

charged with the responsibility to furnish services of this nature to all state agencies.

On the basis of work load and better radio communication, we recommend approval of the following proposed new additional positions:

Administration		
1 Senior clerk	-----	\$3,188
1 Junior intermediate typist-clerk	-----	2,460
2 Tabulating machine operators	-----	6,276
2 Intermediate typist-clerks	-----	5,412
(expires June 30, 1954)		
1 Garage attendant	-----	2,844
Enforcement		
3 Intermediate stenographer-clerks	-----	8,532
15 Dispatcher clerks	-----	47,070
2 Telephone operators	-----	5,412
1.6 Janitor (part-time)	-----	4,330
2.1 Janitors (part-time) (increase in time for six positions)	-----	5,683
Technical services		
1 Intermediate typist-clerk	-----	2,706

DEPARTMENT OF INDUSTRIAL RELATIONS

ITEM 149 of the Budget Bill

Budget page 493
Budget line No. 48

For Support of the Department of Industrial Relations From the General Fund

Amount requested	-----	\$5,275,830
Estimated to be expended in 1952-53 Fiscal Year	-----	4,885,007
Increase (8.0 percent)	-----	\$390,823

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load of salary adjustments	New services		
Salaries and wages	\$255,781	\$136,603	\$119,178	503	9
Operating expense	67,988	67,988	---	503	10
Equipment	24,295	24,295	---	503	11
Plus:					
Decreased reimbursements	873	873	---	503	14
Plus:					
Decrease in federal reimbursements to Division of Apprenticeship Standards	41,886	---	41,886	493	22
Total increase	\$390,823	\$229,759	\$161,064		

RECOMMENDATIONS

Amount budgeted	-----	\$5,275,830
Legislative Auditor's recommendation	-----	5,174,742
Reduction	-----	\$101,088

ANALYSIS

We have recommended reductions in the Department of Industrial Relations budget as follows :

Division	Recommended Reductions				
	Positions	Salaries and wages	Operating expense	Equipment	Total
Administration -----	1.0	\$2,640	---	---	\$2,640
Industrial Welfare -----	4.0	16,992	---	---	16,992
Industrial Accidents -----	1.0	7,008	---	---	7,008
Apprenticeship Standards -----	5.0	16,320	---	---	16,320
Labor Law Enforcement -----	5.5	16,242	---	---	16,242
	16.5	\$59,202	---	---	\$59,202
Apprenticeship Standards :					
Decrease in federal reimbursements -----					\$41,886
Minimum recommended reduction -----					\$101,088

The above recommended reductions represent a minimum savings to the State because, with the exception of a portion of the amount recommended for reduction in the Division of Apprenticeship Standards, they are stated entirely in terms of positions and the corresponding salaries and wages. This pattern is followed throughout the analyses of the various divisions with a result that operating and equipment expenses attributable to positions shown as new services are included in work load expenses. Operating and equipment expense attributable to positions which may be eliminated by the Legislature will be reduced in accordance with detailed records maintained by the Department of Finance.

General Considerations

In our analysis of the department's budget for 1952-53 we raised several questions which we believed were pertinent to a consideration of legislative policy with regard to the budget.

The organizational structure of the department is open to serious criticism.

1. Division chiefs are appointed directly by and hold office at the pleasure of the Governor (Labor Code, Section 57). This is contrary to customary organization practices in other departments and is generally considered unsound by management authorities. These division chiefs, by virtue of their appointment by the Governor, enjoy the privileges of department heads and other elective and appointive officers in that each apparently is entitled to a civil service exempt appointee under the provisions of Article XXIV of the Constitution. Five division chiefs currently have exempt employees under them.

2. By law, the director of the department may not have clear-cut management authority over several of the divisions. While Section 51 of the Labor Code provides that the department "shall be conducted under the control of" the director, Section 53 provides that the director is not head of the department as described in Section 1001 or in Part 1, Division 3, Title 2 of the Government Code, with respect to matters which by express provisions in the Labor Code "are committed to or retained under the jurisdiction of the Industrial Accident Commission, the State Compensation Insurance Fund, the Industrial Safety Board, or the Industrial Welfare Commission * * *." By this provision it appears that the Legislature has said, in effect, that the Director of Industrial Relations

is not the head of the department for some purposes. The significance of the provision is subject to legal interpretation.

3. There appears to be little or no centralization of authority within branch offices. Representatives of various divisions, although housed in the same building, are autonomous and are generally responsible directly to their division headquarters in San Francisco or Los Angeles. It is of particular note that this proposed budget carries for the first time a requested position to coordinate housekeeping activities in the Los Angeles office (discussed under Division of Administration). Management coordination at the operating level generally appears to exist only as a matter of cooperation.

Some important questions we raised last year were :

1. Should division chiefs be appointed by and serve at the pleasure of the Governor ?

2. Should the department and division headquarters be located in Sacramento the State Capital ?

3. Should branch offices be established independently by divisions or by the department on a consolidated departmental basis with a pooling of clerical, housekeeping and other personnel and equipment ?

4. Are statutes authorizing the activities and areas of operation for the department and the divisions sufficient to provide reasonable safeguards in terms of the general public interest without allowing or encouraging continual extensions into minor segments of the economy or encroachment upon local responsibilities ?

5. Does the Division of Apprenticeship Standards perform a necessary service which could not be provided by the Federal Government or existing state agencies as a part of their established activities and with savings of considerable magnitude ?

6. Is the Division of Housing appropriately a part of the Department of Industrial Relations or should its activities be transferred to the Department of Public Health or some other agency ?

7. Is there a real need for both a Division of Labor Law Enforcement and a Division of Industrial Welfare ?

8. Is the Division of Industrial Accidents organized and staffed in a manner that facilitates settlement of claims to the best interests of the injured workman while at the same time providing optimum economy to the State ?

We believe that a complete management study needs to be given this entire department as a basis for resolving problems inherent in its present organization and procedures.

