



UNIVERSITY OF CALIFORNIA

Michael V. Drake, MD  
President

November 30, 2023

Office of the President  
1111 Franklin St.  
Oakland, CA 94607

The Honorable Nancy Skinner  
Chair, Joint Legislative Budget Committee  
1020 N Street, Room 553  
Sacramento, California 95814

universityofcalifornia.edu

Dear Senator Skinner:

CAMPUSES

- Berkeley
- Davis
- Irvine
- UCLA
- Merced
- Riverside
- San Diego
- San Francisco
- Santa Barbara
- Santa Cruz

Pursuant to Section 10500.5 of the Public Contract Code, enclosed is the University of California’s annual report to the Legislature on Small Business Utilization, FY22-23.

If you have any questions regarding this report, Interim Associate Vice President and Director Cain Diaz would be pleased to speak with you. Cain can be reached by telephone at (510) 987-9350, or by e-mail at Cain.Diaz@ucop.edu.

Sincerely,

Michael V. Drake, MD  
President

MEDICAL CENTERS

- Davis
- Irvine
- UCLA
- San Diego
- San Francisco

Enclosure

NATIONAL LABORATORIES

- Lawrence Berkeley
- Lawrence Livermore
- Los Alamos

- cc: Senate Budget and Fiscal Review  
The Honorable John Laird, Chair  
Senate Budget and Fiscal Review Subcommittee #1  
(Attn: Mr. Christopher Francis)  
(Attn: Mr. Kirk Feely)  
The Honorable Kevin McCarty, Chair  
Assembly Budget Subcommittee #2  
(Attn: Mr. Mark Martin)  
(Attn: Ms. Sarah Haynes)  
Mr. Hans Hemann, Joint Legislative Budget Committee  
Mr. Chris Ferguson, Department of Finance  
Ms. Rebecca Lee, Department of Finance  
Ms. Jennifer Louie, Department of Finance  
Ms. Gabriela Chavez, Department of Finance  
Mr. Gabriel Petek, Legislative Analyst Office  
Ms. Jennifer Pacella, Legislative Analyst Office  
Interim Senior Vice President Michael Reese

DIVISION OF AGRICULTURE AND NATURAL RESOURCES

Executive Vice President and Chief Financial Officer Nathan Brostrom  
Associate Vice President and Chief Procurement Officer Paul Williams  
Associate Vice President and Director Kathleen Fullerton  
Interim Associate Vice President and Director Cain Diaz

## UNIVERSITY OF CALIFORNIA

### Small Business Utilization, FY22-23

#### PURPOSE AND SCOPE

This report on small business utilization at the University of California (University) presents a summary of dollars awarded by campuses, medical centers, and the University-managed Department of Energy-funded (DOE) Lawrence Berkeley National Laboratory to small business enterprises (SB), disadvantaged business enterprises (DBE), women-owned business enterprises (WBE), and disabled veteran business enterprises (DVBE) in purchasing, construction, and design. The University submits this report to the Legislature pursuant to the California Public Contract Code section 10500.5, which states in relevant part:

“It is ... the intent of the Legislature that the Regents of the University of California report annually to the Legislature, commencing July 1, 1985, on the participation of small disadvantaged businesses, particularly disadvantaged business enterprises, and women’s business enterprises in university business contracting.”<sup>1</sup>

#### POLICY TO ENSURE EQUAL OPPORTUNITY IN UNIVERSITY BUSINESS CONTRACTING

- A. It is the policy of The Regents of the University of California that race, religion, sex, color, ethnicity, and national origin will not be used as criteria in its business contracting practices except as provided in section B., below. Every effort will be made to ensure that all persons, regardless of race, religion, sex, color, ethnicity, and national origin have equal access to contracts and other business opportunities with the University.
- B. Nothing in this policy shall prohibit any action which is necessary to comply with state and federal law, or to maintain eligibility for any federal or state funded program, where ineligibility would result in a loss of funds to the University. Example of program elements that may be required are:
  - (1) Establishment of annual goals for use of small, disadvantaged, women-owned, and disabled veteran business enterprises as appropriate; and
  - (2) Appropriate record-keeping and preparation of annual statistical reports on the participation of small, disadvantaged, women-owned, and disabled veteran business enterprises, as suppliers, general contractors, and subcontractors.
- C. The University shall establish effective outreach programs to assure equal opportunity in business contracting.

