



UNIVERSITY OF CALIFORNIA

James B. Milliken
President

January 23, 2026

Office of the President
1111 Franklin Street
Oakland, CA 94607
universityofcalifornia.edu

The Honorable Scott Wiener
Chair, Joint Legislative Budget Committee
1020 N Street, Suite 8620
Sacramento, California 95814

Dear Senator Wiener:

CAMPUSES

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

MEDICAL CENTERS

Davis
Irvine
UCLA
San Diego
San Francisco

NATIONAL LABORATORIES

Lawrence Berkeley
Lawrence Livermore
Los Alamos

**DIVISION OF AGRICULTURE AND
NATURAL RESOURCES**

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*.

If you have any questions regarding this report, Associate Vice President 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,

A handwritten signature in black ink, appearing to read "J B Milliken".

James B. Milliken
President

Enclosure

cc: Senate Budget and Fiscal Review
 The Honorable John Laird, Chair
 Senate Budget and Fiscal Review Subcommittee #1
 (Attn: Ms. Lena Gonzalez)
 (Attn: Rosilicie Ochoa Bogh)
 (Attn: Sasha Renée Pérez)

The Honorable Doctor Corey Jackson, Chair
Assembly Budget Subcommittee #2
 (Attn: Mr. Patrick Ahrens)
 (Attn: Mr. Alex Lee)
 (Attn: Dr. LaShae Sharp-Collins)
 (Attn: David Tangipa)
 (Attn: Jesse Gabriel)

Mr. Hans Hemann, Joint Legislative Budget Committee
Dr. Shirley Weber Ph.D., Secretary of the Senate
Ms. Sue Parker, Office of the Chief Clerk of the Assembly
Mr. Chris Ferguson, Department of Finance

Mr. Gabriel Petek, Legislative Analyst Office
Ms. Jennifer Pacella, Legislative Analyst Office
Mr. Jason Constantouros, Legislative Analyst Office
Provost and Executive Vice President Katherine Newman
Executive Vice President and Chief Financial Officer Nathan Brostrom
Associate Vice President and Chief Procurement Officer Paul Williams
Senior Vice President Meredith Turner
Associate Vice President Cain Diaz
Associate Vice President and Director Kathleen Fullerton

**UNIVERSITY OF CALIFORNIA
Small Business, FY24-25, Utilization**

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 (SBE), 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 also the intent of the Legislature that the Regents of the University of California report annually to the Legislature, on or before each July 1, on the participation of small disadvantaged business enterprises, women business enterprises, and disabled veteran business enterprises in university business contracting."

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. 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 ensure equal opportunity in business contracting.

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.

Economic Impact Advisory Council

In April 2017, the University of California launched an advisory council to foster small business development, expand economic opportunities, and amplify UC's economic impact across California and the nation. The group, now called the Economic Impact Advisory Council, is chaired by Abimbola Odusoga, Director of Economic Development & Policy, and sponsored by Paul Williams, UC Associate Vice President and Chief Procurement Officer.

The Council brings together cross-sector stakeholders, including representatives from the California Department of General Services, business leaders from across the state, community-based organizations, Chambers of Commerce, and small business networking groups. It also maintains dedicated seats for UC Finance Division partners from the Capital Programs, Energy and Sustainability Division. The Capital Programs and Sustainability teams have been instrumental partners, ensuring the Council addresses the full spectrum of UC Finance's strategic objectives.. We also seek to connect with a wide 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.

Small Business First

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 1st, 2021.

Small Business First is a program designed to help leverage certified small businesses and disabled veteran business enterprises through a simplified quotation process for procurement opportunities between \$10,000 and \$250,000 for competition among these certified suppliers.

Previously, a Small Business First Waiver was required to document the rationale in those instances when a small business was not included in a business award. The intent was to ensure that small businesses were being given adequate consideration. However, the waiver process did not produce the desired results. Instead of highlighting small businesses as an underutilized source of value for UC and the state, it caused stakeholders to think of small business utilization solely as a compliance matter. Rather than a non-compliance waiver, UC Procurement is now focusing on collecting and analyzing campus-level spend data on those instances in which a small business was not selected in order to better understand purchasing patterns, to identify spend categories where small business utilization improvement is needed, and to target our outreach efforts accordingly. This data-driven approach will help strengthen our engagement with small businesses, support supplier development, and guide campus buyers and end users toward opportunities to increase small business participation where potential remains untapped.