DIVISION OF ADMINISTRATION

Amount requested -----	\$581,763
Estimated to be expended in 1952-53 Fiscal Year -----	521,174
Increase (11.6 percent) -----	\$60,589

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages-----	\$19,679	\$851	\$18,828	494	50
Operating expense -----	23,925	23,925	---	494	69
Equipment -----	16,102	16,102	---	494	77
Plus: decreased reimbursements -----	883	883	---	494	81
Total increase -----	\$60,589	\$41,761	\$18,828		

RECOMMENDATIONS

Amount budgeted-----	\$581,763
Legislative Auditor's recommendation-----	579,123
Reduction -----	\$2,640

ANALYSIS

The proposed increase for administration of the Department of Industrial Relations contemplates additional positions representing new or expanded services, as follows:

1 Business service officer II-----	\$5,232
2 Special investigators -----	8,184
1 Intermediate stenographer-clerk -----	2,772
1 Intermediate clerk -----	2,640

Business Service Officer

The business service officer is proposed to act as coordinator of house-keeping services in the department's Los Angeles Headquarters. Under the present system the various Los Angeles branches of the several divisions are autonomous in their relationships to each other, their responsibility being to their headquarters office in San Francisco.

The proposed position will endeavor, under direction of the Departmental Accounting Officer, to centralize and control the following:

1. Personnel recruitment and records,
2. Automotive equipment and records,
3. Procurement and maintenance of supplies,
4. Other equipment maintenance,
5. Mimeographing, mailing, et cetera.

As limited hereafter, we recommend approval of this position, and of the intermediate stenographer-clerk associated therewith, on the basis that a centralization of branch offices of the Department of Industrial Relations is a desirable move. We have previously made recommendations that consolidation of branch offices should be effectuated within the various cities as rapidly as circumstances permit. To date, the branch offices of the Department of Industrial Relations in several cities have been moved under the same roof although a consolidation of central services has been slow.

Should this position be established there is a question of the continued need for the administrative assistant now assigned to the Los Angeles office of the Industrial Accident Commission.

Therefore, we recommend approval of the proposed new position subject to the following:

1. That the Department of Finance determine whether there is a continued real need for the Industrial Accident Commission's Los Angeles administrative assistant position, and, if not, that it be abolished,
2. That a detailed statement of the duties, responsibilities, relationships and area to be serviced be prepared for this position by the Department of Finance and submitted to the Legislature, and
3. That a report of accomplishment by this position be made to the Legislature prior to the next General Session.

Compensation Insurance Investigations

Section 3710 of the Labor Code requires the Director of Industrial Relations to enforce provisions that employers secure workmen's compensation insurance for all employees.

There appear to be three important approaches in assuring that workmen's compensation insurance is carried by employers:

1. Determining that restrictive policy endorsements do not abrogate the insurance requirements,
2. Assuring that city and county building departments understand and enforce the provisions of Section 3800 of the Labor Code which requires that an applicant for a building permit have the appropriate insurance on workmen, and
3. Answering complaints and spot checking employers to determine that they have insurance.

To date the enforcement work of the department has been done by two associate counsels of the Industrial Accident Commission. Because of increased work load and the opening of Industrial Accident Commission branch offices in San Diego and Sacramento, it is contended that more associate counsel time is required by the commission at the expense of insurance enforcement activities. Therefore, the two special investigators are requested to carry on and expand the insurance enforcement program. The investigator's salaries are considerably below those of the associate counsels.

We have examined the data in substantiation of this request and recommend the following:

1. That the legal bureau of the Industrial Accident Commission be relieved of its present activities in connection with insurance enforcement and that one associate counsel be deleted from its present budget (see analysis of the Industrial Accident Commission's budget hereafter). This may require amendment of the Labor Code.
2. That the two special investigators be approved as requested in the Division of Administration's budget.
3. That the two special investigators so approved be transferred to the Division of Labor Law Enforcement (see analysis hereafter) and that the additional special investigator requested by the Division of Labor Law Enforcement be disapproved.

In the final analysis this will result in (a) substituting two special investigators for one associate counsel and one special investigator at a

saving in terms of the total budget request and (b) placing the insurance enforcement program in that division (Labor Law Enforcement) generally charged with enforcing labor laws not otherwise assigned and which has an organized field staff already operating throughout many places of employment.

In addition to the above we believe that three additional actions should be considered as a means of enforcing workmen's compensation insurance requirements:

1. That restrictive endorsements which would nullify workmen's compensation insurance be prohibited by law. The department found it necessary to inspect some 1600 such endorsements during 1951-52 which were forwarded by the California Insurance Rating Bureau.

2. That all field agents of the various divisions of the Department of Industrial Relations be required to verify the existence of workmen's compensation insurance in all establishments inspected by them. There is indication that this is done in some instances. Section 3713 of the Labor Code requires each employer to post a notice in a conspicuous place in his headquarters that he is insured and by whom. Failure to do so is a misdemeanor and prima facie evidence of noninsurance. We suggest that this notice, or lack of it, could be checked by one of the several departmental representatives (Labor Law Enforcement, Apprenticeship Standards, Industrial Welfare, Industrial Safety, Housing) who call upon employers for one of the various purposes of the department.

3. That those employers found without insurance be prosecuted. The department states that in 1951-52, 6,857 complaints of noninsurance were investigated, of which 300 were cited before the District Attorney. Of these only "two or three" were prosecuted. It would appear that many complaints are groundless, but of those cited, the number of prosecutions is practically nonexistent. If the department hesitates to prosecute, as is its privilege under Section 3710 of the Labor Code, it is doubtful that the law can be effectively enforced.

Intermediate Clerk

The department requests:

" * * * that one employee be added to the messenger staff to be employed in driving the car on unscheduled runs, moving equipment and furniture within the building at 965 Mission Street, and giving unscheduled service, such as reaching for stores and supplies when shelves are too high for female employees, returning purchased items which do not meet the requirements of the procurement clerk, taking a car for repairs or estimates and waiting for same when required, and giving special instructions to garages; taking case material for photostating and waiting for it to be completed inasmuch as the law provides case material cannot be released from the custody of the Industrial Accident Commission. There is constant call in an organizational unit of this size for unscheduled services of this nature."

This is the department's justification and we do not believe that it substantiates the need for the position. Therefore, we recommend that the request be denied.

Relief Telephone Operator

The department requests a half-time telephone operator for relief of regular switchboard operators and justifies it on the basis that past relief has been provided from the central services messenger staff. We recommend approval of this request and note that this makes available to the central services group additional assistance which further makes unnecessary the position of intermediate clerk discussed above.

DIVISION OF CONCILIATION

Amount requested	\$102,189
Estimated to be expended in 1952-53 Fiscal Year	90,438
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Increase (13.0 percent)	\$11,751

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$7,781	\$7,781	---	495	22
Operating expense	3,897	3,897	---	495	37
Equipment	73	73	---	495	43
<hr/>		<hr/>			
Total increase	\$11,751	\$11,751	---		

RECOMMENDATIONS

Amount budgeted	\$102,189
Legislative Auditor's recommendation	102,189
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Reduction	None

ANALYSIS

The Conciliation Service requests one additional conciliator (\$6,672). This will make a total of seven state conciliators and represents the first augmentation of this staff since 1949.