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<sup>1</sup> Please note that approval was granted to change the annual submittal date to January 1.

## **Compliance with State and Federal Law and Regulations**

California Public Contract Code section 10500.5 requests that the University adopt policies and procedures to facilitate the participation of small businesses—particularly small, disadvantaged, women-owned, and disabled veteran business enterprises—in business contracting with the University. In contrast, California Proposition 209 prohibits the use of race and gender by state and local governmental bodies in various decision-making processes. Despite Proposition 209, California law and the University’s policy to ensure equal opportunity in University business contracting do not prohibit the consideration of business size or disabled veteran status as criteria in University business contracting practices. Pursuant to the University’s policy and state law, the University will: comply with the provisions of Public Contract Code Section 10500.5 in University business contracting with small or disabled veteran business enterprises; continue to set goals and timetables for small disadvantaged and women-owned business enterprises where such goals and timetables are required as a condition of federally funded contracts or grants; maintain statistics on utilization of such businesses; and rely on self-certification or Small Business Administration certification as required by federal regulation. In addition, the University will continue to utilize outreach programs to assure equality of opportunity.

## **Small Business Outreach**

Small businesses are vital to the success of the University of California and its mission. Consequently, the University has maintained a strong institutional commitment to identifying and working with small businesses over the years. It is our intention to continuously expand our initiatives to ensure that small businesses have equal access to work with UC whenever possible.

It is our belief that actively working with small businesses not only strengthens the economy of California, but connects us with a fuller range of capabilities available in the market to better meet the needs of our stakeholders. Utilization of small businesses allows us to foster competition and to access historically underutilized capacity and capability in the market, which in turn strengthens our economy and builds goodwill in the community in support of the University’s commitment to access and opportunity.

In April 2017, the University launched the University of California Small & Diverse Business Advisory Council as a means of actively engaging with small and diverse businesses across the State of California. This Council is chaired by University of California Associate Vice President and Chief Procurement Officer, Paul Williams, and includes membership from the State of California Department of General Services, business leaders from throughout the state, Chamber of Commerce leaders, and leaders of small business networking organizations. The University’s Design and Construction Team actively participates. We also seek to connect with a diverse network of small businesses through active participation in the activities and events of organizations such as the West Region Minority Supplier Development Council and local Chambers of Commerce. It is the University’s intent to increase its participation in these organizations going forward.

In September 2020, the University strengthened its commitment to small business with the kick-off of the Small Business First program. Each campus managed its own rollout of the program, and full compliance was required by March 1<sup>st</sup> 2021.

Small Business First is a program focused on leveraging certified small businesses or disabled veteran business enterprises by setting aside procurement opportunities between \$10,000 - \$250,000 for competition between these certified businesses via a simplified quotation process. Instances in which there are no small businesses included in a business award require a waiver describing the reason. The data from these waivers can be used to target future small business supplier development.

The University has implemented both systemwide and campus-specific activities designed to improve access to qualified small business suppliers, including disadvantaged, women-owned and disabled veteran business enterprises. Each campus leads its own outreach program and designs new program commitments as needed, but the University also actively seek ways to collaborate across the system. UC Procurement small business activities may include but are not limited to:

**1. External Communication with Suppliers and the Community:**

- Brochures, digital media, and other instructional materials including University websites designed to convey information about the University's supplier diversity and contracting programs. The material may contain a directory of information on how to access the University's purchasing and contracting systems.

**2. Internal Communication with University Colleagues:**

- Maintenance of small business information pages on UC Office of the President and campus websites to provide information on University contracting and outreach programs to interested small businesses and campus contracting personnel.
- Access to a supplier locator database so that Supplier Diversity Program Coordinators and Buyers at each campus can search for potential suppliers holding any applicable supplier diversity classifications.

**3. Small Business Community Networking and Linkage Activities:**

- Attendance at trade fairs and business opportunity events presented by other organizations for the purpose of meeting new qualified small businesses, including DBEs, WBEs, and DVBEs, and discussing common concerns and best practices with procurement professionals and organizations.
- Participation in local organizations, which support small business interests, including groups oriented toward small businesses including DBEs, WBEs, and DVBEs.

