

example, the completed section of the Bayshore Freeway carries from 30,000 to 35,000 vehicles per day. The accident rate on this-freeway is now 0.6 per million vehicle miles. The 1948 accident rate on the Bayshore Highway through San Mateo was 13.17 per million vehicle miles.

Another important consideration in approving the request of the Highway Patrol for additional officers for traffic control for the year 1951-52 is the probable effect of the present defense emergency upon this program. All of the consequences of an intensive defense production period cannot, of course, be anticipated but some consequences related to highway use and traffic seem to be almost a certainty and are taken into account in other respects in budget policy for 1951-52. Some of them are:

1. Automobile production and new automobile registration will be limited in 1951-52. This will slow down the estimated rate of increase and may actually reduce the number of registered vehicles.
2. The number of vehicle-miles may be greatly reduced for 1951-52, if not by actual rationing of gasoline and tires, at least by voluntary conservation of these essential resources and by reduced pleasure driving. Already the National Government has taken steps to conserve tires and has stated that gasoline rationing may be only months away.
3. In the light of present conditions it is doubtful that eligible and qualified personnel can be recruited and trained for the expansion program requested by the Highway Patrol. In any event manpower needs are much more likely to be for production and general law enforcement than for highway traffic patrol.

Conclusion

We recommend that no money be appropriated for additional patrolmen until the aforementioned studies are completed and the facts fully justify expending funds in this way compared to alternative programs for decreasing accidents.

DEPARTMENT OF INDUSTRIAL RELATIONS

ITEM 144 of the Budget Bill

Budget page 443

Budget line No. 49

For Support of Department of Industrial Relations From the General Fund

Amount requested	\$4,060,247
Estimated to be expended in 1950-51 Fiscal Year	3,827,131
Increase (6.1 percent)	\$233,116

Summary of Increase

	Total Increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$117,538	\$8,079	\$109,459	453	9
Operating expense	42,381	14,284	28,097	453	10
Equipment	18,356	—4,935	23,291	453	11
Plus:					
Decrease in payment from federal grants	54,841	54,841	---	454	37
Total increase	\$233,116	\$72,269	\$160,847		

RECOMMENDATIONS

Amount budgeted	\$4,060,247
Legislative Auditor's recommendation	3,824,448
Reduction	\$235,799

ANALYSIS

The following is a summary of recommended reductions in the budget for the Department of Industrial Relations:

Division	Positions	Reductions			Total
		Salaries and wages	Operating expenses	Equipment	
Departmental administration	---	---	\$3,253	---	\$3,253
Apprenticeship standards	11	\$50,801	7,072	---	57,873
Industrial accidents	24	85,872	15,219	\$6,433	107,524
Industrial safety	10	35,244	13,235	8,928	57,407
Labor law enforcement	3	6,600	---	687	7,287
Labor statistics and research	1	2,280	---	175	2,455
Total reductions	49	\$180,797	\$38,779	\$16,223	\$235,799

The analysis of the budget request for each of these divisions presents the considerations which are the basis for the reductions recommended.

DEPARTMENTAL ADMINISTRATION

Amount requested	\$384,417
Estimated to be expended in 1950-51 Fiscal Year	378,563
Increase (1.5 percent)	\$5,854

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$2,862	\$2,862	---	444	52
Operating expense	3,244	—9	\$3,253	444	68
Equipment	—252	—252	---	444	75
Total increase	\$5,854	\$2,601	\$3,253		

RECOMMENDATIONS

Amount budgeted	\$384,417
Legislative Auditor's recommendation	381,164
Reduction	\$3,253

ANALYSIS

The increase in salaries and wages is due to normal salary increases and one proposed new position of junior typist-clerk because of increased work load in the accounting office.

Operating expenses have been increased because of an increase of \$900 in the amount requested for travel. There has been no increase in the number of persons whose official duties require travel. *We recommend the \$3,600 requested for traveling be reduced to \$2,732, the actual expenditures for the Fiscal Year 1949-50.* This will result in a saving of \$868.

The department proposes to rent additional office space of 715 square feet at 1360 Mission Street, San Francisco, at an annual cost of \$2,145. The additional space would be used for the Conciliation Service as this

staff is overcrowded in their present quarters at 965 Mission Street. The imminence of emergency controls to regulate wages and hours will probably reduce the need for state conciliation service. We recommend no change in office space for the Conciliation Service, a savings of \$2,145.

The Division of Apprentice Standards is now renting desk space at 1950 El Camino Real, San Mateo, at an annual cost of \$240. This is 21 miles from San Francisco headquarters and 30 miles from the branch office maintained by the Division of Apprentice Standards at 96 North Almaden in San Jose. We recommend deletion of this item from the budget, a savings of \$240.

The adoption of these two recommendations will reduce the amount budgeted for rent—building space—from \$231,645 to \$229,260, a saving of \$2,385.

In the 1949 Report, and again in the 1950 Report of the Legislative Auditor, a recommendation was made for the consolidation of divisional offices in various cities throughout the State into departmental offices. The department has taken action during the 1949-50 Fiscal Year to obtain joint quarters for field offices in Oakland, Sacramento, San Bernardino and San Jose. In addition, plans are being made for joint quarters in Bakersfield, Santa Barbara and Stockton. The moves so far completed have probably improved service to the public. However, each division continues to be responsible for all aspects of the management of each of their branch offices. No true economies can be effected through mere proximity of branch offices.

We wish to make four specific recommendations which we believe would improve the administration of the department :

1. Immediate pooling of all typing, stenographic, receptionist and supply services at each of these joint locations.

2. The transfer of all automotive equipment in San Francisco and in Los Angeles from the control of each division into a central car pool under the direct control of the administrative office.

3. The handling of all personnel matters by the administrative office instead of by divisions. Contacts with the Personnel Board, hiring and transfers are now handled by the divisions with resultant duplication of time and effort.

4. The transfer of the supervisor, Industrial Accident Self Insurance Plans, from Sacramento to San Francisco. The supervisor, Industrial Insurance Plans, should be located in the state headquarters of the Department of Industrial Relations. An improvement in operating efficiency and in public relations would result from such a move since the headquarters of the Workmen's Compensation Insurance Commission is in San Francisco as well as the main office of many of the more important self insurers.

