

California Highway Patrol—Continued

The position of key punch operator is requested on the basis of work load. We recommend deletion of this position because we feel the justification of work load is unsatisfactory. No explanation of what work load is expected to increase has been provided. There has been no showing that the existing procedures have been reviewed and that the procedures are incapable of absorbing the additional work load. Furthermore, we recommend that the work being done by the Mechanical Analysis Section be completely reviewed by the department to determine the necessity of all the statistics being accumulated.

*Training Academy* ----- *Reduction \$3,372*

An analysis of the kitchen staff of the California Highway Patrol Training Academy reveals that it is adequate and that the position of cook should not be allowed. In comparison with the standards in the institutions for the number of cooks required to maintain an adequately staffed kitchen, the cooking staff at the academy is more than adequate.

**DEPARTMENT OF INDUSTRIAL RELATIONS**

ITEM 144 of the Budget Bill

Budget page 490  
Budget line No. 33

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

Amount requested .....	\$5,460,813
Estimated to be expended in 1953-54 Fiscal Year .....	5,320,821
Increase (2.6 percent) .....	\$139,992

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages .....	\$88,594	\$88,594	---	499	21
Operating expense .....	56,595	41,920	\$14,675	499	22
Equipment .....	-46,225	-46,225	---	499	23
Plus: Decrease in federal reimbursements to Division of Apprenticeship Standards .....	41,028	---	41,028	499	27
<b>Total increase .....</b>	<b>\$139,992</b>	<b>\$84,289</b>	<b>\$55,703</b>	<b>499</b>	<b>35</b>

**RECOMMENDATIONS**

Amount budgeted .....	\$5,460,813
Legislative Auditor's recommendation .....	5,200,630
Reduction .....	\$260,183

**ANALYSIS**

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

Division	Recommended Reductions			Total
	Salaries and wages	Operating expense	Equipment	
Administration .....	\$5,703	\$4,675	—	\$10,378
Industrial Accidents .....	20,282	10,000	—	30,282
Apprenticeship Standards ..	—	—	—	219,523
<b>Total reduction .....</b>				<b>\$260,183</b>

Department of Industrial Relations—Continued  
General Considerations

In our analyses the past few years we have stressed the need for a study of the organizational structure of the Department of Industrial Relations and raised certain questions that we felt should be answered by such a study. The following are some of the questions that appear to be important:

1. Should division chiefs continue to be appointed by and serve at the pleasure of the Governor?
2. Is it necessary or desirable to have 40 Governor's appointees in a single department?
3. Should the department and division headquarters be located in Sacramento, the state capitol?
4. 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?
5. Upon what standards does the department base its decision as to the need for establishing branch offices of the various divisions?
6. Have state and federal responsibility in connection with conciliation services, apprenticeship, and labor statistics been clarified adequately?
7. Are the enforcement powers of the various divisions of the department sufficient to permit them to function effectively?
8. 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?
9. Is there a real need for both a Division of Labor Law Enforcement and a Division of Industrial Welfare?
10. 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?
11. To what extent is it feasible to simplify the legal procedures involved in the settlement of claims for workmen's compensation?

Attention is directed also to the revenues of the department. It is estimated that revenues will amount to \$246,375 during 1954-55. Various fees charged for inspection and licensing services account for the major portion of this sum. In order that the adequacy of the fees may be evaluated, we recommend that prior to the 1955 Session of the Legislature the Department of Finance review the fees charged by the Division of Housing, the Division of Industrial Safety, the Division of Industrial Accidents, the Division of Industrial Welfare, and the Division of Labor Law Enforcement to determine the extent to which the sums collected in fees cover the actual cost of the services for which the fees are paid.

**Department of Industrial Relations**  
**DIVISION OF ADMINISTRATION**

Amount requested -----	\$574,631
Estimated to be expended in 1953-54 Fiscal Year -----	570,956
Increase (0.6 percent) -----	\$3,675

## Division of Administration—Continued

## Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$5,421	\$5,421	---	491	49
Operating expense -----	21,231	16,556	\$4,675	491	70
Equipment -----	22,977	22,977	---	491	78
Total increase -----	\$3,675	-\$1,000	\$4,675	491	86

## RECOMMENDATIONS

Amount budgeted -----	\$574,631
Legislative Auditor's recommendation -----	564,253
Reduction -----	\$10,378

## ANALYSIS

## Summary of Recommended Reductions

	Amount	Budget Page	Line No.
Salaries and wages			
1 Business service officer II -----	\$5,703	491	22
Operating expense			
Renovations—leased quarters -----	4,675	491	66
Total reduction -----	\$10,378		

No new positions are requested for the Division of Administration. Aside from an increase of \$5,421 in salaries and wages due to merit salary adjustments, there is a requested increase in operating expense of \$21,231, balanced by a reduction of \$22,977 in the equipment request. The additional operating expense results mainly from increases of \$14,664 in rent and \$6,175 in the amount budgeted for renovation of leased quarters.