**4. Small Business Development and Coaching:**

- Seminars for groups of small business suppliers including DBEs, WBEs, and DVBEs for the purposes of instructing them on how to do business with the University.
- Meetings with small business suppliers on an individual basis to understand their capabilities and qualifications.
- Visits to small business locations to tour their facilities, to better understand their capabilities and to ensure satisfactory business practices in line with the needs of the University.

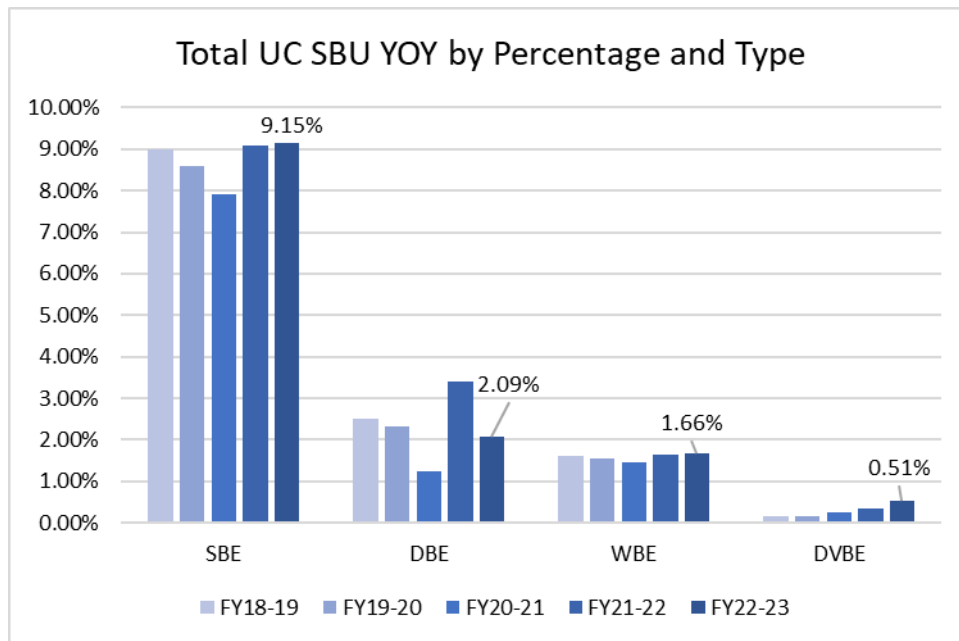
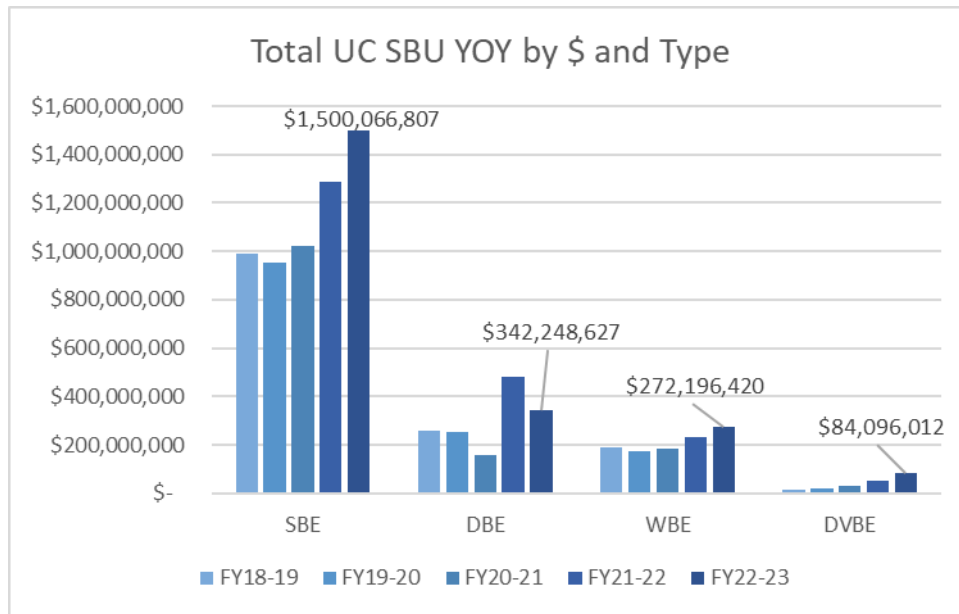
University policy that generally prohibits contracting for services, as well as some collective bargaining agreements and the statute governing state general fund support for UC facilities, buildings, or other property, have impacted may impact efforts to enhance small business supplier

relationships. Small businesses are disproportionately represented in the services covered by these policies, agreements, and statute. Policy and collective bargaining agreement requirements have resulted in the termination of longstanding contracts with numerous small and diverse businesses.