CONCILIATION SERVICE

Amount requested.....	\$73,911
Estimated to be expended in 1950-51 Fiscal Year.....	70,969
<hr/>	
Increase (4.1 percent).....	\$2,942

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages-----	\$2,300	\$2,300	---	445	18
Operating expense-----	—361	—361	---	445	33
Equipment-----	1,003	1,003	---	445	39
Total increase-----	\$2,942	\$2,942			

RECOMMENDATIONS

Amount budgeted-----	\$73,911
Legislative Auditor's recommendation-----	73,911
Reduction-----	None

ANALYSIS

The increase in salaries and wages is due to normal salary increases. The budget request provides for the purchase of a sixth car for use by the seven professional employees. It is anticipated that the purchase of a light car at a cost of \$1,625 will result in the elimination of mileage expense of \$720 for the budget year. We recommend approval of the budget amount as requested. However, in the event of the establishment of a rigid wages and hours control, there will probably be a reduction in the number of labor-management disputes and a consequent decline in the work load of the conciliation service. We direct attention to the pattern of labor disputes during 1942 and 1943, the first two years of our last national emergency:

Calendar Year	Work stoppages in the U. S. resulting from labor-management disputes
1941-----	4,288
1942-----	2,968
1943-----	3,752
1944-----	4,956
1945-----	4,750
1946-----	4,985
1947-----	3,693
1948-----	3,419
1949-----	3,606
1950-----	4,750 (estimated)

GENERAL SUMMARY

The Conciliation Service was created by Chapter 1049, Statutes of 1947. The law provides that the State Conciliation Service may participate in any labor dispute when a request is made by either party to the dispute.

The State Conciliation Service is primarily a duplication of the service available to parties to a labor dispute through the Federal Conciliation Service. The Federal Conciliation Service has, to all intents, complete jurisdiction in all labor disputes in California since all labor disputes involving interstate commerce or under the Taft-Hartley Law come under federal jurisdiction. However, a signed agreement between the Federal Conciliation Service and the State Conciliation Service provides that when any party to a dispute requests the service of the State Conciliation Service, the federal conciliators will not enter the case except on request.

For the last seven years, the proportion of all employed workers in California who have been involved in work stoppages has been less than that for the United States as a whole. In 1949 there were 4.8 percent of California's workers involved in work stoppages resulting from industrial disputes, compared with 8.1 percent for the entire country. In the preceding six years, California's experience compared more favorably, as may be seen from the following tabulation:

Beginning in year	Percent of total employed workers involved in work stoppages	
	United States	California
1943	6.9	1.1
1944	7.0	1.0
1945	12.2	5.1
1946	14.5	10.7
1947	6.5	4.2
1948	5.5	4.1
1949	8.1	4.8

In the first postwar years of 1946, when a peak number of almost 260,000 workers participated in work stoppages in California, the number of idled workers represented 10.7 percent of the total number of employed workers in the State. Yet for the Nation as a whole, 14.5 percent of all employed workers were in work stoppages that year. The proportion of workers involved in work stoppages in California was lowest in 1944, only 1 percent. The figure for the Nation was 7 percent in the same year.

Comparisons of the number of persons idled in work stoppages, whether the comparison is made between different periods of time or between states, have little relation to the conciliation services available. The prevailing economic conditions, extent of labor organization and types of industry concerned are the major determining factors in work stoppages. However, a small and efficient conciliation service can accomplish much, and the results secured to date, although difficult to measure, appear satisfactory.

DIVISION OF APPRENTICESHIP STANDARDS

Amount requested	\$512,651
Estimated to be expended in 1950-51 Fiscal Year	509,619
Increase (0.6 percent)	\$3,032

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$5,028	—\$45,773	\$50,801	446	12
Operating expense	176	—6,896	7,072	446	28
Equipment	—2,172	—2,172	---	446	36
Total	\$3,032	—\$54,841	\$57,873		
Decrease in federal grants	54,841	54,841	---	443	73
Increase in state funds	\$57,873	---	\$57,873		

RECOMMENDATIONS

Amount budgeted	\$512,651
Legislative Auditor's recommendation	454,778
Reduction	\$57,873

ANALYSIS

Decrease in Federal Funds for Supervision of On-the-Job Training for Veterans

Since 1946-47, the United States Veterans Administration has contracted with the Division of Apprenticeship Standards to supervise business firms employing veterans of World War II who are participating in the on-the-job training program under Public Law 346 of 1945, generally referred to as the "GI Bill." This program was at its peak in 1947-48 when the services contracted by the U. S. Veterans Administration provided \$218,277 in federal funds for the employment of 42 persons.

Veterans of World War II are entitled to a maximum period of training equivalent to the length of time they were in the service, but not to exceed four years. Veterans must have started their training not later than July 25, 1950. The majority of veterans interested in the on-the-job training programs commenced their training during the years 1946 and 1947 and will have completed their training prior to or during the 1951-52 Fiscal Year. As a result, the services required for the supervision of on-the-job training for the 1951-52 Fiscal Year will necessitate the employment of but 20 persons with reimbursement from the U. S. Veterans Administration estimated at \$113,559.

Federal funds have been an important factor in enabling this division to expand from a total staff of eight in 1944-45 to a total staff of 108 during the 1950-51 Fiscal Year. The Division of Apprenticeship Standards is now confronted with a decline in federal funds from \$168,400 in 1950-51 to \$113,559 in 1951-52, a loss of \$54,841. The decline in federal funds is due to the decreased number of veterans in on-the-job training programs so that the services of eight supervisors of training programs and three clerical employees will no longer be required. *The budget request of this division is for sufficient state funds to continue the employment of these persons entirely at state expense.* We recommend the deletion of these positions, and a reduction in the budget request as follows:

Salaries and wages	
8 Supervisors of training agreements	\$43,776
3 Intermediate stenographer-clerks	8,325
	\$52,101
Salary savings	1,300
	\$50,801
Operating expense	7,072
Total reduction	\$57,873

The increase in expenditures of both state and federal funds by this division during the past 10 years is shown in the following statement:

Fiscal year	State funds apprenticeship	Federal grant on-the-job training	Total expenditures	Staff provided for								
				Apprenticeship			On-the-job training			Total staff		
				Profes-sional	Cleri-cal	Total	Profes-sional	Cleri-cal	Total	Profes-sional	Cleri-cal	Total
1941-42	\$21,434	---	\$21,434	3	6	9	---	---	---	3	6	9
1942-43	27,147	---	27,147	3	6	9	---	---	---	3	6	9
1943-44	31,928	---	31,928	3	6	9	---	---	---	3	6	9
1944-45	32,934	---	32,934	3	5	8	---	---	---	3	5	8
1945-46	91,956	---	91,956	10	7	17	---	---	---	10	7	17
1946-47	296,288	\$110,220	406,508	9	27	36	32	11	43	41	36	79
1947-48	313,370	218,277	532,147	27	48	75	31	11	42	58	59	117
1948-49	323,433	212,387	536,320	27	49	76	30	11	41	57	60	117
1949-50	347,583	190,365	537,948	32	51	83	25	9	34	57	60	117
1950-51	341,219	168,400	509,619	27	51	78	23	7	30	50	58	108
Budget request 1951-52	399,092	113,559	512,651	35	54	89	15	5	20	50	59	109
Net increase requested 1951-52	57,873	---	57,873	8	3	11	---	---	---	8	3	11
Our recommendation 1951-52	341,219	113,559	454,778	27	51	78	15	5	20	42	56	98

The Federal Government has properly and correctly reduced its grants of aid to reflect the decline in the on-the-job training program. There is no reason why the State should fail to follow suit. In effect, the continuation of these persons at state expense is an expansion in the level of service in this largely promotional activity. We recommend that the level of service appropriated for by the Legislature last session, after an extended study of the work of this division, be continued and the reduction of federal aid not be replaced with an expansion in state funds. This will permit a net saving of \$57,873.

GENERAL SUMMARY

The creation of the Division of Apprenticeship Standards was authorized by Chapter 220, Statutes of 1939, effective September 19, 1939. The Division of Apprenticeship Standards is largely a duplication of the service provided by the United States Department of Labor. The Fitzgerald Act, approved by the Seventy-fifth Congress, effective July 1, 1937, provided in part:

“The Secretary of Labor is hereby authorized and directed to formulate and promote the furtherance of labor standards necessary to safeguard the welfare of apprentices, to extend the application of such standards by encouraging the inclusion thereof in contracts of apprenticeship, to bring together employers and labor for the formation of programs of apprenticeship, * * *”

The Division of Apprenticeship Standards, U. S. Department of Labor, maintains a permanent staff of 21 federal employees in California. The states of Pennsylvania and Michigan, with total state populations approximately the same as California, but with a greater degree of industrialization, have adequate programs of apprenticeship training entirely supervised by the U. S. Department of Labor with no expenditure of state funds. Only two essential functions are performed by this State Division of Apprenticeship Standards, namely:

1. The planning of a training program for apprentices in each trade and follow-up to determine that the training program is completed.
2. Follow-up to see that the trainee is paid in accordance with the apprenticeship agreement and the adjustment of disputes.

If the Division of Apprenticeship Standards were not in existence, services necessary for assisting the training of apprentices would be available from established state bureaus under existing statutes.

1. The planning of a training program in each trade could be handled by the Vocational Education Service of the Department of Education on an adequate basis since that staff is qualified in the field of vocational education.

2. The follow-up to see that the trainee is paid in accordance with the apprenticeship agreement and the adjudication of disputes could be handled as a part of the normal work load of the Division of Labor Law Enforcement in the Department of Industrial Relations.

The other activities of the Division of Apprenticeship Training are promotional activities. Thousands of hours are expended by the field staff every year in encouraging the formation of new joint apprenticeship committees, in persuading firms to hire additional apprentices and in encouraging trade unions to consider the issuance of additional apprenticeship cards. The scope of these promotional activities is shown in the following work load estimate.

**Division of Apprenticeship Standards Work Load—Estimated
1950-51 and 1951-52 Fiscal Years**

Description of work load	Hours per unit	Estimated 1950-51		Estimated 1951-52	
		Number of units	Man hours	Number of units	Man hours
Services for apprentices					
Registrations of apprenticeship agreements	1½	12,384	18,576	9,942	14,913
Cancellations	1	4,800	4,800	3,000	3,000
Completion certificates	1½	5,087	7,631	5,909	8,864
Total Services for Apprentices			31,007		26,777
Supervision of employers					
Applications for apprenticeship trainees	2	5,436	10,872	4,728	9,456
Applications for on-the-job trainees	2	2,446	4,892	600	1,200
Service visits for supervision of apprentice training	2	6,736	13,472	6,422	12,844
Service visits for supervision of on-the-job trainees	2	1,913	3,826	1,800	3,600
Individual plant standards	2	2,993	5,986	2,646	4,852
Cancellation of employer approvals	2	750	1,500	800	1,600
Adjustment of disputes—Hearings	8	120	960	132	1,056
Total supervision of employers			41,508		34,608
Services provided for apprenticeship committees					
Attendance at state joint apprenticeship committees					
Six committees meeting four times a year	24	24	576	40 est.	960
Attendance at joint labor and management committees					
542 committees meeting 10 times a year					
Attendance at nonjoint apprenticeship committees					
39 committees meeting 10 times a year					
Attendance at on-the-job training advisory committees					
25 committees meeting 10 times a year	3	2,811	8,433	2,811	8,433
Attendance at general labor and management committees					
30 committees meeting six times a year					
Supplements to apprenticeship standards	4	170	680	200	800
Revisions in apprenticeship standards	2	542	1,084	542	1,084
Total services for committees			10,773		11,277
Promotional and miscellaneous activities					
Standards for new joint apprenticeship committees	96	30	2,880	30	2,880
Visits to firms under existing JAC and new firms	2	1,062	2,124	1,062	2,124
Travel to and from places of contact	1	13,040	13,040	13,194	13,194
Training conferences for divisional employees					
Four days for each field man per conference, two in 1950-51 and two in 1951-52	1,408	2	2,816	2	2,816
Total promotional and miscellaneous activities			20,860		21,014
Total annual work load in hours					
Man years at 1,952 hours per man			115,036		111,444
Staff provided in budget request			53.3		48
State staff—Supervisors of training agreements			46.0		46
Federal staff—Supervisors of training agreements			10.0		10
Total field staff			56.0		56
Overstaffed—Number of field men			2.7		8

The reduction in the number of veterans participating in on-the-job training will enable this division to maintain the same level of service with 38 instead of 46 supervisors of training agreements.