The conciliation service was established in 1947 to supplement activities of the Federal Conciliation Service, particularly in those areas where there was little or no federal interest. There has been no definite policy determination on the part of the Legislature with regard to the work limitations on this agency. An opinion by California's Attorney General (No. 51-183), regarding Section 65 of the Labor Code, defines a labor dispute as anything "from any small grievance of an individual worker or employer to a full scale strike." Despite the wording of the statute that the Conciliation Service "may investigate and mediate labor disputes," the Attorney General holds that the authority to intervene is not permissive but mandatory.

According to the current operations agreement between the Federal Mediation and Conciliation Service and the California Conciliation Service, the federal service is directed by the Labor Management Relations Act of 1947 not to attempt mediation of disputes having only a minor effect on interstate commerce. Definition of a minor effect appears to rest with the federal service. On this basis it appears to us that the federal conciliation service might be withdrawn from California in proportion to the amount that conciliation service is increased by the State. We are informed by the State Conciliation Service that the federal conciliators apparently provide more service in states that have no state service than they do in California. We question the desirability of such a trend and

recommend that the Department of Finance examine the activities of the federal service to determine whether California is assuming activities which belong to the Federal Government.

We have examined the work load data submitted in substantiation of the request for the additional conciliator and are of the opinion that it is justified on the basis of the current requests for conciliation service.

DIVISION OF INDUSTRIAL ACCIDENTS

Amount requested	\$1,539,103
Estimated to be expended in 1952-53 Fiscal Year	1,443,715
Increase (6.6 percent)	\$95,388

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$83,441	\$70,613	\$12,828	496	31
Operating expense	7,135	7,135	---	496	46
Equipment	4,822	4,822	---	496	51
Less:					
Increased reimbursements	—10	—10	---	496	56
Total increase	\$95,388	\$82,560	\$12,828		

RECOMMENDATIONS

Amount budgeted	\$1,539,103
Legislative Auditor's recommendation	1,532,095
Reduction	\$7,008

ANALYSIS

The Division of Industrial Accidents is requesting 17.2 new positions as follows:

2.0 Referees	\$17,040
1.0 Assistant permanent disability rating specialist	4,512
1.0 Compensation insurance representative II	4,512
1.2 Medical examiner (part-time)	9,660
2.0 Hearing reporters	9,024
2.0 Senior stenographer-clerks	6,432
3.0 Intermediate stenographer-clerks	8,316
5.0 Intermediate typist-clerks	13,200
	\$72,696

New services consist of two intermediate stenographer-clerks, one of which is to be assigned to each of the branch offices at Sacramento and San Diego to act as receptionists, prepare calendars and referee registers, take dictation from medical examiners and otherwise assist in facilitating the processing of cases in the branch offices.

The present staffing pattern for branch offices consists of one referee, one hearing reporter and one senior stenographer-clerk. Under the procedure as experienced in the existing branch offices, it appears that the need for additional clerical assistance is valid and we recommend approval of the two positions as requested. However, it is our belief that in branch offices which may be staffed with two referees, two senior stenographer-clerks will not be required, but that one can be replaced with

an intermediate stenographer-clerk. The staffing pattern in such instances would be two referees, two hearing reporters, one senior stenographer-clerk and one intermediate stenographer-clerk. We recommend that this pattern be considered by the Department of Finance in appropriate situations.

A further new service is proposed in the form of one compensation claims representative III (\$4,512) and one intermediate stenographer-clerk (\$2,772) to screen compensation applications in an effort to reduce the number of formal hearings. This is proposed as a pilot study in San Francisco and, if successful, will be instituted later in Los Angeles. If a substantial number of applications can be settled without reference to a referee and a formal hearing, the average settlement time should be reduced and the cost to the State should be less.

We recommend approval of these positions as requested.

Positions requested on a work-load basis are as follows:

- 2.0 Referees
- 1.2 Medical examiner (part-time)
- 1.0 Assistant permanent disability rating specialist
- 2.0 Hearing reporters
- 2.0 Senior stenographer-clerks
- 5.0 Intermediate typist-clerks

The medical examiners are to provide part-time service to branch offices on the same basis now existing in the Los Angeles and San Francisco offices. We recommend approval except that we suggest that possibilities be explored for providing branch office medical examinations by contract with local physicians.

The assistant permanent disability rating specialist (\$4,512) and one intermediate typist-clerk (\$2,640) are requested to service an increase in disability ratings. We have examined the data and recommend approval of the positions.

The remaining positions (two referees, two hearing reporters, two senior stenographer-clerks, and four intermediate typist-clerks) are requested in accordance with the projected case load and the customary ratios between referees, hearing officers, and clerical positions.

We have no convincing basis upon which to agree that the solution to staffing and production problems of the Industrial Accident Division is merely a matter of adding more personnel. We have in the past questioned whether each referee needs a hearing reporter and a stenographer. We have also questioned administrative and legal procedures, referee production and other work-load and organizational factors.

In our analysis of the 1952-53 Budget we recommended that a comprehensive management survey of the Industrial Accident Commission's organization and operation be undertaken in an attempt to resolve the several problem areas with which the agency is confronted. The Senate Finance Committee requested the Department of Finance to make such a study, and until the results of a comprehensive study are forthcoming, the Legislature is lacking in sufficient information upon which to make a budget determination which will assure economy in operation as well as provide adequate service to injured workmen.

Only because we believe that failure to compensate an injured workman with dispatch is incompatible with a reasonable social policy, we recommend approval of the positions as requested.

We make the further recommendation that one existing associate counsel (\$7,008) be deleted from this agency's budget in accordance with our recommendation (under the Division of Administration) that the enforcement of requirements concerning compensation insurance be transferred from the Industrial Accident Commission to the Division of Labor Law Enforcement.

At this time we do not recommend the deletion of the other associate counsel position which has been engaged in this activity because there may be a valid basis for additional legal assistance within the division. However, we recommend that if the added application case load and the establishment of branch offices do not produce legal work that cannot be absorbed by the legal staff currently involved, the second position be deleted by administrative action in the next fiscal year.

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.

