

# California State Senate

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September 11, 2019

The Honorable Gavin Newsom  
Governor, State of California  
State Capitol, First Floor  
Sacramento, CA 95814

RE: Recommended Veto of AB 962 (Burke)

Dear Governor Newsom:

I respectfully write to request your veto of Assembly Bill 962, which requires hospitals with operating expenses of \$50,000,000 or more, and hospitals with operating expenses of \$25,000,000 or more, that are part of a hospital system, to submit annual reports to the Office of Statewide Health Planning and Development on their minority, women, LGBT, and disabled veteran-owned business enterprise procurement efforts. AB 962 also imposes civil penalties of \$100 per day for a failure to submit a report.

The bill fails to consider system-level, bulk purchasing, intended to reduce costs, by requiring reporting at the individual hospital level, which may not actually purchase the materials. Additionally, hospitals spend a significant amount on routine supplies, and the manufacturing of many of these products has been outsourced overseas, and cannot be locally sourced. Hospitals cannot resolve the lack of diversity in manufacturing. Finally, the cost of complying with this bill will add costs to the health care system.

For these reasons, I respectfully request your veto.

Sincerely,

A handwritten signature in black ink that reads 'Shannon Grove'. The signature is written in a cursive, flowing style.

Shannon Grove  
Senate Republican Leader