Extent of Apprenticeship Program

On September 1, 1949, the Division of Apprenticeship Standards prepared a statement of the active apprentices in California. This statement showed a total of 28,944 active apprentices engaged in training for 374 trades or specialties. Of these classifications 97, or 25.9 percent of the total, had but one trainee and 252 of these classifications, or 67.4 percent of the total, had 10 or less trainees. The majority of these classifications were business or professional training and were outside the normal scope of apprenticeship.

The Division of Apprenticeship Standards had endeavored to include in the apprenticeship program all veterans who apply for on-the-job training through the Veterans' Administration, whether or not the veteran was learning a trade. This has been done under the title of so-called "specialty training." In our budget analysis for the 1950 Legislature, we stated that this promotional program was not required by the California apprenticeship statute and had been conducted at a great cost to the State. The activities of this division were reviewed by the Senate Finance and Assembly Ways and Means Committees, and the Budget Bill was amended by the addition of the following text after Item 146—Industrial Relations—Support:

"provided that no funds appropriated from the General Fund by this item shall be expended for the approval of or supervision of any program in business or professional training or any program for which less than 10 employees are indentured, unless there are employees in the program receiving benefits from the Servicemen's Readjustment Act."

As a result of the action of the Legislature, the State Apprenticeship Council approved a list of 59 apprenticeable occupations and adopted a rule that no additional apprenticeable occupations would be permitted without approval by the council at a regular quarterly meeting. On December 1, 1950, there were 24,515 active apprentices in only 59 occupational classifications approved by the council as compared with 28,994 apprentices in 374 trades or specialties on September 1, 1949.

The California Apprenticeship Labor Standards Act, Sections 3070-3089 of the Labor Code, known as the Shelley-Maloney Act, became effective September, 1939. This act established a State Apprenticeship Council to encourage the training of skilled journeymen.

Section 3090 was added to the Labor Code in September, 1949, naming the Division of Apprenticeship Standards as the approval agency for on-the-job training and enabling the State to receive reimbursements from the U. S. Veterans' Administration for supervision of firms employing veterans of World War II on the on-the-job training program. Such training programs as may not meet the criteria for full apprenticeship training may be set up by the employer subject to approval from the division.

The California Apprenticeship Council is composed of 11 members, four representatives each from employer and employee organizations and one from the general public, appointed by the Governor; with the

Director of Industrial Relations and the Chief of the Bureau of Trade and Industrial Education, State Department of Education, as ex officio members. The following tabulation shows the development of the apprenticeship and specialty training program in California:

<i>Fiscal year</i>	<i>New registrations</i>	<i>Completions</i>	<i>Cancellations</i>	<i>Reinstatements</i>	<i>Active end of year</i>
1939-40	1,313	3	2	-	1,308
1940-41	2,088	367	133	3	2,899
1941-42	2,475	262	139	3	4,976
1942-43	2,469	725	1,319	1	5,402
1943-44	1,066	392	2,511	62	3,627
1944-45	983	128	179	112	4,415
1945-46	9,457	207	384	192	12,446
1946-47	13,627	665	904	268	24,772
1947-48	13,819	1,292	5,951	76	32,797
1948-49	12,027	6,457	1,501	79	36,945
1949-50	11,696	6,884	8,789	3	32,971
July-Nov., 1950	4,349	2,702	3,282	3	31,339

DIVISION OF HOUSING

Amount requested	\$245,019
Estimated to be expended in 1950-51 Fiscal Year	213,093
Increase (14.9 percent)	\$31,926

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$14,534	---	\$14,534	446	81
Operating expense	4,537	---	4,537	447	19
Equipment	12,855	---	12,855	447	27
Total increase	\$31,926	---	\$31,926		

RECOMMENDATIONS

Amount budgeted	\$245,019
Legislative Auditor's recommendation	245,019
Reduction	None

ANALYSIS

The staff of this division was expanded during the 1949-50 Fiscal Year by adding two housing inspectors and one intermediate stenographer-clerk from the Emergency Fund. Further expansion, consisting of four additional positions, is requested to provide more adequate inspection of farm labor camps in the San Joaquin Valley area. We recommend approval of the amount as requested. However, we wish to direct attention to the fact that municipal and county governments have the primary responsibility for enforcing sanitary laws. The augmentation of this state staff is not the proper solution or a permanent method of providing adequate enforcement of the Health and Safety Code.

GENERAL SUMMARY

The California Housing Act provides for a Commission of Housing in the Department of Industrial Relations. In all other states this function is handled by the various state departments of public health.

The 1913 Legislature created a Commission of Immigration and Housing. In 1927, the Department of Industrial Relations was created, and the commission was made a division in the department. In 1945, the Department of Industrial Relations was reorganized and the commission was renamed as the Commission of Housing, composed of five members appointed by the Governor and holding office at his pleasure.

The Division of Housing is responsible for the administration and enforcement of the following laws:

Division 13, Part 1 of the Health and Safety Code which regulates the maintenance, use and occupancy of apartment houses and hotels outside of cities and apartment houses, hotels and dwellings within cities. The division has complete jurisdiction over the enforcement of this law in rural districts and supervisory jurisdiction within cities.

Division 13, Part 2 of the Health and Safety Code which regulates auto courts, resorts, motels, and auto and trailer parks in rural areas.

Division 2, Part 9, Chapter 1, Article 4 of the Labor Code which regulates labor camps and labor supply camps throughout the State.