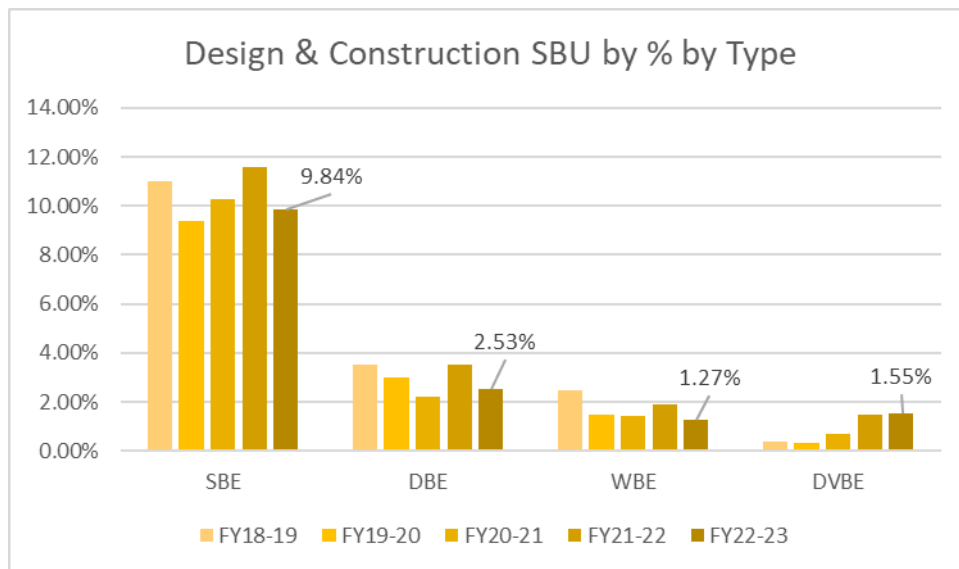
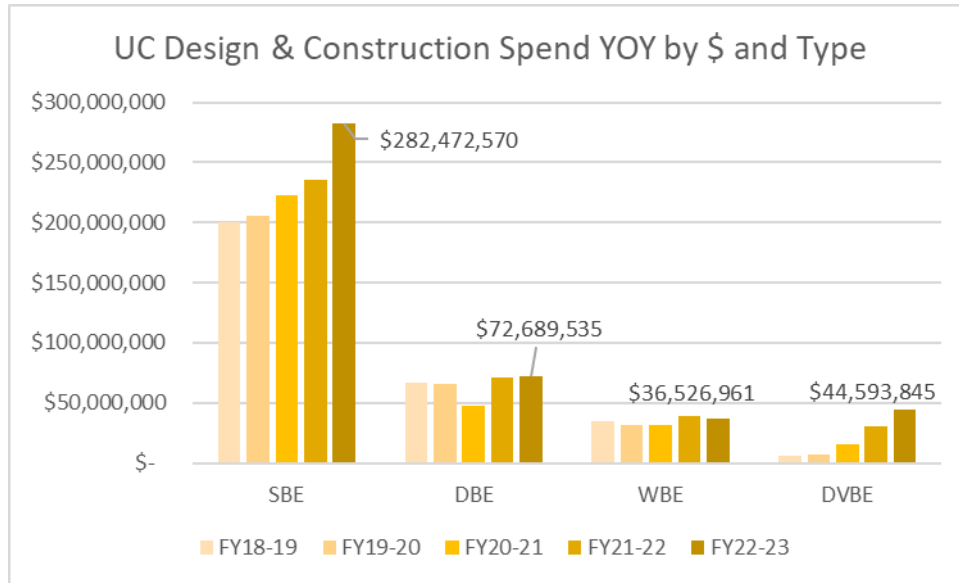
In order to address these impacts, and to significantly improve the spend with small, disadvantaged, and veteran-owned businesses, UC Procurement and UC Design and Construction are currently working on efforts to take a more strategic and targeted approach to small business identification and development by creating programs that assist with capability development and access to capital for small businesses.