Small Business, Big Outcomes

The University of California, Design and Construction department is proud to promote the Small Businesses, Big Outcomes initiative—an intentional effort to foster meaningful partnerships between our campuses and SBEs and DVBEs.

As one of California's largest public developers, UC recognizes the vital role small businesses play in shaping vibrant, inclusive communities. Through this program, we aim to expand opportunities for SBE/DVBEs to contribute to the University's mission—enhancing the educational experience for generations of Californians to come.

We offer essential programs, resources and guidance to help small and disabled veteran businesses engage with UC projects including Sheltered Bidding, training and outreach, and a directory of SBE/DVBE resources.

Campus Level Community Outreach

The University has also continued to implement both systemwide and campus-specific activities designed to improve access to qualified small business suppliers, including small 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 seeks 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 Small Business First contracting programs. The material may contain a directory of information on how to access the University's purchasing and contracting systems. Supported Campuses with their outreach to SBE/DVBE design and construction firms and notifying them of new projects.

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 Economic and Community Impact Coordinators and Buyers at each campus can search for potential suppliers holding any applicable SBE/DVBE classifications.
- Through the Capital Programs Institute, Design and Construction Services provided training on sheltered bidding and sheltered applicant pool programs.
- Provided Large project Sheltered Subcontractor Bidding to our construction contracts.

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.
- Provided Small Business, Small Outcomes newsletter to Campuses and design and construction firms which highlights Campus achievements and resources.

4. Small Business Development and Coaching:

- Seminars for groups of small business suppliers for the purpose 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.
- Small Business Technical Assistance Providers: UC works with a group of governmental and non-profit business advocacy organizations that have been embedded in UC local communities for decades. Such organizations serve as Small Business Technical Assistance Providers (SBTAPs) supporting UC's commitment to local business development. SBTAPs and their local affiliates are available as resources for UC and small businesses
- 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.

5. Campus Specific Roundtables:

- Meetings at campus locations for small groups of both large and small design and construction companies. The intent is to provide focused networking opportunities and to hear challenges and suggestions to secure work with the University.

University policy that generally prohibits contracting for covered 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 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 businesses.

In order to address these impacts, and to significantly improve the spend with small, including small economically 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.

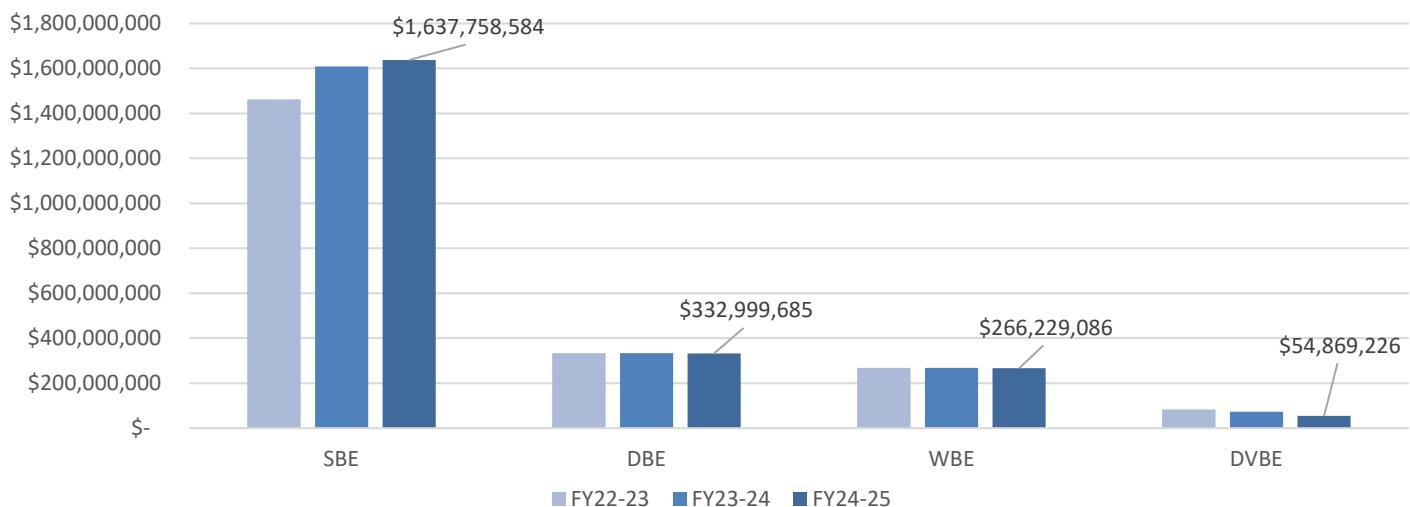
It should be noted that in last year's report, we stated that most California State procurement organizations do not include healthcare insurance costs in their addressable spend, and going forward, UC would be making this adjustment to align with industry practice. Accordingly, UC Office of the President procurement results have been adjusted to remove non-addressable spend consistent with state reporting. Non-Addressable spend generally includes expenses like benefit payments, government services/taxes, etc. In FY24-25, non-addressable spend for UCOP and the campus locations was \$5.7 billion and in FY23-24 it was \$5.3 billion.