The Industrial Accident Commission has a staff as follows:

1. Judicial—referees who hear all claims filed with the commission.
2. Medical—doctors who provide the commission and referees with medical opinions regarding claimants.
3. Rating specialists who prepare and maintain disability schedules and determine the degree of permanent disability suffered by the claimant.
4. Legal—lawyers who represent the commission in court and other legal proceedings.

DIVISION OF INDUSTRIAL SAFETY

Amount requested	\$1,122,096
Estimated to be expended in 1952-53 Fiscal Year	1,056,180
Increase (6.2 percent)	\$65,916

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$56,613	\$18,681	\$37,932	497	54
Operating expense	12,052	12,052	---	497	71
Equipment	-2,749	-2,749	---	497	78
Total increase	\$65,916	\$27,984	\$37,932		

RECOMMENDATIONS

Amount budgeted	\$1,122,096
Legislative Auditor's recommendation	1,122,096
Reduction	None

ANALYSIS

The Division of Industrial Safety requests nine additional positions as follows:

1 Assistant industrial hygiene safety engineer-----	\$4,980
1 Assistant safety engineer (electrical)-----	4,980
2 Assistant safety engineers (construction)-----	9,960
2 Assistant safety engineers (industrial)-----	9,960
2 Intermediate typist-clerks-----	5,280
1 Intermediate stenographer-clerk-----	2,772
	\$37,932

Industrial Hygiene Safety

A new or expanded service is proposed in the form of one assistant industrial hygiene engineer (\$4,980). At present the division has an associate industrial hygiene engineer in its San Francisco office. This position was established in 1950 to assist in carrying out the division's responsibilities with regard to industrial health hazards. The administration of safety requirements concerning radiation, radioactivity and hazardous substances requires liaison work with federal, state and local agencies and particularly with the Bureau of Adult Health in the Department of Public Health.

The proposed position would function as a staff expert in advising, assisting and coordinating the division's regular safety inspectors in the Los Angeles area in matters of industrial hygiene. We recommend approval of this position, believing that the existing position alone cannot supply the needed service. It should be noted, however; that there is no clear line of demarcation between the responsibilities of the Division of Industrial Safety and the Department of Public Health with regard to this activity. We recommend that a study of this question be made with a view to resolving what may otherwise become a duplication of effort on the part of two agencies.

Other Safety Activities

The remaining new positions are requested to provide what in the division's opinion is a desirable level of safety service in electrical, construction and industrial activities throughout the State. The division has determined the frequency with which it believes given industries should be inspected and has requested personnel accordingly. The statutes are silent as to inspection time intervals insofar as the requested positions are concerned.

Two assistant safety engineers (industrial) are requested to operate primarily in the lumbering industry. At present inspections of this industry are made during the four-month peak operation period by six inspectors drawn from the San Francisco area at the expense of normal activities. It is proposed to station the two new inspectors at Chico and Willits.

Two assistant safety engineers (construction) are requested to augment the present staff with which the division proposes to attempt yearly inspections of 10,500 general building contractors and some 2,500 major subcontractors. It is noted that the construction industry has an annual accident ratio of 100 per 1,000 workers.

One assistant safety engineer (electrical) is requested to enforce electrical safety orders in the San Joaquin Valley area. In this area there

are some 26,000 places of employment that the division states are not serviced by a full-time inspector.

In addition, three clerical positions are requested to provide clerical services for the new safety engineers.

We have reviewed the rather meager information submitted in substantiation of the requests. The need for the additional safety engineers hinges primarily on (1) the number of industries and the division's desire to inspect each at least yearly and (2) the number of injuries among employees in these industries which the division contends is too many.

The budget substantiation does not contain information showing relative experience of various industries on the basis of frequency ratios which would take into account the total hours worked by employees in the various industries. It does not contain comparative information showing experience in industries in other states, nor does it present a basis other than opinion upon which the determination has been made in favor of annual or biennial inspections of the various industries.

There is no disagreement on a basic contention that industrial injuries are an economic loss and that their prevention is highly desirable, particularly in a time of manpower shortages.

Because we believe every reasonable effort should be made to assure a minimum of industrial injuries, we recommend that the Legislature approve the positions as requested but with the following qualifications:

1. That the positions be established on a temporary basis.
2. That the division and the Department of Finance develop appropriate information designed to show the productivity of the present staff, frequency injury rates among various industries, comparative data for industries in other states, the need for inspections on a yearly basis as compared with some other time interval, and the need for continuing periodic inspections as opposed to spot checks.
3. That the information developed be analyzed in the light of existing conditions and in consideration of future trends in the economy.
4. That a comprehensive report be submitted to the Legislature as a basis for future staffing of the division.

DIVISION OF INDUSTRIAL WELFARE

Amount requested -----	\$272,829
Estimated to be expended in 1952-53 Fiscal Year -----	248,140
Increase (9.9 percent) -----	\$24,689

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$20,245	\$3,253	\$16,992	498	38
Operating expense -----	3,431	3,431	---	498	53
Equipment -----	1,013	1,013	---	498	59
Total increase -----	\$24,689	\$7,697	\$16,992		

RECOMMENDATIONS

Amount budgeted	\$272,829
Legislative Auditor's recommendation	255,837
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Reduction	\$16,992

ANALYSIS

This division requests additional positions as follows:

3 Industrial welfare agents	\$14,220
1 Intermediate stenographer-clerk	2,772

One of the industrial welfare agents is proposed on a work load basis. The remaining positions represent expanded services.

The one agent requested on a work load basis is derived from the following:

<i>Fiscal year</i>	<i>Total complaints</i>
1948-49	4,579
1949-50	4,938
1950-51	4,808
1951-52	4,859

An increase in the number of complaints is predicted on the basis that there is an increase in the number of women in employment. Certainly the above figures do not indicate that the increase in women in industry since the beginning of the Korean war has resulted in an increase in the number of complaints. On the contrary, the number of complaints is down.

There are 21 industrial welfare agents in the division. This number has remained constant for the past five years. That in itself is no criterion upon which to justify a staff increase. During the past four years the average number of complaints handled per agent was 228. In 1949-50 each agent averaged 235 complaints; in 1951-52 each averaged 231 complaints. Should the total complaints reach 5,000, the average work load per agent would be only 238.