It should be noted that the UC Office of the President (UCOP) Local Procurement results, as detailed below, are heavily influenced by the inclusion of \$3.4 billion of UC's systemwide healthcare and insurance provider spend, which represents 87% of the total UCOP Procurement Spend. While this healthcare and insurance spend is not completely unaddressable, the nature of this very sizeable spend offers limited Tier I Small Business opportunities (Tier I is defined as direct spend with a Small Business.). As a result, we are working with our primary suppliers to hold them accountable for delivering and reporting Tier II spend and to encourage them to partner with Small Business providers in the delivery of Tier I. Tier II is defined as the spend of our suppliers with Small Businesses in the course of meeting our business requirements. We are also very actively working to identify opportunities for Small Business suppliers to participate directly in Tier I Healthcare and Insurance delivery.

The following pages display small business utilization figures for Fiscal Year 22-23 with a summary of University addressable business contracting spend for all contracting categories (Purchasing, Construction and Design). The subsequent pages show the activity for each contracting category by Campus, Medical Center, and National Laboratory.

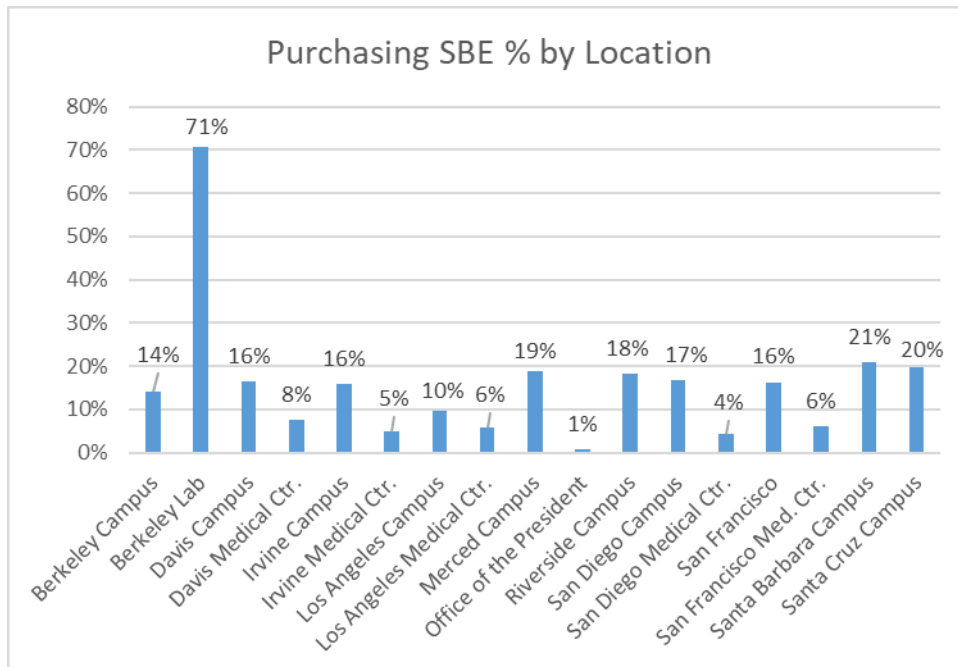
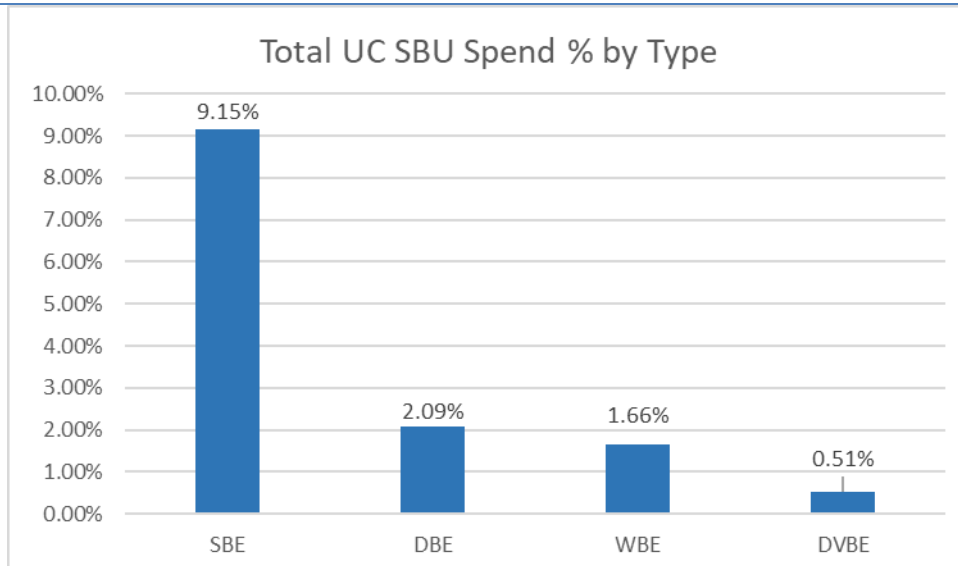