While healthcare and insurance spend is not completely unaddressable, the nature of this very sizeable spend offers very 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 (Tier II is defined as the spend of our suppliers with Small Businesses in the course of meeting our business requirements) and to encourage them to partner with Small Business providers in their service delivery of Tier I. UC is also actively working to identify opportunities for Small Business suppliers to participate directly in Tier I Healthcare and Insurance delivery.

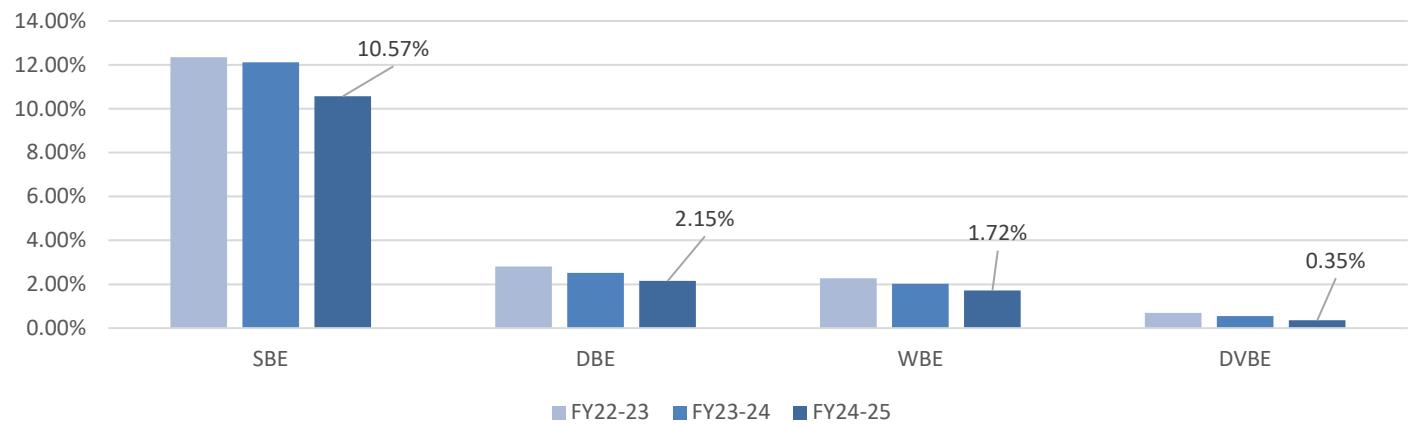
The following pages present Small Business Utilization data for Fiscal Year 2024–2025, along with a summary of the University's addressable business contracting spend across all major categories (Purchasing, Construction, and Design). Subsequent sections display three-year trend data for each contracting category by Campus, Medical Center, and National Laboratory.