The two additional industrial welfare agents and one clerical position are requested to provide expanded services in the following facets of the economy where women are employed. The division's description is as follows:

- "1. Cherry packing—Lodi-Stockton area (season short):
62 sheds known; 26 inspected; 16 in violation;
\$3,400 collected for 643 women;
Two prosecutions—one completed, other pending;
Out-of-state operators are worst violators.
- "2. Apricot drying—Santa Clara Valley (season short):
40 sheds known; 200 to be surveyed to determine if commercial;
no sanitary facilities; wages low.
- "3. Blighted areas:
Sections in large cities, businesses conducted by foreign elements. Working conditions bad, wages low, hours long. Chinatown in San Francisco is a good example. Illegal homework prevalent.
- "4. Resorts:
All sections California—long hours, wages below minimum.
Frequent change of ownership makes reinspection necessary.

“5. Inspection Requested by Competitors :

One complaint often indicates necessity of cleaning up an entire industry or section.

“6. Restaurants, Rest Homes :

Largest source of complaints. Hours violations prevalent. Usually pay minimum wage or below.”

In our analysis of this division's proposed budget for the Fiscal Year 1952-53 we pointed out that the areas of activity open to the Division of Industrial Welfare are almost unlimited. In addition to enforcing Labor Code provisions regarding weight lifting and seating (Sections 1250-1256), eight-hour workday (Sections 1350-1356), and industrial homework (Sections 2650-2668), the division is the operating agent for the Industrial Welfare Commission in enforcing code provisions relating to wages, hours and working conditions of women and minors in which the commission is specifically charged (Section 1173) with continually ascertaining “the wages paid and the hours and conditions of labor and employment in the various occupations, trades and industries in which women and minors are employed in this State, and to investigate the comfort, health, safety, and welfare of such women and minors.” We further pointed out that in our opinion the need for added staff can be developed, under existing statutes, simply by extending the scope of activities into the many facets of the economy where women and minors are employed. When the possibilities for increased activities are as great as those enjoyed by this agency, little control over the scope of its program can be exerted except through the limitation of financial support.

The Division of Industrial Welfare provides primarily an inspectional service designed to act as a governor on the possibilities of excessive exploitation of working women. The State cannot conceivably assure that minor examples of exploitation will not occur.

We know of no significant change in the working conditions of women since last year. Nor do we believe that the complaint data provided indicates a real need for additional personnel in this agency.

Therefore, we recommend that the proposed positions and their attributive operating and equipment expenses be deleted from the budget.

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 in force 12 orders establishing minimum standards of working conditions for women and minors.

In past years we have recommended that the Division of Industrial Welfare be consolidated with the Division of Labor Law Enforcement because we see no justification for the expenditure of state money inherent in having two state agencies covering the same ground and attempting to achieve the same end merely because industry happens to employ both men and women.

DIVISION OF LABOR LAW ENFORCEMENT

Amount requested	\$590,407
Estimated to be expended in 1952-53 Fiscal Year	563,123
Increase (4.8 percent)	\$27,284

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$23,131	\$6,853	\$16,278	499	69
Operating expense	1,909	1,909	---	499	84
Equipment	2,244	2,244	---	500	8
Total increase	\$27,284	\$11,006	\$16,278		

RECOMMENDATIONS

Amount budgeted	\$590,407
Legislative Auditor's recommendation	574,165
Reduction	\$16,242

ANALYSIS

This division requests five additional positions as follows:

0.5 Deputy labor commissioner	\$2,616
1.0 Special investigator	4,092
2.5 Intermediate stenographer-clerks	6,930
1.0 Intermediate typist-clerk	2,640

The following table prepared by the agency is indicative of the complaint work load and employee productivity:

Complaints Handled per Deputy and Clerical Positions

Office	Complaints received wage and emp. agency controversies 1951-52 FY	Deputies *		Clerical *	
		Number Handling Complaints	Number complaints per Rank	Number Handling Complaints	Number complaints per Rank
Bakersfield	944	1	944 4	1½	628 6
El Centro	590	1	590 11	1	590 8
† Fresno	1,497	2	748 6	2½	598 7
Long Beach	1,925	2	963 3	2½	770 1
† Los Angeles	7,976	10	798 5	12	665 4
Oakland	2,048	3	641 ¹ 9	4	512 11
Sacramento	1,309	2	654 8	2	654 5
† San Bernardino	623	1	623 10	1½	416 13
San Diego	1,445	2	723 7	3	481 12
† San Francisco	3,438	6	573 13	6	573 10
San Jose	1,133	1	1,133 2	1½	756 2
Santa Barbara	580	1	580 12	1	580 9
Stockton	1,428	1	1,428 1 ‡	2	714 3
All offices	24,936	33	Avg. 755	40½	Avg. 615

* Does not include supervisors or deputy in San Francisco wholly chargeable to employment agency licensing nor clerical workers wholly chargeable to attorneys, licensing, or permit-issuance.

† Area headquarters office, therefore some of clerical help is chargeable to supervisor's dictation and number of complaints per clerical assistant should be interpreted accordingly.

‡ Area supervisor has been working approximately one-third to one-half time as deputy in Stockton in order to assist with heavy complaint load.

¹ This figure is in error (2048 ÷ 3 = 683).

Eureka Office

In its 1952-53 budget request the division asked for funds to establish a branch office in Eureka to serve Humboldt, Mendocino and Lake

Counties. The Legislature refused on the basis that the existing work load did not prove a need. This year the division is renewing its request. It contemplates an office consisting of one deputy labor commissioner and one intermediate stenographer-clerk (\$2,772). The division proposes to transfer a deputy labor commissioner to Eureka from the San Francisco office. Therefore, the request is limited to the clerical position and necessary operating expense.

The department reports that in 1951-52 wage claims in the Eureka area numbered 677 compared to 400 in 1950-51. In 1949-50 wage claims numbered 614, indicating a considerable degree of wage complaint instability. These complaints have been handled out of the San Francisco office and are a part of the San Francisco complaint work load shown in the previous table.

The division admits that it can transfer a deputy to Eureka. This would reduce the San Francisco work load by 677 complaints, leaving some 2,700 complaints for five deputies, or an average of approximately 550 each, which is still considerably below the state-wide average for all deputies.

There are six clerical positions in San Francisco, each of which is averaging 573 complaints on the basis of the present work load and, again, this includes the 677 cases for the Eureka area. If one clerical position were transferred from San Francisco to Eureka, the remaining five clerical positions would have an average case load of 550, which, again, is well below the state-wide average for all clerical positions.