**Overall University of California Small Business Utilization for FY22-23 was 9.15% (\$1.5 billion) of the addressable spend. This represents a 0.7% (\$215 million) increase in spend versus the previous year. Notably, the spend with Disadvantaged Businesses (DBE's, i.e., small businesses owned and controlled by socially and economically disadvantaged individuals such as African Americans, Hispanic Americans, Native Americans, Asian-Pacific and Subcontinent Asian Americans, and women) dropped 1.3% from 3.4% in FY21-22 to 2.1% in FY22-23 driven in part by the insourcing of covered services.**



**Spend with small businesses in Design & Construction decreased by 1.7% during FY22-23. Total FY22-23 Small Business Utilization Spend in Design & Construction was 9.8% (\$282 million) on a total spend of \$2.87 billion.**





**It is worth noting that most individual UC campuses significantly surpass the UC average percentage; for example UC Santa Barbara is at 21%, UC Santa Cruz is at 20%, and UC Merced is at 19%. Lawrence Berkeley National Laboratory (Berkeley Lab) is at 71% SBU spend, enabled by early upfront engagement and SBU opportunity review in the buying process. This is a best practice that we are adopting more broadly across by incorporating supplier diversity more directly into the long term sourcing strategy development processes. The overall average is lowered by UC Office of the President Local Procurement at 0.8%, which, as previously mentioned, is heavily impacted by \$3 billion of Healthcare and Insurance spend that has limited Small Business Utilization opportunity.**

Small Business Utilization Report, FY 2022-2023

SUMMARY

Location	Total \$ Expenditure	SBE	%	DBE	%	WBE	%	DVBE	%
<b>Procurement</b>									
Campuses & Med Ctrs	\$13,221,399,801	\$1,008,217,233	7.63%	\$245,087,476	1.85%	\$209,235,368	1.58%	\$29,651,904	0.22%
National Labs	\$296,505,264	\$209,377,004	70.61%	\$24,471,617	8.25%	\$26,434,092	8.92%	\$9,850,264	3.32%
<b>PROCUREMENT TOTAL</b>	<b>\$13,517,905,064</b>	<b>\$1,217,594,237</b>	<b>9.01%</b>	<b>\$269,559,093</b>	<b>1.99%</b>	<b>\$235,669,460</b>	<b>1.74%</b>	<b>\$39,502,167</b>	<b>0.29%</b>
<b>Design &amp; Construction</b>									
Campuses & Med Ctrs	\$2,751,851,801	\$237,215,909	8.62%	\$59,670,280	2.17%	\$30,966,046	1.13%	\$24,904,958	0.91%
National Labs	\$119,204,728	\$45,256,661	37.97%	\$13,019,255	10.92%	\$5,560,915	4.67%	\$19,688,887	16.52%
<b>D &amp; C TOTAL</b>	<b>\$2,871,056,529</b>	<b>\$282,472,570</b>	<b>9.84%</b>	<b>\$72,689,535</b>	<b>2.53%</b>	<b>\$36,526,961</b>	<b>1.27%</b>	<b>\$44,593,845</b>	<b>1.55%</b>
<b>GRAND TOTAL</b>	<b>\$16,388,961,594</b>	<b>\$1,500,066,807</b>	<b>9.15%</b>	<b>\$342,248,627</b>	<b>2.09%</b>	<b>\$272,196,420</b>	<b>1.66%</b>	<b>\$84,096,012</b>	<b>0.51%</b>