DIVISION OF INDUSTRIAL ACCIDENTS

Amount requested	\$1,126,991
Estimated to be expended in 1950-51 Fiscal Year.....	1,077,950
Increase (4.5 percent)	\$49,041

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$31,706	\$31,706	---	448	51
Operating expense	15,219	15,219	---	448	66
Equipment	2,116	2,116	---	448	74
Total increase	\$49,041	\$49,041	---		

RECOMMENDATIONS

Amount budgeted	\$1,126,991
Legislative Auditor's recommendation	1,019,467
Reduction	\$107,524

Summary of Recommended Reductions

	<i>Savings</i>
Salaries and wages	
Senior stenographer-clerk reduction from 39 to 20 positions.....	\$63,576
Proposed new positions	
2 Referees	13,344
1 Hearing reporter	3,900
1 Intermediate typist-clerk	2,280
1 Senior stenographer-clerk	2,772
	\$85,872
Operating expenses	
Reduction to 1950-51 level.....	15,219
Equipment	
Office—additional	\$4,808
Auto—additional	1,625
	6,433
	\$107,524

ANALYSIS

The Division of Industrial Accidents has requested an increase of \$49,041 for the 1951-52 Fiscal Year. A study of the work load for this

division indicates the necessity for the additional staff of two assistant permanent disability rating specialists and one clerk for the Permanent Disability Rating Bureau. We recommend approval of the new positions requested for the Permanent Disability Rating Bureau.

The Division of Industrial Accidents is requesting five new positions for the referee section. This justification given is that the division anticipates a 13 percent increase in the work load during the 1951-52 Fiscal Year. The following is a tabulation of the number of decisions completed by the commission during the past eight years, together with the division's forecast for 1951-52:

Fiscal year	Decisions of the Commission					Monthly average per referee
	Number of referees	Original number	Supplementals	Totals		
1941-42	24	9,372	5,239	14,611	51	
1942-43	24	9,633	3,394	13,027	45	
1943-44	26	11,233	3,640	14,873	48	
1944-45	26	13,011	4,048	17,059	55	
1945-46	30	13,288	4,987	18,275	51	
1946-47	35.6	12,159	6,185	18,344	43	
1947-48	36.4	11,270	7,373	18,643	43	
1948-49	37.5	12,690	7,017	19,707	44	
1949-50	37.7	13,805	7,824	21,629	48	
1950-51 (estimate)	38	14,000	8,000	22,000	48	
1951-52 (forecast)	40	15,820	9,004	24,824	52	

We direct attention to the small increases in work load of this division during the last period of national emergency compared with increases in referees. We recommend no increase in the referee section.

In the interest of economy and efficiency, the Industrial Accident Commission should make a change in the staffing pattern used in the referee section for the past several years. Prior to 1943 stenographic services were provided for referees from a stenographic pool, one in San Francisco and one in Los Angeles. Since 1943 each referee has been provided with a hearing reporter at an average cost of \$391 per month and a senior stenographer-clerk at an average cost of \$278 per month in addition to the services provided by a typing pool. The duties of the senior stenographer-clerk are to prepare the text of decisions, handle routine correspondence, keep the referee's calendar and travel itinerary up to date. Since practically all the referee's time is spent out of the office in the conduct of hearings, much of the time these senior stenographer-clerks is not fully utilized. *We recommend the pooling of this stenographic service on a basis of one senior stenographer-clerk for each two referees, a saving of \$63,576.*

GENERAL SUMMARY

The Division of Industrial Accidents administers the workmen's compensation laws. It is under the control of the Industrial Accident Commission, consisting of seven members appointed by the Governor. The Governor designates the chairman of the commission from the membership of the commission. The chairman is administrative officer, and the remaining six members function as two panels—Panel No. 1 in San Francisco and Panel No. 2 in Los Angeles.

A staff of 38 referees assists the commission in deciding claims filed with the commission. The referees' function is to examine all parties and

witnesses regarding the facts in each case upon which he can recommend to the commission the necessary findings of fact and conclusions of law. No decision is final until approved by a panel of the commission.

At the 1949 Session of the Legislature, Senate Bill 886 and Assembly Bill 1181 proposed amendments to the Labor Code which would have made the referee's decision final unless a formal appeal is filed by the injured worker or the insurance carrier. The adoption of legislation similar to these proposals would enable the commission to process decisions with an average saving of two weeks time per case and reduce administrative costs.

Permanent Disability Rating Schedule

After a determination as to degree of permanent disability has been made by the commission, the amount of the award is established by reference to the Schedule for Rating Permanent Disabilities. Section 4660 of the Labor Code provides:

"In determining the percentages of permanent disability, account shall be taken of the nature of the physical disability or disfigurement, the occupation of the injured employee, and his age at the time of such injury, consideration being given to the diminished ability of such injured employee to compete in an open labor market. The commission may prepare, adopt and from time to time amend, a schedule for the determination of the percentages of permanent disabilities in accordance with this section."

In accordance with this provision of the law, the commission adopted the "Schedule for Rating Permanent Disabilities" in 1914. Except for infrequent minor changes, this schedule was used until July 1, 1950. The schedule gives each type of disability with variants for occupational classifications of the injured person, and further variants for age at time of injury.

On July 1, 1946, a special appropriation of \$50,000 was made for the purpose of revising the permanent disability rating schedule. This task was not completed until July, 1949, and the revised schedule became effective July 1, 1950. The new schedule contains additions and refinements which have increased its bulk from 36 to 82 printed pages.

The State of California is the only one of the states which provides for modification of the compensation benefits based on both the occupation and the age of the injured person. (In contrast to the 82-page permanent disability rating schedule in use for California, the basic schedule for the rating of injuries in the State of Washington is contained on a single printed page.)

The report of the State Senate Interim Committee on Workmen's Compensation Benefits presented to the Senate on January 17, 1949, comments on the permanent disability rating plan in use in California as follows:

"General dissatisfaction with the rating plan has long been prevalent among claimants, persons practicing before the commission, insurance carriers, and representatives of employee and employer organizations * * * there is widespread demand for simplification so that the rating schedule and rules for the use thereof will be readily understandable to persons of average intelligence without the need for special training in permanent disability rating problems."

The Fifteenth National Conference on Labor Legislation, held in Washington, D. C., on November 30th through December 2, 1948, recommended in part as follows:

“Permanent partial disability: Compensation shall be calculated on the basis of permanent total disability and shall be payable in addition to compensation for healing period. For administrative simplicity, there shall be a schedule of permanent partial disability based on the foregoing principle.”