On this basis, it is our opinion that the Eureka office can be established and manned with existing staff. Therefore, we recommend disapproval of the request for one intermediate stenographer-clerk (\$2,772) for this purpose.

Investigation of Farm Labor Contractors

The division requests one special investigator (\$3,900) to be assigned to investigate farm labor contractors in the San Joaquin Valley. At present the division has four such investigators, one of whom is assigned in the San Joaquin Valley. One-half of an intermediate stenographer-clerk (\$1,386) is requested in connection with the investigation program.

Insofar as we have been able to determine, there is no concrete information to substantiate a real need for additional investigators. The Department of Finance, in its analysis of this situation, points out that 1951-52 brought an increase of about 220 labor contractor licenses above that of the past year. This may be attributable to investigation activities. However, no specific indicative information of the problem appears available. The Department of Finance recommends "that the additional position be budgeted for the San Joaquin Valley as it is an acute problem area and that this terminate the expansion in the investigation staff until sufficient data are available to thoroughly analyze the problem to determine its nature and extent."

It is our recommendation that the proposed positions be deleted and that any additional staff be granted only after convincing data have been presented.

One additional intermediate typist-clerk (\$2,640) is requested to assist in processing the "ever increasing number of applications for farm labor contractor licenses" in the San Francisco office. We are not in possession of information proving this need. In view of the lack of informative data

regarding the entire farm labor contractor picture, we recommend disapproval of this position pending concise information.

We have already pointed out that the clerical complaint work load in San Francisco is below average for all clerical positions in the division. Perhaps a redistribution of work would solve any immediate clerical problem.

Los Angeles Office Work Load Increase

The division requests one intermediate stenographer-clerk (\$2,772) for its Los Angeles office. This position is justified on a work load basis, particularly in view of an opinion of the Attorney General (Opinion No. 52/35, dated July 21, 1952) which classifies all cases of nonpayment of employment agency fees as controversies and therefore the responsibility of the Labor Commissioner before any court action can be maintained in accordance with Section 1647 of the Labor Code.

It is apparent from the previous tabular work load information of the division that clerical personnel in the Los Angeles office are handling more than the average number of complaints. Any significant increase in work load would probably require an additional position.

It is also apparent that clerical personnel in the San Diego office are handling considerably less than the average number of complaints (481 complaints each compared to an average of 615).

It is our recommendation that the requested position for Los Angeles not be approved as a new budget position, but that one clerical position be transferred from San Diego to Los Angeles. This will increase the complaint load on the remaining San Diego clerical positions, but they will still be handling fewer cases than clerical positions at Long Beach and San Jose.

Additional Clerical Reduction

On the basis of the work load information previously cited, we make a further recommendation that one existing clerical position be deleted from the Oakland branch office. The work load information shows that three deputies and four clerical positions handle complaints in this office. The clerical load is less than the average throughout the division (512 vs. 615). The deletion of one position will result in a work load of 683 complaints each for the remaining positions. This is above the division average of 615 complaints per clerical position but is below the load carried by clerical positions in Long Beach, San Jose and Stockton.

This will result in a minimum state saving of \$2,772 per year.

Manual Revision

The division requests a part-time deputy labor commissioner (\$2,616) for one year to revise and bring up to date the division's interpretive and procedure manual. It is our understanding that the manual has not been revised for several years because of a staff shortage. It is our recommendation that this part-time position be approved for one year.

Transfer of Compensation Insurance Investigations

Under our analysis of Departmental Administration we recommend that two special investigators be approved as a means of assuring that workmen's compensation insurance requirements are enforced. We further recommend that these positions and this activity be transferred to the Division of Labor Law Enforcement.

We believe this is desirable for the following reasons:

1. By statute, this activity is a direct responsibility of the Director of Industrial Relations. However, as department head he is authorized to distribute activities within the department unless specifically prohibited by statute (Sections 55 and 3710). We know of no certain prohibition in this instance although Section 60 of the Labor Code may be so interpreted. Legislation may be needed for this purpose. It is our belief that the director should not personally conduct specific activities and supervise operating personnel. Therefore, we suggest that the activity be transferred.

2. The Division of Labor Law Enforcement is authorized, under Section 95 of the Labor Code, to enforce provisions of the Labor Code and all labor laws "not specifically vested in any other officer, board or commission." The division has a field staff consisting of some 40 deputies and investigators with ready and continuing access to places of employment. Augmentation of this staff by two investigators suggests a more productive approach to the problem of insurance enforcement. With all field agents of the division spending a small portion of their time on insurance activities, the final result should be more satisfactory than with two positions attempting to cover the entire State.

3. The Division of Labor Law Enforcement has a force of six attorneys. Legal advice, which has been provided by the legal unit of the Industrial Accident Commission, can be rendered by those attorneys in the same manner that they now provide assistance to the division's field staff, at a savings in legal staff for the Industrial Accident Commission.

Should the Legislature approve this proposal it can be put into effect by action of the Department of Finance and the Director of Industrial Relations provided Section 60 presents no problem.

DIVISION OF APPRENTICESHIP STANDARDS

Amount requested -----	\$572,029
Estimated to be expended in 1952-53 Fiscal Year -----	541,467
Increase (5.6 percent) -----	\$30,562

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$21,914	\$5,594	\$16,320	500	65
Operating expense -----	8,151	8,151	---	500	81
Equipment -----	497	497	---	501	8
Budget increase -----	\$30,562	\$14,242	\$16,320		
Add: Decreased federal reimbursements --	\$41,886	---	\$41,886	493	22
Total General Fund increase -----	\$72,448	\$14,242	\$58,206		

RECOMMENDATIONS

Amount budgeted -----	\$572,029
Legislative Auditor's recommendation -----	513,823
Reduction -----	\$58,206

ANALYSIS

The trend of growth in this agency continues to make increased demands on the General Fund. The apparent increase in the proposed budget of the Division of Apprenticeship Standards over 1952-53 is only \$30,562, or 5.6 percent. This is misleading. The actual increase in demands on the General Fund is nearly two and one-half times as much, or \$72,448.

Federal reimbursements for on-the-job training, paid under contract with the agency, are being withdrawn rapidly and the state General Fund is assuming the added cost each year. Since 1946-47, when the division entered a contract with the United States Veterans Administration to supervise business firms employing veterans of World War II in on-the-job training under Public Law 346/1945, California's General Fund has assumed the burden of increasing costs because of the decreasing number of participating veterans and the withdrawal of federal funds. This situation is continuing and will cost the General Fund an additional \$41,886 in 1953-54.