Small Business Utilization Report, FY 2022-2023

PROCUREMENT

Location	Total \$ Expenditure	SBE	%	DBE	%	WBE	%	DVBE	%
Berkeley Campus	\$641,542,951	\$90,663,639	14.13%	\$31,796,906	4.96%	\$20,210,562	3.15%	\$3,240,950	0.51%
Davis Campus	\$578,282,810	\$95,278,043	16.48%	\$24,178,590	4.18%	\$17,978,755	3.11%	\$3,664,501	0.63%
Davis Medical Ctr.	\$664,786,122	\$50,767,697	7.64%	\$1,232,574	0.19%	\$11,106,960	1.67%	\$509,430	0.08%
Irvine Campus	\$284,664,063	\$45,048,964	15.83%	\$12,792,707	4.49%	\$8,946,039	3.14%	\$422,819	0.15%
Irvine Medical Ctr.	\$669,739,237	\$31,902,669	4.76%	\$759,057	0.11%	\$5,682,343	0.85%	\$1,356,595	0.20%
Los Angeles Campus	\$1,635,130,830	\$156,321,653	9.56%	\$60,356,441	3.69%	\$37,814,216	2.31%	\$5,638,452	0.34%
Los Angeles Medical Ctr.	\$940,827,382	\$54,394,150	5.78%	\$888,992	0.09%	\$11,776,396	1.25%	\$41,633	0.00%
Merced Campus	\$73,777,163	\$13,780,175	18.68%	\$3,705,958	5.02%	\$2,118,225	2.87%	\$285,004	0.39%
Office of the President	\$3,988,848,952	\$30,644,739	0.77%	\$14,619,483	0.37%	\$9,719,004	0.24%	\$1,189,045	0.03%
Riverside Campus	\$200,355,781	\$36,373,075	18.15%	\$8,836,608	4.41%	\$7,940,264	3.96%	\$461,893	0.23%
San Diego Campus	\$785,242,838	\$131,791,090	16.78%	\$30,236,333	3.85%	\$20,004,284	2.55%	\$4,910,190	0.63%
San Diego Medical Ctr.	\$958,935,015	\$42,267,094	4.41%	\$0	0.00%	\$11,632,188	1.21%	\$1,146,092	0.12%
San Francisco	\$700,886,875	\$113,814,153	16.24%	\$37,150,914	5.30%	\$23,048,136	3.29%	\$3,329,773	0.48%
San Francisco Med. Ctr.	\$758,955,515	\$46,381,668	6.11%	\$844,441	0.11%	\$8,247,322	1.09%	\$193,989	0.03%
Santa Barbara Campus	\$173,657,158	\$36,311,262	20.91%	\$8,670,194	4.99%	\$6,210,516	3.58%	\$2,203,204	1.27%
Santa Cruz Campus	\$165,767,109	\$32,477,162	19.59%	\$9,018,278	5.44%	\$6,800,158	4.10%	\$1,058,334	0.64%
Berkeley Lab	\$296,505,264	\$209,377,004	70.61%	\$24,471,617	8.25%	\$26,434,092	8.92%	\$9,850,264	3.32%
<b>PROCUREMENT TOTAL</b>	<b>\$13,517,905,064</b>	<b>\$1,217,594,237</b>	<b>9.01%</b>	<b>\$269,559,093</b>	<b>1.99%</b>	<b>\$235,669,460</b>	<b>1.74%</b>	<b>\$39,502,167</b>	<b>0.29%</b>

Note:

1. Office of the President results includes \$3,468,244,525 in Insurance and Benefits spend (86.7% of the total UCOP FY22-23 Procurable Spend).