The provisions of the California statute providing variants for age and occupation result in delays in determining amount of awards and additional administrative expense both to the State and to private insurance carriers. The cost to the State for the Permanent Disability Rating Bureau of the Division of Industrial Accidents is in excess of \$45,000 a year.

DIVISION OF INDUSTRIAL SAFETY

Amount requested	\$911,225
Estimated to be expended in 1950-51 Fiscal Year	862,212
Increase (5.7 percent)	\$49,013

Summary of Increase

	INCREASE DUE TO			Budget page	Line No.
	Total increase	Work load or salary adjustments	New services		
Salaries and wages	\$35,254	\$10	\$35,244	449	76
Operating expense	14,678	1,443	13,235	450	20
Equipment	-919	-9,847	8,928	450	28
Total increase	\$49,013	-8,394	\$57,407		

RECOMMENDATIONS

Amount budgeted	\$911,225
Legislative Auditor's recommendation	853,818
Reduction	\$57,407

ANALYSIS

Summary of Recommended Reductions

Salaries and wages			
Proposed new positions			
7 Assistant safety engineers		\$28,644	---
1 Junior typist-clerk		2,040	---
2 Intermediate typist-clerks		4,560	
			\$35,244
Operating expenses			13,235
Equipment			
Office—additional		\$4,003	---
Automobile—additional		4,925	8,928
Total recommended reduction			\$57,407

Ten new positions are requested by this division. No adequate justification has been given; only a general statement that there is a demand for stricter enforcement of safety orders.

The only valid criterion that can be logically used for the evaluation of the services provided by this division is the effectiveness of the present staff in the prevention of accidents and the demonstrated need for these services, not merely alleged demand for further free services from the

State. This division will expend \$862,212 in the present fiscal year; these services could be expanded more or less indefinitely, on the basis of "so-called" demand, to a staff which would cost the State three or four million dollars a year.

The division states that responsible labor and management representatives demand more effective enforcement of safety orders. The division should then make a selective analysis of accident areas and plan a more effective use of existing staff. Instead, the division has followed the course of least resistance and requests a major expansion of staff.

Since no adequate justification has been given, based on accident statistics by industry classification, we recommend the deletion of the proposed new positions together with the increase in operating expense and additional equipment.

In 1949, and again in 1950, the Report of the Legislative Auditor recommended a reduction in the extreme specialization of field personnel and the integration of the educational program with the work of safety inspectors of the division. The Chief of the Division of Industrial Safety indicated agreement with the Legislative Auditor's recommendation, yet the budget for the 1951-52 Fiscal Year provides for the continuation of eight sections, boiler, construction, educational, electric, elevator, industrial, lumbering, mining and petroleum. Since the adoption of the last budget, two more job titles have been added as reclassifications of existing positions, namely "labor liaison representative" at a salary of \$5,148 per annum and "associate industrial hygiene engineer" at a salary of \$6,060 per annum. We question the need for such specialization in the safety inspectors assigned to the field, especially since all inspectors are required to have basic professional training as engineers. If field men were classified as safety inspectors, reporting to area supervisors, solely responsible to the two assistant chiefs, we believe that there would be economy of effort. Specialization could be handled as a staff function with seven specialists to provide advisory services for the assistant chiefs in their direction of the field staff.

GENERAL SUMMARY

The Industrial Accident Prevention Bureau was established by the Statutes of 1914 and became the Division of Industrial Safety in the Department of Industrial Relations in 1945. The members of the Industrial Safety Board are appointed by the Governor for overlapping terms of four years; the Director of the Department of Industrial Relations is chairman. The board adopts all safety orders after conducting public hearings.

The staff of safety engineers is responsible for enforcement of the safety orders. The statutes provide for collection of fees for inspection of air tanks, boilers and elevators. A comparison of the actual revenue from inspection fees and the cost of inspection shows the inadequacy of the fees and the high cost of services provided by the State.

Actual amounts as shown by the Department of Finance Audit Report	F E E S		Cost of inspection	Net cost to State
	Percent of cost collected	Amount		
Boiler inspections -----	39	\$27,671.80	\$71,739.09	\$44,067.29
Elevator inspections ----	30	8,379.50	27,612.64	19,233.14
Electrical inspections ---			30,335.80	
Mining and petroleum ---			68,024.42	
Construction and general -----			48,773.59	414,209.84
Industrial and lumber ---			206,229.47	
Safety engineers -----			37,672.31	
Mechanical engineers ---			2,450.25	
Superintendence -----			21,614.00	
Other administrative expenditures -----		613.80	253,201.95	252,588.15
Totals, Division of Industrial Safety_ 5		\$36,665.10	\$767,653.52	\$730,098.42

The above comparison shows that with the exception of boiler and elevator inspections, industries receiving services from the Division of Industrial Safety are providing no part of the cost of these services through fees levied for this purpose. The fees charged for elevator inspections are 30 percent of the cost and the fees charged for boiler inspections are 39 percent of the direct cost of the inspections.

The Boiler Safety Order provides that any person operating a pressure vessel, who has adequate insurance coverage, shall not be subject to inspection by the Division of Industrial Safety. A statutory provision requiring adequate insurance coverage by all operators of pressure vessels would eliminate the necessity for state inspection service since all operators would pay for such inspection through premium payments. Furthermore, both the operator, his employees and the general public would be protected by the terms of the liability coverage.

In recent years, the Division of Industrial Safety has endeavored to provide advisory services to industry in addition to enforcement of the 21 safety orders issued by the Industrial Safety Board. Furthermore, the division has embarked on an intensive educational and publicity program, and a substantial increase in the staff of the Division of Industrial Safety was provided in 1947-48.

DIVISION OF INDUSTRIAL WELFARE

Amount requested -----	\$213,419
Estimated to be expended in 1950-51 Fiscal Year -----	211,808
Increase (0.8 percent) -----	\$1,611

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$1,831	\$1,831	---	451	60
Operating expense -----	258	258	---	451	75
Equipment -----	—478	—478	---	451	83
Total increase -----	\$1,611	\$1,611	---		

RECOMMENDATIONS

Amount budgeted	\$213,419
Legislative Auditor's recommendation	213,419
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Reduction	None

ANALYSIS

The budget requested provides for one additional intermediate typist-clerk at a salary of \$2,280 because of increase in work load in the Los Angeles area. If no statutory changes are made to consolidate this division with the Division of Labor Law Enforcement, we recommend approval of the budget as requested.