Provision was made in the 1953-54 budget for a new position of Business Service Officer II. This was proposed on the basis that the person filling the position would act as coordinator of housekeeping services in the department's Los Angeles headquarters. Creation of this position was intended to facilitate the consolidation of such activities as maintaining personnel and equipment records, procurement, mimeographing, mailing, etc. Subject to certain reservations, we recommended approval of the position last year. However, the department has not taken any positive action to consolidate these housekeeping functions, and the position has not been filled. At present five divisions of the department have offices in the State Building and two others are situated in the Black Building, which raises the question of the extent to which a Business Service Officer II could be effective in consolidating housekeeping activities when the various divisions are not even located in the same building. From these facts we have concluded that authorization of the position was premature, and we recommend that it be eliminated, thus saving \$5,703.

The budget provides \$7,675 for renovation of leased quarters, an increase of \$6,175 over the estimated expenditure for this purpose during the current fiscal year. This is also considerably more than the average expenditure during the past few years, as shown in the following table:

Division of Administration—Continued

Department of Industrial Relations Expenditures for  
Renovation of Leased Quarters

1950-51 (actual)-----	\$1,078
1951-52 (actual)-----	2,179
1952-53 (actual)-----	2,165
1953-54 (estimated)-----	1,500
1954-55 (proposed)-----	7,875

In our opinion insufficient justification has been presented for an increase of this magnitude. In the absence of such justification we believe that the amount budgeted for 1954-55 should be reasonably consistent with the expenditure requirements of prior years and recommend that the item be reduced to \$3,000, thus saving \$4,675.

It is possible that substantial savings might result from organizing automotive pools in San Francisco and Los Angeles to replace the present system of assigning cars to individuals. We believe that this possibility should be explored and recommend that the Department of Finance make a study of the feasibility of (1) expanding the present pool operations of the Department of Finance in these two locations to include the vehicles assigned to the Department of Industrial Relations, and (2) establishing a pool operation within the Department of Industrial Relations, in the event that the first proposal proves to be unsound.

Except for the above reductions, we recommend approval of the budget as submitted.

Department of Industrial Relations  
DIVISION OF CONCILIATION

Amount requested-----	\$103,033
Estimated to be expended in 1953-54 Fiscal Year-----	101,688
Increase (1.3 percent)-----	\$1,345

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages-----	\$1,565	\$1,565	---	492	20
Operating expense-----	550	550	---	492	35
Equipment-----	—770	—770	---	492	41
Total increase-----	\$1,345	\$1,345	---	492	48

RECOMMENDATIONS

Amount budgeted-----	\$103,033
Legislative Auditor's recommendation-----	103,033
Reduction-----	None

ANALYSIS

The budget request of the Division of Conciliation provides for continuation of the program at its present level. The increase of \$1,345 is due chiefly to merit salary adjustments.

The basic functions of the service are stated in Section 65 of the Labor Code. As originally enacted by the Legislature in 1939, this

**Division of Conciliation—Continued**

statute provided that a joint request of the parties to a labor dispute was required to secure intervention by the department. For eight years Section 65 was dormant largely because parties who were in disagreement over bargaining issues were unwilling to agree on a request to a public agency for the appointment of a conciliator. In order to overcome this difficulty the Legislature in 1947 amended Section 65 to make a state conciliator available upon request of any party to a labor dispute. With this change in the condition of intervention, the reluctance of parties to seek the assistance of the State in settling labor disputes disappeared. The State Conciliation Service was established in that same year.

Section 65 was amended further by the Legislature in 1949 to provide that in the absence of a request for intervention, the service may proffer its facilities when a work stoppage is threatened, and, if acceptable to both parties, the service may intervene. If either party specifically rejects such intervention, however, the State Conciliation Service will not participate in the negotiations.

