUCP). The TUCP certifies DBEs and ACDBEs for participation in DOT and FAA contracting projects across the State of Texas in compliance with Code of Federal Regulations (49 CFR Parts 26 and 23).

Businesses interested in becoming certified as a DBE and/or ACDBE must complete and submit an application through the TUCP. Upon approval, DBE-certified companies can be used to meet the DBE goals established for federally-funded contracts.

You may search the TUCP Directory using TxDOT's Diversity Management System.

The following are general eligibility requirements for DBE and ACDBE certification:

- 51-percent owned, managed and controlled by one or more socially and economically disadvantaged individual(s)
- Must be a small business as defined by Small Business Administration (SBA)
- Personal Net Worth Limit: \$1.32 million
- Gross receipts must not exceed \$23.98 million averaged out over three years (DBE only)
- Gross receipts must not exceed \$56.43 million averaged out over three years (ACDBE only)

**Vendor Certification**

Access our directory of certified DBE/ACDBE, and SBE vendors, start the application process for new certifications or submit annual renewals

Search Certified Directory

Apply for Certification/Renewals

**Account Access**

Find your account information

Account Lookup

Forgot Password

<http://txdot.txdotcms.com>

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### Get Started with Certification

Welcome! Please login or create an account to start the TxDOT online application process for DBE/ACDBE and SBE certifications. If your firm is certified as a DBE in highway construction work, it is automatically eligible for SBE certification and may be eligible for HUB certification if it qualifies under the rules promulgated by the Texas Comptroller of Public Accounts.

**Note: Choosing the right certifying agency from the start can help streamline the application and renewal processes.**

**Step 1: Select Your Certified Agency**

Use the [TUCP Certifying Agencies Regional Map](#) to determine your firm's location and assigned agency with which to apply.

**Step 2: Create an Account**

**Step 3: Complete Application**

If you have any questions, or need help with completing the application please contact TxDOT Civil Rights Division at (512) 416-4700 or send us an email at [CivilRights@txdot.gov](mailto:CivilRights@txdot.gov). [Technical support](#) is also available.

**Need Help?**

[Download the user manual](#)

[Sign up for a Training Class](#)

**New Certification**

Your firm is not currently certified.  
[Create Account](#)

I Forgot My Username & Password  
[Lookup Account](#)

**Renew Your Certification**

I Know My Username & Password  
[Login](#)

I Forgot My Username & Password  
[Lookup Account](#)

After logging into your account, you will be redirected to the application form. You can also click the Apply for Certification link on the right side of the DMS Dashboard. If you require technical assistance while completing the application, please use our [online support](#)

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## DBE Certification Benefits



Increased business exposure

Participate as a DBE on DOT-assisted contracts

The opportunity to participate in a variety of supportive services programs and business development programs.

Services by DBE prime consultants counts toward the assigned contract goal.

## Resources



TxDOT Civil Rights Division  
Phone (512) 416-4700, Email: [CivilRights@txdot.gov](mailto:CivilRights@txdot.gov)

DBE Program  
<http://www.txdot.gov/business/partnerships/dbe.html>

DBE Application & DBE Directory  
<https://txdot.txdotcms.com/>

NAICS Codes  
[www.naics.com/naics-search-results/](http://www.naics.com/naics-search-results/)

PEPS Division NAICS Codes  
<http://ftp.dot.state.tx.us/pub/txdot/ppd/dbe-naics-codes.pdf>

SBA Size Standards  
<https://www.sba.gov/document/support-table-size-standards>



# Historically Underutilized Business Program

*Teresita Alvarado*

## HUB Certification



### Texas Comptroller of Public Accounts Statewide Historically Underutilized Business (HUB) Program Certification

- The Historically Underutilized Business (HUB) Program was created to promote full and equal procurement opportunities for small, minority- and women-owned businesses.
- Companies interested in doing business with the state are encouraged to become HUB certified. This is accomplished by completing an application and submitting it to the Texas Comptroller of Public Accounts (CPA).
- The HUB certification is a marketing tool for small minority, women and veteran owned businesses to use to do business with the state of Texas.

## What is a HUB?

**A minority business, 51% of which must be owned by someone who is:**

- Asian Pacific American
- Black American
- Hispanic American
- Native American
- American woman
- Service Disabled Veteran (20%)

(Effective Sept. 1, 2013 Service Disabled Veterans can qualify for HUB certification based on a service-connected disability, and a disability rating of **20% or more**).

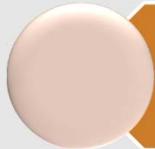
## HUB Qualifications



A for-profit entity that has not exceeded the size standards prescribed by 34 TAC §20.23, and has its principal place of business in Texas



Has an owner residing in Texas with a proportionate interest that actively participates in the control, operations, and management of the entity's affairs



Eligible HUB owners must be United States citizens and Texas residents

## HUB Certification



Required Documentation  
20% Service Disabled Veteran

### Military Discharge form DD214

- issued by the Department of Veterans Affairs or the Department of Defense

### Certification of Military Service form 13038

- issued by the National archive

### Disability Rating Letter

- issued by the Department of Veterans Affairs

## HUB Benefits

HUB Certification is free of charge

4-year certification, provided that the business continues to meet the eligibility requirements

Business profile is captured in the Comptroller's web-based HUB Directory

State agencies use the CMBL/HUB Directory to solicit bids from certified HUBs for state purchasing and public works contracts. Prime contractors also use the CMBL/HUB Directory to identify HUBs for their subcontracting opportunities.