The following table shows the expenditures of the Division of Apprenticeship Standards from 1941-42 to date and compares the portions provided by the state General Fund and the Federal Government.

<i>Fiscal year</i>	<i>State funds apprenticeship</i>	<i>Federal grant on-the-job training</i>	<i>Decrease in federal money over preceding year</i>	<i>Total program expenditures</i>
1941-42	\$21,434	---	---	\$21,434
1942-43	27,147	---	---	27,147
1943-44	31,928	---	---	31,928
1944-45	32,934	---	---	32,934
1945-46	91,956	---	---	91,956
1946-47	296,288	\$110,220	---	406,508
1947-48	313,870	218,277	---	532,147
1948-49	323,433	212,887	\$5,390	536,320
1949-50	347,583	190,365	22,522	537,948
1950-51	330,408	172,084	18,281	502,492
1951-52	384,655	121,749	50,335	506,404
1952-53 (estimated)	459,167	82,300	39,449	541,467
1953-54 (proposed)	531,615	40,414	41,886	572,029

Compared to 1947-48, the peak year of federal participation in the apprenticeship program, the 1953-54 cost to the State for the activities of the Division of Apprenticeship Standards will have increased by \$217,745, or 69.4 percent. Eighty-two percent of this increase, or \$177,863, has resulted from the State assuming the added cost created by federal withdrawal. As a result, the state General Fund now supports approximately the same level of service as in 1947-48 when the program was extensively inflated by federal participation.

The inevitable result of this situation is that the State will shortly assume the entire burden formerly borne by the Federal Government and will thereby have a state apprenticeship program approximately twice as costly as the state program during the first year after World War II.

We again recommend that this practice be terminated and that the division's budget be reduced as the federal contributions decrease. In the proposed budget we recommend a reduction of \$41,866 on this basis.

While it is not reflected in this budget proposal, preparations are being made for the State to enter another contractual arrangement

with the Federal Government whereby it will supervise training activities for veterans of the Korean War under Public Law 550. When this proposal is effectuated, we recommend that its identity be maintained so that the positions may be isolated from the normal complement and abolished when federal funds run out.

The division has requested one additional field representative (\$5,232) and four additional intermediate stenographer-clerks (\$11,088) for the 1953-54 Fiscal Year.

The field representative and two intermediate stenographer-clerks are requested for activities concerning the deferment of apprentices from service with the armed forces. These positions have already been budgeted out of emergency funds as of October, 1952. It is our opinion that assisting in the procurement of a deferment constitutes a form of promotional activity designed to recruit or retain apprentices and should be absorbed within the present promotional costs of the division. A large segment (possibly 20 percent) of the total man hours now spent by the division is for purely promotional activities. On this basis, we recommend that the three positions with salaries and wages totaling \$10,776 and attributive operating and equipment expenses not be allowed.

The remaining two clerical positions are requested on the contention that a budget reduction in 1951 resulted in the deletion of these positions on the premise that the Federal Bureau of Apprentices would replace them. This did not come to pass and the positions are requested for the San Diego and Oakland offices.

On the basis of existing average ratios between field representatives and clerical positions the request is reasonable. However, we should like to point out that the 1951 reduction was the result of a compromise in which the division insisted upon reducing its clerical staff out of proportion to a reduction in its field representatives. A sufficient reduction in the number of field representatives would have prevented this disproportion in ratios.

On this basis we recommend disapproval of the request.

GENERAL SUMMARY

The creation of the Division of Apprenticeship Standards was authorized by Chapter 220, Statutes of 1939, effective September 19, 1939. The division parallels the service provided by the Division of Apprenticeship Standards, United States Department of Labor, which maintains a permanent staff of employees in California. 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 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 table shows the year-end trend in active apprentices from 1941 to date:

<i>Fiscal year</i>	<i>Active apprentices end of year</i>	<i>Fiscal year</i>	<i>Active apprentices end of year</i>
1941-42	4,976	1947-48	32,797
1942-43	5,402	1948-49	36,945
1943-44	3,627	1949-50	32,971
1944-45	4,415	1950-51	28,802
1945-46	12,446	1951-52	18,075
1946-47	24,772	Oct. 1952	18,170

We call attention to the continued decline of active apprentices since June, 1949. Since that time, the number of active apprentices has declined to the point where there are now less than half as many as there were three years ago.

DIVISION OF HOUSING

Amount requested	\$273,526
Estimated to be expended in 1952-53 Fiscal Year	253,382
Increase (8.0 percent)	\$20,144

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$13,864	\$13,864	---	501	48
Operating expense	5,831	5,831	---	501	62
Equipment	449	449	---	501	68
Total increase	\$20,144	\$20,144	---		

RECOMMENDATIONS

Amount budgeted	\$273,526
Legislative Auditor's recommendation	273,526
Reduction	None

ANALYSIS

Two additional housing inspectors (\$8,184) are requested to conduct inspections of labor camps that are used to house Mexican Nationals. Sections 2410 to 2425 of the Labor Code specify minimum requirements for the construction, maintenance and sanitation of labor camps and provide for enforcement by the Division of Housing.

The department states that the Farm Placement Service of the State Department of Employment requires prior approval of farm labor housing by the Division of Housing before approving an application for employment of Mexican Nationals. It is estimated that approximately 750 new labor camps for Mexican Nationals were established during the past year and that two additional housing inspectors can handle the added work. On this basis, we recommend approval of the amount requested by this division.

GENERAL SUMMARY

Sections 56 and 75 of the Labor Code provide for a Division of Housing and a Commission of Housing in the Department of Industrial Relations. In other states this function is generally administered by 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 of the department. In 1945 the Department of Industrial Relations was reconstituted and the commission was renamed 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 construction, 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 and motels in rural areas and auto and trailer parks throughout the State except in cities having and enforcing ordinances as stringent as the minimum state requirements.

Sections 2410 to 2425 of the Labor Code, which regulate labor camps and labor supply camps throughout the State.