GENERAL SUMMARY

The Industrial Welfare Commission was created by Chapter 324, Statutes of 1913, and consists of five members appointed by the Governor for four year terms. The commission has enacted 12 orders now in force establishing minimum standards of working conditions for women and minors.

The Division of Industrial Welfare is mentioned in but two places in the Labor Code, paragraphs 1195 and 1195.5, which authorize the investigation of complaints concerning wages paid to women and minors and provide for the determination, *upon request*, whether the wages of women and minors have been correctly computed and paid.

The Division of Industrial Welfare is a duplicate service since it enforces labor laws regulating the employment of women while the Division of Labor Law Enforcement has the responsibility of enforcing *all* labor laws, including the orders issued by the Industrial Welfare Commission. If the Industrial Welfare Division were eliminated with no change in the authority of the commission, the Division of Labor Law Enforcement would then provide adequate and economical enforcement of all labor laws with less confusion to employees, business firms and the general public.

Each of these divisions maintains a field staff operating through separate branch offices. Industrial welfare agents investigate the same firms and cover the same areas assigned to deputy labor commissioners acting for the Division of Labor Law Enforcement. This duplication between the field staff of these two divisions is shown by the location of their staffs:

Office Location	Field Staff, Number of Positions			
	Division of Industrial Welfare		Division of Labor Law Enforcement	
	Technical	Clerical	Technical	Clerical
San Francisco	8	8	7	16
San Jose	-	-	1	1
Oakland	2	1	3	4
Sacramento	-	-	2	2
Stockton	-	-	1	2
Fresno	1	1	3	2
Bakersfield	-	-	1	2
Los Angeles	10	9	6	15
Long Beach	1	1	2	2
Santa Barbara	-	-	1	1
San Bernardino	-	-	2	1
San Diego	1	1	2	3
El Centro	-	-	1	1
	23	21	32	52

The Legislative Auditor's Report to the Joint Legislative Budget Committee, dated February 27, 1948, recommended the consolidation of these two divisions. This recommendation was repeated in the Legislative Auditor's Analysis of the Budget Bill for 1949 and again in 1950 as the most economical method of properly enforcing the provisions of the Labor Law. We again recommend consideration of the reduction in cost and improvement in service which would result from the consolidation of these two divisions. Economies should be made in the method of enforcement of labor laws relating to women. During the nine year period 1940 to 1949, the required work load of this division represented by complaints, has increased from 1,636 complaints to 4,579 complaints, an increase of 2,943, or 180 percent. The controllable work load, which consists of routine inspections, has increased from 5,639 inspections to 16,905 inspections, an increase of 11,266 inspections, or 200 percent. The addition of six deputy labor commissioners to the staff of the Division of Labor Law Enforcement would enable that staff to handle 4,932 complaints relative to noncompliance with labor laws relating to the employment of women and 2,811 hearings necessary to adjudicate these complaints. Sufficient time would also be available for 740 routine inspections in connection with laws relating to the employment of women.

DIVISION OF LABOR LAW ENFORCEMENT

Amount requested -----	\$495,567
Estimated to be expended in 1950-51 Fiscal Year -----	<u>469,708</u>
Increase (5.5 percent) -----	\$25,859

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$15,530	\$8,930	\$6,600	451	60
Operating expense -----	4,902	4,902	---	451	75
Equipment -----	5,427	4,740	687	451	83
Total increase -----	\$25,859	\$18,572	\$7,287		

RECOMMENDATIONS

Amount budgeted -----	\$495,567
Legislative Auditor's recommendation -----	<u>488,280</u>
Reduction -----	\$7,287

ANALYSIS

Detail of Recommended Reductions

Salaries and Wages

Proposed new positions		
2 Junior stenographer-clerks -----	\$4,320	
1 Junior account clerk -----	2,280	\$6,600

Equipment

Office—additional		
2 Typewriters -----	\$260	
2 Typewriter desks -----	274	
3 Posture chairs -----	153	687
		<u>\$7,287</u>

The budget request for this division provides for three special investigators at an annual cost of \$10,620 in addition to the position established in 1949 to investigate the activities of agricultural labor contractors. Section 1588 of the Labor Code requires all labor contractors to pay an annual license fee of \$25 and post a bond of \$1,000 to guarantee payment of wages. License fees collected in 1950-51 amounted to an estimated \$30,000. Because of the transient nature of farm labor contractors, it has been necessary for the division to employ a special investigator. Numerous complaints have been received concerning the activities of unlicensed farm labor contractors. *Since the fee income is in excess of the proposed level of expenditure and proper enforcement of this regulatory statute is desirable, we recommend the approval of these three positions as requested.*

Three additional clerical positions have been requested for the Los Angeles, Fresno and Long Beach offices because of increased work load. A review of the number of complaints processed by this division shows that during the period of the last war emergency, there was a noticeable decline in work load as shown by the following comparison:

Division of Labor Law Enforcement Work Load Trend 1940 to 1943		
Calendar year	Complaints filed	
	Total	Change over prior year
1941	27,906	
1942	21,068	Decrease 6,838, or 32 percent
1943	14,249	Decrease 6,819, or 48 percent

We are entering another period of national emergency and although we are not at this time recommending any cut in staff, there should be no increase in anticipation of a continuation of the present work load. *We recommend the deletion of the three proposed new clerical positions, a savings of \$7,287.*

GENERAL SUMMARY

The Division of Labor Law Enforcement was created in 1883 as the Bureau of Labor Statistics and Law Enforcement. In 1927 this bureau was made a division of the Department of Industrial Relations. The division is responsible for the enforcement of the state labor laws. The majority of complaints concerning labor law violations filed with the division are for failure to pay wages. The division also licenses all private employment agencies.

During the 1949-50 Fiscal Year, the administrative structure of this division was improved through the creation of four supervisors responsible for the supervision of the 34 deputy labor commissioners. This reorganization was based on a survey prepared by the Department of Finance.