In prior reports, we included five years of historical activity; however, because UC has now refined its reporting methodology to exclude non-addressable spend (such as benefits, government services/taxes, and subawards), only three years of data can be shown consistently and accurately under the updated approach.

Total UC SBU YOY by \$ and Type

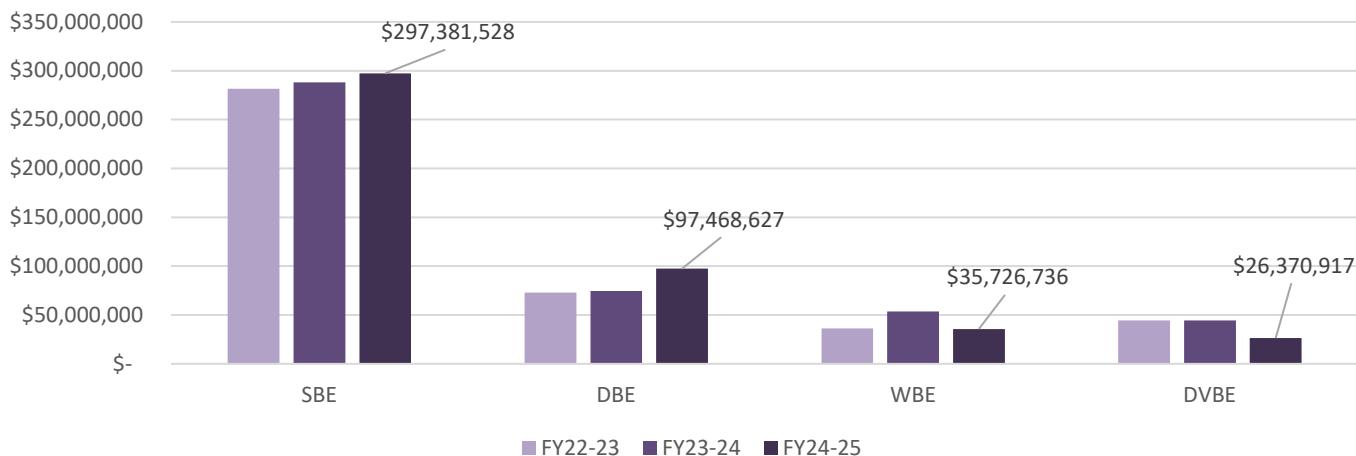


Total UC SBU YOY by % and Type

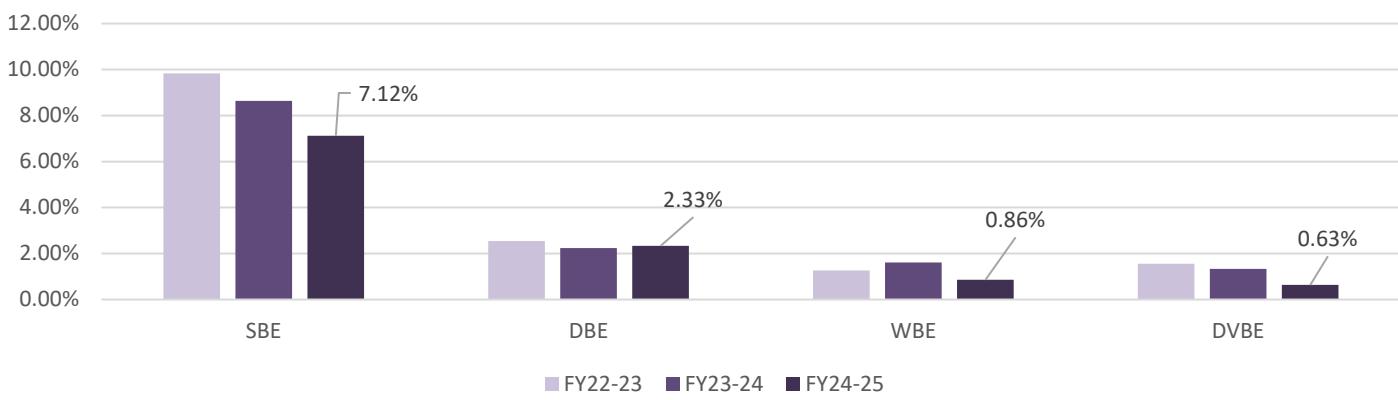


Overall University of California Small Business Utilization for **FY24-25** was **10.6% (\$1.64 billion)** of addressable spend. This represents an **increase of \$29 million** in total Small Business spend compared to **FY23-24 (\$1.61 billion)**, but a percentage **decline of 1.5%**. The decrease in percentage reflects a higher total UC system spend base rather than a reduction in engagement with small or economically disadvantaged suppliers.

UC Design & Construction SBU YOY by \$ and Type

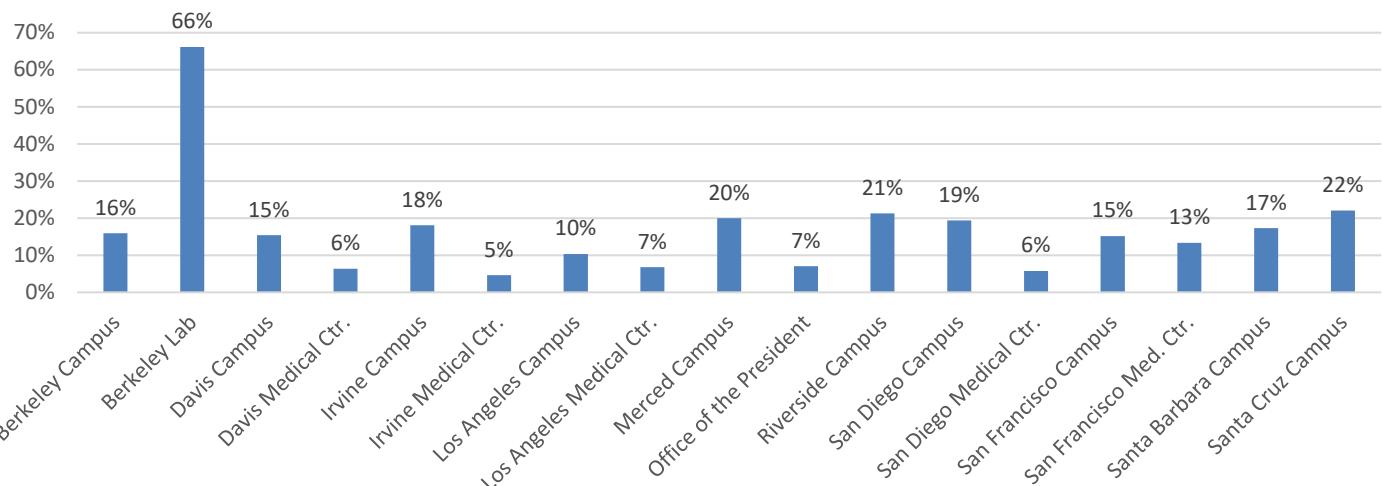


UC Design & Construction SBU YOY by % and Type



Spend with Small Businesses in Design & Construction increased from \$288 million to \$297 million, but decreased by 1.5%, from 8.6% in FY23-24 to 7.1% in FY24-25. Overall Design & Construction spend rose from \$3.32 billion to \$4.18 billion. Campus-specific factors—such as the availability of qualified firms (UCSF), expiration of certified status (UCSF), and supplier classification changes (UCSD)—also contributed to the shift. **DBE participation grew significantly to \$97 million, a year-over-year increase of more than 30%.** UC continues to strengthen outreach, early engagement, and supplier inclusion efforts to expand opportunities for small businesses in future capital programs.

Purchasing SBE % by Location



Campus Small Business Utilization continues to trend positively, with several campuses approaching or the annualized 25% goal. UC Santa Cruz leads the system at 22%, UC Riverside (21%), UC Merced (20%), followed closely by UC San Diego (19%) and UC Irvine (18%). Many other campuses are demonstrating steady improvement as small business practices become more embedded in sourcing strategies.