Approximately 25 percent of the 1,420 dispute cases in which the Conciliation Service intervened between September, 1947 and the end of 1952 resulted from employer requests or from joint requests of employers and unions. The remaining 75 percent were originated by requests from unions. As a practical matter, the voluntary consent of the non-requesting party has been essential to effective conciliation.

The primary concern of the Conciliation Service is the prevention of work stoppages. In attempting to fulfill this purpose it provides not only conciliation facilities, but sometimes assists with the arrangements for arbitration proceedings where both parties desire to arbitrate certain issues. Upon joint request of parties in collective bargaining relationship, the Conciliation Service supervises elections to determine the desires of employees as to representation, union security, or other subjects. It investigates threatened or actual work stoppages and proffers its services to the parties to the disputes. In addition, the service endeavors to foster sound union-employer relations through the collective bargaining process.

The Federal Mediation and Conciliation Service performs a similar function in California. The areas of responsibility of these two agencies are not entirely clear. A memorandum of agreement signed by the two services in 1952 attempted to clarify the situation. This agreement provided that "if the effect of a dispute upon interstate commerce or upon the defense effort appears to be minor, the parties are referred to the state service; if the effect upon interstate commerce or the defense effort is greater than minor, the federal service proceeds to handle the matter." Definition of a minor effect appears to rest with the federal service. At the 1953 Session the Senate Finance Committee requested the Department of Finance to examine thoroughly the activities of the Federal Mediation and Conciliation Service to determine whether California is assuming activities which belong to the Federal Government. No report has been received on this matter to date.

We recommend approval of the amount requested.

**Department of Industrial Relations  
DIVISION OF INDUSTRIAL ACCIDENTS**

Amount requested.....	\$1,620,741
Estimated to be expended in 1953-54 Fiscal Year.....	1,591,642
Increase (1.8 percent).....	\$29,099

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages.....	\$28,722	\$28,722	---	493	27
Operating expense.....	15,524	5,524	\$10,000	493	43
Equipment.....	-15,147	-15,147	---	493	49
Total increase.....	\$29,099	\$19,099	\$10,000	493	56

**RECOMMENDATIONS**

Amount budgeted.....	\$1,620,741
Legislative Auditor's recommendation.....	1,590,459
Reduction.....	\$30,282

**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.

**ANALYSIS**

**Summary of Recommended Reductions**

	Amount	Budget Page	Line No.
Salaries			
1 Chief counsel.....	\$11,970	492	71
Replace 2 associate counsel with 2 compensation claims adjutor II.....	8,312	492	73
Operating expense			
Reduce contractual service-medical examinations.....	10,000	493	41
Total reduction.....	\$30,282		

The budget of the Division of Industrial Accidents provides for an increase of \$29,099 during the 1954-55 Fiscal Year. No new positions have been requested, and most of the increase is the result of merit salary adjustments. An increase in operating expenses of \$15,524 is due to a proposed expansion of contractual medical services in the

**Department of Industrial Relations  
DIVISION OF INDUSTRIAL SAFETY**

Amount requested ----- \$1,130,525  
 Estimated to be expended in 1953-54 Fiscal Year ----- 1,110,615

Increase (1.8 percent) ----- \$19,910

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$16,558	\$16,558	---	494	34
Operating expense -----	7,459	7,459	---	494	51
Equipment -----	-4,107	-4,107	---	494	58
<b>Total increase -----</b>	<b>\$19,910</b>	<b>\$19,910</b>	<b>---</b>	<b>494</b>	<b>66</b>

**RECOMMENDATIONS**

Amount budgeted ----- \$1,130,525  
 Legislative Auditor's recommendation ----- 1,130,525

Reduction ----- None

**GENERAL SUMMARY**

The Division of Industrial Safety was created as a part of the Department of Industrial Relations by an act of the Legislature in 1945. Its functions previously were exercised by the Industrial Accident Prevention Bureau, which had its origin in 1914 within the Industrial Accident Commission.

Minimum standards of safety, or safety orders, are established for all phases of industrial activity. These orders, once the need for them is determined, are created only after several steps: research and study; discussion at committee meetings where labor, management, the industry concerned, and all others interested are present; public hearings in San Francisco and Los Angeles; and submission to the Industrial Safety Board, which must approve orders before they become effective.

Aside from enforcing these safety orders, most of the work of the division is centered around the promotion of safety programs in industry and the extension of safety education.

**ANALYSIS**

The budget of the Division of Industrial Safety provides for maintaining the program at its current level. No new positions have been requested. Most of the \$19,910 increase is due to merit salary adjustments. An increase of \$7,459 in operating expense results chiefly from increasing the allowance for traveling by \$3,656 and automobile operation by \$3,902.