Increased exposure to the general public, as well as, other entities who have a supplier diversity program and are searching for minority, woman-owned businesses, and SDV's.

## HUB Certification Agreements



### Purpose

- To maximize the number of certified HUBs, the Statewide Procurement Division (SPD) pursues certification agreements with local governments and nonprofit organizations in Texas that certify businesses under substantially the same definition as a HUB and meet certification standards as defined by SPD.

### Certification Agreements

- Texas-based minority and woman-owned businesses that are certified with an organization listed on CPA Website may automatically receive HUB certification if:
  - the certifying entity determines that the business is HUB-eligible; and
  - the certifying entity submits the business' information to the Statewide HUB Program for approval and inclusion in the [HUB Directory](#).

## HUB Certification Agencies



- [City of Austin](#)
- [City of Houston](#)
- [Dallas/Fort Worth Minority Supplier Development Council](#)
- [El Paso Hispanic Chamber of Commerce](#)
- [Golden Triangle Minority Business Council](#)
- [Houston Minority Supplier Development Council](#)
- [South Central Texas Regional Certification Agency](#)
- [Southwest Minority Supplier Development Council](#)
- [Texas Department of Transportation](#)
- [Tri-County Regional Black Chamber of Commerce](#)
- [Women's Business Council – Southwest](#)
- [Women's Business Enterprise Alliance](#)

A business must be listed in the directory in order to be recognized as a HUB. For more information, please contact SPD's Statewide HUB Program toll-free at [888-863-5881](tel:888-863-5881).

## Centralized Master Bidders List (CMBL)



- What are the qualifications?
- Why should I register?
- What are the benefits?

CMBL is for **HUB** and **Non-HUB vendors**. Vendors that are interested in providing services or goods to the state can register for the CMBL to receive bidding opportunities (contracts are above \$5000.00).

Annual registration fee is \$70.00.

Database used by State of Texas purchasing entities to develop a mailing list for vendors to receive bids based on the products or services they can provide to the State of Texas.

CMBL is a research tool – you can search the database at no cost (*without being a member*).

## HUB Program Goals and Objectives



Pursuant to Government Code, §2161.003, the Comptroller's Statewide HUB Program rules related to administering Government Code, Chapter 2161, Subchapters B and C. The HUB Goals are:

Heavy Construction	11.20%
Building Construction	21.10%
Special Trade Construction	32.90%
Professional Services	23.70%
Other Services	26.00%
Commodity Purchasing	21.10%

## Certification Comparison

Program	Disadvantaged Business Enterprise (DBE)	Historically Underutilized Business (HUB)
Laws, Rules, and Regulations	49 CFR Parts 23 and 26	Texas Government Code 2161 and 34 TAC §§20.10-20.28
Governing Agency	TxDOT and TUCP Partners	Comptroller of Public Accounts
Maximum Size Standard <sup>1</sup>	3-year Average	4-year Average
Construction	\$23.98 Million	\$36.5 Million
Car Rentals	Not applicable	Not applicable
Banks	Not applicable	Not applicable
Pay Phone Companies	Not applicable	Not applicable
Automobile Dealers	Not applicable	Not applicable
Special Trades Consulting	\$15 Million	\$15 Million
Firms Engineering Surveying	\$15 Million	\$15 Million
Maximum Personal Net Worth <sup>2</sup>	\$1.32 Million	Based on SBA size standards set forth in 13 CFR §121.201

<sup>1</sup> Based on Gross Annual Receipts Including Affiliations with Other Companies

<sup>2</sup> Excludes individual's ownership interest in the applicant's firm and individual's equity in his/her primary residence.

<sup>3</sup> The application processing timeframe may range from 90-150 days, depending on when the TUCP certifying partner receives all of the required information.

## Certification Comparison

Program	Disadvantaged Business Enterprise (DBE)	Historically Underutilized Business (HUB)
Minimum Ownership Requirements, 51% by Eligible Owners	Minorities, women, and anyone who can document social and economic disadvantage	Minorities, women, or Service Disabled Veterans
On-Site Eligibility Review of Applicant Business Office	Required	Optional
Citizenship	U.S. Citizen or Legally Admitted Permanent Resident	U.S. Citizen or Service Disabled Veteran
Residency	Must reside in the U.S. (home state certification required for certification in Texas)	Must reside in the State of Texas
Average Processing Time for a Complete Application	90 days <sup>3</sup>	90 days
Certification period	Ongoing with annual validation of no change	4 years

<sup>1</sup> Based on Gross Annual Receipts Including Affiliations with Other Companies

<sup>2</sup> Excludes individual's ownership interest in the applicant's firm and individual's equity in his/her primary residence.

<sup>3</sup> The application processing timeframe may range from 90-150 days, depending on when the TUCP certifying partner receives all of the required information.

## Contact Information



Texas Department of Transportation  
Civil Rights Division  
Austin, TX

HUB Certification Questions: TxDOT  
(512) 416-4700

### Other Recommended HUB Links & Numbers:

CPA Statewide HUB Certification: [888-463-5872](tel:888-463-5872)  
CPA CMBL Help Desk at [512-463-3459](tel:512-463-3459)

<https://comptroller.texas.gov/purchasing> (Purchasing)

<http://www.txsmartbuy.com/eof/index.html> (Calendar of Events)



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