Small Business Utilization Report, FY 2022-2023									
DESIGN & CONSTRUCTION									
Location	Total \$ Expenditure	SBE	%	DBE	%	WBE	%	DVBE	%
Berkeley Campus	\$ 117,631,772	\$ 31,102,416	26.44%	\$ 10,311,575	8.77%	\$ 2,624,911	2.23%	\$ 1,766,432	1.50%
Davis Campus	\$ 138,642,382	\$ 33,478,013	24.15%	\$ 8,209,344	5.92%	\$ 4,668,677	3.37%	\$ 21,168,961	15.27%
Davis Medical Ctr.	\$ 302,945,950	\$ 21,799,991	7.20%	\$ 3,028,805	1.00%	\$ 2,648,350	0.87%	\$ 1,352,347	0.45%
Irvine Campus	\$ 126,623,069	\$ 13,263,760	10.47%	\$ 7,217,883	5.70%	\$ 691,774	0.55%	\$ -	0.00%
Irvine Medical Ctr.	\$ 25,920,108	\$ 8,057,579	31.09%	\$ 274,506	1.06%	\$ 125,142	0.48%	\$ -	0.00%
Los Angeles Campus	\$ 180,400,026	\$ 18,443,145	10.22%	\$ 11,739,051	6.51%	\$ 3,958,530	2.19%	\$ -	0.00%
Los Angeles Medical Ctr.	\$ 66,879,417	\$ 5,594,138	8.36%	\$ 2,377,769	3.56%	\$ 829,398	1.24%	\$ 90,398	0.14%
Merced Campus	\$ 66,405,024	\$ 3,100,069	4.67%	\$ 128,346	0.19%	\$ 55,218	0.08%	\$ -	0.00%
Office of the President	\$ 13,724,333	\$ 203,356	1.48%	\$ 53,700	0.39%	\$ 33,700	0.25%	\$ -	0.00%
Riverside Campus	\$ 124,769,700	\$ 4,256,323	3.41%	\$ 1,198,044	0.96%	\$ 1,657	0.00%	\$ -	0.00%
San Diego Campus	\$ 778,778,216	\$ 39,227,593	5.04%	\$ 3,341,619	0.43%	\$ 5,829,280	0.75%	\$ 33,388	0.00%
San Diego Medical Ctr.	\$ 15,864,515	\$ 2,336,214	14.73%	\$ -	0.00%	\$ 184,067	1.16%	\$ -	0.00%
San Francisco	\$ 163,864,503	\$ 18,441,271	11.25%	\$ 2,834,532	1.73%	\$ 631,315	0.39%	\$ -	0.00%
San Francisco Med. Ctr.	\$ 498,284,403	\$ 25,300,765	5.08%	\$ 1,626,941	0.33%	\$ 3,023,298	0.61%	\$ -	0.00%
Santa Barbara Campus	\$ 35,602,707	\$ 7,212,991	20.26%	\$ 3,979,648	11.18%	\$ 339,469	0.95%	\$ -	0.00%
Santa Cruz Campus	\$ 95,515,676	\$ 5,398,285	5.65%	\$ 3,348,516	3.51%	\$ 5,321,261	5.57%	\$ 493,433	0.52%
Berkeley Lab	\$ 119,204,728	\$ 45,256,661	37.97%	\$ 13,019,255	10.92%	\$ 5,560,915	4.67%	\$ 19,688,887	16.52%
<b>D &amp; C TOTAL</b>	<b>\$ 2,871,056,529</b>	<b>\$ 282,472,570</b>	<b>9.84%</b>	<b>\$ 72,689,535</b>	<b>2.53%</b>	<b>\$ 36,526,961</b>	<b>1.27%</b>	<b>\$ 44,593,845</b>	<b>1.55%</b>

- All Campus data are reported from UC's central spend data system, CalUsource.net. Data in this system are enriched by a third-party supplier to link diversity certification information based on verification from various certifying bodies including that state and federal governments. Medical Centers and Berkeley Lab self-report spend data out of their individual financial systems. Supplier diversity information is currently collected and verified based on individual site practices. However, we are working to harmonize the data collection and reporting methodology across all the spends.
- All UC Campus spend excludes "Non-Addressable" spend. Only spend that can be impacted by procurement activity is included. Non-Addressable spend generally includes expenses like payroll, benefits, government services/taxes, subawards, etc.
- Not all Design and Construction spend is reported into CalUsource for UC campuses; some D&C spend is managed out of financial systems external to the primary systems for a given site.

**Contact information:**  
Office of the President  
University of California  
1111 Franklin Street  
Oakland, CA 94607  
<https://www.ucop.edu/>