Lawrence Berkeley National Laboratory (LBNL) experienced a year over year decrease in Small Business utilization from 71% to 66%, primarily due to the cancellation of several previously identified subcontracting objectives in areas such as research and green infrastructure. These changes stemmed from shifting agency priorities, which led to a dip in overall purchasing activity. Despite this decline, LBNL's SBU performance remains noteworthy, continuing to set a systemwide benchmark for effective small business engagement and early supplier inclusion.

Lawrence Berkeley National Laboratory (Berkeley Lab) still stands out at 66% SBE spend, exemplifying how early engagement and proactive supplier inclusion can drive strong results. This model continues to inform broader efforts across the UC system as we work toward higher and more consistent SBE participation.

Small Business Utilization Report, FY 2024-2025									
SUMMARY									
Location	Total \$ Expenditure	SBE	%	DBE	%	WBE	%	DVBE	%
Procurement									
Campuses & Med Ctrs	\$11,075,795,872	\$1,176,244,666	10.62%	\$210,558,051	1.90%	\$205,657,425	1.86%	\$16,612,077	0.15%
National Labs	\$248,071,449	\$164,132,390	66.16%	\$24,973,007	10.07%	\$24,844,925	10.02%	\$11,886,232	4.79%
PROCUREMENT TOTAL	\$11,323,867,321	\$1,340,377,056	11.84%	\$235,531,058	2.08%	\$230,502,350	2.04%	\$28,498,309	0.25%
Design & Construction									
Campuses & Med Ctrs	\$4,055,744,995	\$252,222,151	6.22%	\$85,860,223	2.12%	\$27,196,559	0.67%	\$10,999,263	0.27%
National Labs	\$120,052,585	\$45,159,377	37.62%	\$11,608,404	9.67%	\$8,530,177	7.11%	\$15,371,654	12.80%
D & C TOTAL	\$4,175,797,581	\$297,381,528	7.12%	\$97,468,627	2.33%	\$35,726,736	0.86%	\$26,370,917	0.63%
GRAND TOTAL	\$15,499,664,902	\$1,637,758,584	10.57%	\$332,999,685	2.15%	\$266,229,086	1.72%	\$54,869,226	0.35%

Small Business Utilization Report, FY 2024-2025
PROCUREMENT

Campus Name	Total \$ Expenditure	SBE	%	DBE	%	WBE	%	DVBE	%
Berkeley Campus	\$536,773,100	\$85,438,350	15.92%	\$20,649,258	3.85%	\$14,627,613	2.73%	\$656,738	0.12%
Davis Campus	\$563,728,331	\$87,037,194	15.44%	\$19,100,313	3.39%	\$13,492,894	2.39%	\$1,807,487	0.32%
Davis Medical Ctr.	\$1,308,419,679	\$83,720,476	6.40%	\$1,384,133	0.11%	\$6,579,415	0.50%	\$261,081	0.02%
Irvine Campus	\$253,507,639	\$45,919,622	18.11%	\$12,494,592	4.93%	\$7,015,973	2.77%	\$214,219	0.08%
Irvine Medical Ctr.	\$1,432,427,239	\$66,132,689	4.62%	\$1,460,336	0.10%	\$4,512,243	0.32%	\$864,749	0.06%
Los Angeles Campus	\$1,540,110,219	\$159,259,696	10.34%	\$56,091,630	3.64%	\$42,606,380	2.77%	\$2,451,889	0.16%
Los Angeles Medical Ctr.	\$1,153,592,288	\$77,877,644	6.75%	\$1,085,474	0.09%	\$17,413,338	1.51%	\$57,621	0.00%
Merced Campus	\$80,360,341	\$16,054,975	19.98%	\$3,389,844	4.22%	\$2,047,516	2.55%	\$8,872	0.01%
Office of the President	\$376,713,646	\$26,595,408	7.06%	\$14,926,758	3.96%	\$8,801,311	2.34%	\$495,081	0.13%
Riverside Campus	\$190,315,045	\$40,467,492	21.26%	\$8,863,475	4.66%	\$4,214,245	2.21%	\$468,702	0.25%
San Diego Campus	\$688,630,755	\$133,255,106	19.35%	\$29,478,070	4.28%	\$19,878,421	2.89%	\$5,205,195	0.76%
San Diego Medical Ctr.	\$994,665,367	\$57,382,346	5.77%	\$11,995	0.00%	\$7,944,794	0.80%	\$171,796	0.02%
San Francisco Campus	\$760,768,572	\$115,507,917	15.18%	\$21,200,139	2.79%	\$32,195,447	4.23%	\$1,981,353	0.26%
San Francisco Med. Ctr.	\$831,260,172	\$110,816,199	13.33%	\$2,409,848	0.29%	\$12,235,854	1.47%	\$40,617	0.00%
Santa Barbara Campus	\$202,933,800	\$35,155,983	17.32%	\$7,893,647	3.89%	\$6,271,034	3.09%	\$1,660,200	0.82%
Santa Cruz Campus	\$161,589,682	\$35,623,568	22.05%	\$10,118,541	6.26%	\$5,820,947	3.60%	\$266,478	0.16%
Berkeley Lab	\$248,071,449	\$164,132,390	66.16%	\$24,973,007	10.07%	\$24,844,925	10.02%	\$11,886,232	4.79%
Grand Total	\$11,323,867,321	\$1,340,377,056	11.84%	\$235,531,058	2.08%	\$230,502,350	2.04%	\$28,498,309	0.25%