DIVISION OF LABOR STATISTICS AND RESEARCH

Amount requested	\$262,302
Estimated to be expended in 1952-53 Fiscal Year	249,688
Increase (5.1 percent)	\$12,614

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$9,113	\$9,113	---	502	45
Operating expense	1,657	1,657	---	502	60
Equipment	1,844	1,844	---	502	66
Total increase	\$12,614	\$12,614	---		

RECOMMENDATIONS

Amount budgeted	\$262,302
Legislative Auditor's recommendation	262,302
Reduction	None

ANALYSIS

One new position of intermediate account clerk (\$2,640) is requested to meet the increased work load in the compilation of administrative statistics for the department. There is an expanded need for statistical information in the department, particularly for the Industrial Accident Commission and the Division of Labor Law Enforcement. Quarterly production reports for the Industrial Accident Commission have been

added during the past year and a program of reporting on wage complaint work load is in process for the Division of Labor Law Enforcement. We recommend approval of this budget request as submitted.

GENERAL SUMMARY

The Division of Labor Statistics and Research is required by Section 150 of the Labor Code 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.

Department of Industrial Relations
PAYMENT FOR ADDITIONAL WORKMEN'S COMPENSATION FOR SUBSEQUENT
INJURY AS PROVIDED BY SECTION 4751 OF THE LABOR CODE

ITEM 150 of the Budget Bill Budget page 503
Budget line No. 47

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

Amount requested	\$125,000
Estimated to be expended in 1952-53 Fiscal Year	105,000
Increase (19.0 percent)	\$20,000

RECOMMENDATIONS

Amount budgeted	\$125,000
Legislative Auditor's recommendation	125,000
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 procedure 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	47,309
1951-52	87,000	59,253
1952-53	75,000	105,000 (estimated)
1953-54 request	125,000	125,000 (estimated)

We call attention to an allocation of \$30,000 from the Emergency Fund during the current fiscal year to supplement the 1952-53 Budget Act appropriation of \$75,000.

With the exception of 1952-53, expenditures have been substantially less than amounts appropriated. It is difficult to forecast accurately the expenditures required under this provision of the statute. Amendments

approved at the 1949 and 1951 Session of the Legislature appear to have increased the number of subsequent injury claims.

We recommend approval of the amount as requested.

GENERAL SUMMARY

Chapter 339, Statutes of 1911, provided that where a combination of antecedent and subsequent injuries existed, the employer at the time of the subsequent injury was liable only for the disability caused by the subsequent injury on the same basis as if no prior injury had occurred. The employee, therefore, was without relief where the degree of disability for the combined injuries exceeded the degree of disability caused by each injury considered separately.

By Chapter 222, Statutes of 1929, the Legislature attempted to relieve disabled employees in this category. A subsequent injuries fund was established by this act which was to be financed by charges of \$300 against employers where employees were killed and left no dependents. This act was declared unconstitutional by the State Supreme Court (*Commerce Casualty Insurance Company v. Industrial Accident Commission* (1930) 211 Cal. 210) on the grounds that it violated Section 21, Article XX of the Constitution.

No further action was taken until 1945 when the Legislature, by Chapter 1161, Statutes of 1945, provided that state funds would be used to finance the additional liability growing out of subsequent injuries. Since that time appropriations have been made from the General Fund for this purpose.

On October 26, 1951, we submitted to the Joint Legislative Budget Committee a report entitled *State Liability and Appropriations for Subsequent Injuries Under Workmen's Compensation in California*. That report examines the legal basis, purpose, costs and administration of California's subsequent injuries support from the General Fund and compares this method of financing with those used in other states.

Of the forty-one states having subsequent injuries programs, California is one of two that provides the entire financial support from the General Fund. Twenty-five states finance subsequent injuries entirely, or in large part, from direct charges against employers, the most common practice being to require the employer to pay into a subsequent injuries fund an established amount where one of his employees is killed and leaves no dependent who would otherwise receive the death benefit. Two other important methods of financing subsequent injuries are (1) small percentage levies against insurance carriers and self-insurers based upon the amount of awards for permanent partial disability (four states), and (2) small percentage levies against carriers and self-insurers based upon total compensation payments or on premiums received (eight states).

In that report we further pointed out that Section 21, Article XX of the Constitution presently prevents any system of charges against employers or carriers for payment of subsequent injuries claims. However, the liabilities growing out of a combination of antecedent and subsequent injuries are merely another phase of workmen's compensation, the cost of which reasonably should be considered a part of the cost of doing business rather than a charge against the taxpayers of the State. On this basis, we believe it is desirable that some method be effectuated whereby the

State's General Fund liability for subsequent injuries can be terminated. It is therefore our recommendation that the appropriate constitutional amendment be presented to the electorate.

STATE FIRE MARSHAL

ITEM 151 of the Budget Bill

Budget page 504
Budget line No. 6

For Support of State Fire Marshal From the General Fund

Amount requested -----	\$308,030
Estimated to be expended in 1952-53 Fiscal Year -----	280,277
<hr/>	
Increase (9.9 percent) -----	\$27,753

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$16,719	\$12,723	\$3,996	504	78
Operating expense -----	2,690	2,690	---	505	17
Equipment -----	8,344	6,744	1,600	505	19
<hr/>					
Total increase -----	\$27,753	\$22,157	\$5,596		

RECOMMENDATIONS

Amount budgeted -----	\$308,030
Legislative Auditor's recommendation -----	302,434
<hr/>	
Reduction -----	\$5,596

ANALYSIS

The cost of the activities of the Office of the Fire Marshal is proposed to be increased during the 1953-54 Fiscal Year by \$27,753 or approximately 9.9 percent over the cost of the level of activity authorized by the Legislature for the current fiscal year. The increase is occasioned partially by normal merit salary adjustments for the existing authorized staff and increases in operating expenses and equipment occasioned both by the anticipation of certain price rises and the need to replace three automobiles, but largely as a result of the proposal that the staff be increased by three positions, two of which would be deputy state fire marshals, Grade I, and one would be a fire prevention engineer.

The additional positions are being justified by the Office of the Fire Marshal on the basis of a presumed work load. In support of the work load numerous tables have been submitted which, as in prior years, we find difficult to accept both as to accuracy and premise. For instance, in one table there is indicated that the total number of public and private school occupancies for the 1951-52 Fiscal Year was 2,330, a figure designated as an actual count for that fiscal year. For the same fiscal year the total number of units of work actually expended in field inspections and enforcement was 40,158. A unit of work is described, for ease in calculation, as a period of six minutes. For the current 1952-53 Fiscal Year the total number of occupancies is indicated as 2,075. For the 1953-54 Fiscal Year the figure 2,330 is again indicated and footnoted to the effect that this number was obtained from county records for 1952 and that no estimates are made of increases in occupancy that will obviously occur. Nevertheless, for the 1953-54 Fiscal Year, it is estimated that the number of work units necessary to provide field