DIVISION OF LABOR STATISTICS AND RESEARCH

Amount requested	\$210,606
Estimated to be expended in 1950-51 Fiscal Year	201,609
Increase (4.5 percent)	\$8,997

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$8,493	\$6,213	\$2,280	452	48
Operating expense -----	—272	—272	---	452	63
Equipment -----	776	601	175	452	70
Total increase -----	\$8,997	\$6,542	\$2,455		

RECOMMENDATIONS

Amount budgeted -----	\$210,606
Legislative Auditor's recommendation -----	208,151
Reduction -----	\$2,455

ANALYSIS

Detail of Recommended Reductions

Salaries and Wages		
Proposed new position		
1 Intermediate account clerk -----		\$2,280
Equipment		
Office—additional		
Desk, flat top -----	\$124	---
Chair, stenographer -----	51	175
Total reduction -----		\$2,455

The new position of an intermediate account clerk is requested because of increased work load connected with the analysis of union labor contracts. The increased work load is due to the increased number of requests for industrial relations data by parties in negotiating new labor union contracts and chambers of commerce and business organization for use in plant location decisions. Since the preparation of the budget request by this division, we have entered a period of national emergency which should reduce this particular work load. We recommend the deletion of this position, a saving of \$2,455.

One intermediate typist-clerk is requested because of increased work load of the typing pool. A part-time supervising tabulating machine operator is requested to eliminate recurring bottlenecks in the use of tabulating equipment. We recommend approval of these positions as requested.

GENERAL SUMMARY

The Division of Labor Statistics and Research is required to collect, compile, and present statistics regarding the condition of labor in the State. This division assists other divisions of the Department of Industrial Relations in the compilation of administrative statistics and cooperates with the State Department of Employment and the Bureau of Labor Statistics of the United States Department of Labor.

This division has shown a constant growth during the past five years as follows:

Fiscal year	Personnel
1947-48 -----	44
1948-49 -----	48
1949-50 -----	49
1950-51 -----	53
1951-52 (requested) -----	55

Two positions were added to this staff during the 1950-51 Fiscal Year to provide an adequate breakdown of employment statistics by geographical areas. It is anticipated the new service will be of substantial value in forecasting civilian employment.

PAYMENTS FOR ADDITIONAL WORKMEN'S COMPENSATION FOR SUBSEQUENT INJURY AS PROVIDED BY SECTION 4751 OF THE LABOR CODE

ITEM 145 of the Budget Bill

Budget page 453
Budget line No. 30

For Payment of Additional Workmen's Compensation for Subsequent Injury From the General Fund

Amount requested	\$87,000
Estimated to be expended in 1950-51 Fiscal Year	64,000
	<hr/>
Increase (36.0 percent)	\$23,000

RECOMMENDATIONS

Amount budgeted	\$87,000
Legislative Auditor's recommendation	87,000
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Reduction	None

ANALYSIS

The amount requested will provide funds for the payment of special additional compensation to workers who had a disability or impairment at the time they were hired and who suffer a subsequent compensable injury resulting in a combined degree of disability greater than the effect of the most recent injury and the previous disability or impairment considered separately. This statute encourages the employment of handicapped persons.

The Budget Act appropriations and actual expenditures for payment of claims and administrative expense have been as follows:

<i>Fiscal year</i>	<i>Budget Act appropriation</i>	<i>Amount expended</i>
1947-48	\$100,000	\$21,241
1948-49	100,000	17,542
1949-50	75,000	41,918
1950-51	75,000	64,000 (estimated)
1951-52 request	87,000	87,000 (estimated)

Actual expenditures have been substantially less than amounts appropriated. It is impossible to forecast accurately the expenditures required under this provision of the statute. Amendments approved at the 1949 Session of the Legislature will tend to increase the payment for a certain portion of claims under this section, resulting from injuries after October 1, 1949.

We recommend approval of the amount as requested.

GENERAL SUMMARY

The Statutes of 1911, Section 4750 of the Labor Code, exempted employers from liability for disability from a second injury in excess of the amount for that portion due to the later injury as though no prior disability or impairment had existed.

Section 4751 was added by Chapter 1161, Statutes of 1945, providing for the payment from state funds of special additional compensation

for subsequent injury, where the degree of permanent disability resulting from both disabilities is greater than the rating assigned to each injury.

Chapter 1525, Statutes of 1949, amended Section 4753 of the Labor Code to provide that payments from the subsequent injury fund shall be reduced by the amount of federal or state monetary payments the employee is receiving in aid programs to which he has not contributed. *The previous wording of the code provided for deduction of monetary payments to which the employee was entitled.*

The amended wording of this section permits payments from the subsequent injury fund to persons eligible for, but not in receipt of, Aid to Needy Blind or Old Age Security. Chapter 1525, Statutes of 1949, also added Section 4753.5, which provides for payment from this fund of expenses incurred by the Attorney General in properly representing the State before the commission and in court in cases involving subsequent injuries.

The California statutes provide for payment of claims for subsequent injury from the General Fund. The workmen's compensation laws of 21 states or territories provide revenue for their subsequent injury funds by requiring the payment of workmen's compensation death benefits into the fund when there are no dependents of the deceased.

The State of Maryland provided for a \$100 payment into the Subsequent Injury Fund for each accidental injury causing death, this payment being in addition to compensation to dependents.

Since workmen's compensation premium rates are based on actuarial computations as to the incidence of fatal industrial accidents, the compensation carriers should not escape payment of these death claims simply because no legal claimant appears. We recommend the necessary statutory change which will pay these amounts into the General Fund as a partial offset to this subsequent injury expense.

OFFICE OF FIRE MARSHAL

ITEM 146 of the Budget Bill

Budget page 455
Budget line No. 7

For Support of Office of Fire Marshal From the General Fund

Amount requested	\$244,675
Estimated to be expended in 1950-51 Fiscal Year.....	242,000
Increase (1.1 percent)	\$2,675

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages.....	\$1,209	\$1,209	---	456	16
Operating expense	895	895	---	456	32
Equipment	2,361	2,361	---	456	40
Total increase	\$2,675	\$2,675	---		

RECOMMENDATIONS

Amount budgeted	\$244,675
Legislative Auditor's recommendation	244,675
Reduction	None