Please note that many suppliers may hold multiple certifications. For example, a supplier might be certified as both an SBE and a DBE. Each certification category is reported independently, so spend with a supplier holding multiple certifications will appear in every applicable category. The category spend totals shown are not intended to be added together. This chart provides a breakdown of the SBU spend categories for additional clarity.

Location	SBE %	DBE %	WBE %	DVBE %	LGBT %	MBE %	Disabled/Vet %
Berkeley Campus	11.08%	3.32%	1.94%	0.08%	0.06%	2.05%	0.45%
Berkeley Lab	56.85%	9.94%	9.07%	7.40%			7.40%
Davis Campus	13.53%	3.21%	2.19%	1.16%	0.01%	2.45%	3.85%
Davis Medical Ctr.	7.64%	1.11%	0.65%	0.14%			0.14%
Irvine Campus	15.56%	6.50%	1.74%	0.05%	0.00%	5.93%	0.45%
Irvine Medical Ctr.	5.11%	0.23%	0.32%	0.06%			0.06%
Los Angeles Campus	9.74%	3.67%	2.49%	0.14%	0.08%	3.36%	0.73%
Los Angeles Medical Ctr.	6.75%	0.34%	1.37%	0.02%			0.02%
Merced Campus	7.57%	1.76%	0.93%	0.00%	0.03%	1.40%	0.45%
Office of the President	7.06%	3.94%	2.33%	0.13%	0.01%	5.15%	0.39%
Riverside Campus	9.59%	1.89%	0.90%	0.20%	0.00%	1.54%	0.68%
San Diego Campus	10.73%	2.23%	1.49%	0.36%	0.01%	2.15%	1.28%
San Diego Medical Ctr.	5.98%	0.01%	0.87%	0.02%			0.02%
San Francisco	11.92%	2.18%	3.06%	0.18%	0.10%	3.24%	0.78%
San Francisco Med. Ctr.	12.68%	0.47%	1.31%	0.01%			0.01%
Santa Barbara Campus	12.62%	3.42%	2.36%	0.59%	0.00%	2.58%	1.87%
Santa Cruz Campus	11.96%	3.26%	1.81%	0.13%	0.00%	1.80%	0.55%
Grand Total	10.57%	2.15%	1.72%	0.35%	0.02%	1.55%	0.79%

Contact Information:**DATA NOTES**

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 and the Office of the President 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. Most California State procurement organizations do not include healthcare insurance costs in their addressable spend and we have aligned with that methodology.

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.

Suppliers may hold multiple certifications. For example, a supplier might be certified as both an SBE and a DBE. Each certification category is reported independently, so spend with a supplier holding multiple certifications will appear in each applicable category. The category spend totals provided are not meant to be added together

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