At the 1953 Session the Senate Finance Committee made the following request, as printed in the Senate Journal on June 6, 1953:

"The Department of Finance and the Division of Industrial Safety were requested to develop information outlined on page 264 of the Legislative Auditor's 1953-54 Analysis and submit a comprehensive report to the Legislature at the 1954 Session as a basis for future staffing of the division."

The completion of this report will undoubtedly be of material assistance to the Legislature in evaluating the activities of this division.

We recommend approval of the budget as submitted.

**Department of Industrial Relations  
DIVISION OF INDUSTRIAL WELFARE**

Amount requested .....	\$265,109
Estimated to be expended in 1953-54 Fiscal Year .....	257,975
<b>Increase (2.8 percent) .....</b>	<b>\$7,134</b>

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages .....	\$5,841	\$5,841	---	495	17
Operating expense .....	749	749	---	495	32
Equipment .....	544	544	---	495	38
<b>Total increase .....</b>	<b>\$7,134</b>	<b>\$7,134</b>	<b>---</b>	<b>495</b>	<b>45</b>

**RECOMMENDATIONS**

Amount budgeted .....	\$265,109
Legislative Auditor's recommendation .....	265,109
<b>Reduction .....</b>	<b>None</b>

**ANALYSIS**

The Division of Industrial Welfare has not requested any additional positions for the 1954-55 Fiscal Year. Most of the proposed increase is due to merit salary adjustments.

This agency is responsible for the administration and enforcement of laws and the issuance of orders relating to minimum wages, the Eight-Hour Law for Women, the Weight Lifting and Seating Law for Women, and the Industrial Homework Act. The work program consists of making inspections of establishments employing women and minors, issuing citations and holding hearings on disputed or controversial cases, and referring cases of wilful and persistent violators for prosecution.

In previous analyses we have pointed out that the statutory authorization for the activities of this division are sufficiently broad that little control can be exerted over the scope of its program except through the limitation of financial support. Some reductions were made in the budget last year, and this budget request provides for a continuation of that legislative policy.

We recommend approval of the budget as submitted.

**Department of Industrial Relations  
DIVISION OF LABOR LAW ENFORCEMENT**

Amount requested .....	\$625,510
Estimated to be expended in 1953-54 Fiscal Year .....	611,155
<b>Increase (2.3 percent) .....</b>	<b>\$14,355</b>

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages .....	\$8,586	\$8,586	---	495	85
Operating expense .....	4,745	4,745	---	496	17
Equipment .....	1,024	1,024	---	496	23
<b>Total increase .....</b>	<b>\$14,355</b>	<b>\$14,355</b>	<b>---</b>	<b>496</b>	<b>31</b>



Division of Labor Law Enforcement—Continued

RECOMMENDATIONS

Amount budgeted .....	\$625,510
Legislative Auditor's recommendation .....	625,510
Reduction .....	None

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 functions of the division fall into the following categories: (1) Enforcement of laws relating to payment of wages, including collection of unpaid wages; (2) Licensing and regulation of private employment agencies, and determination of controversies relative to employment agency fees; (3) Licensing and regulation of farm labor contractors; (4) Enforcement of child labor laws; (5) Enforcement of the compulsory insurance requirements of the workmen's compensation law, and (6) Enforcement of a variety of other labor laws.

The majority of complaints concerning labor law violations filed with the division are for failure to pay wages. In cases of this kind the deputy labor commissioner first satisfies himself that the dispute is a valid one. He then holds a hearing and considers the evidence presented by the employer and by the claimant. Upon conclusion of the hearing, the deputy renders a decision. If the decision of the deputy is contested or if the employer is either unable or unwilling to comply with the decision, the case is carried to a trial court.

ANALYSIS

Most of the increase of \$14,355 requested for the Division of Labor Law Enforcement is accounted for by merit salary adjustments, although additional funds have been budgeted for automobile operation, traveling and postage, based on work load justification.

We recommend approval of the budget as submitted.

**Department of Industrial Relations**  
**DIVISION OF APPRENTICESHIP STANDARDS**

Amount requested .....	\$557,644
Estimated to be expended in 1953-54 Fiscal Year .....	509,921
Increase (9.4 percent) .....	\$47,723

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages .....	\$7,328	\$7,328	---	496	73
Operating expense .....	342	342	---	497	18
Equipment .....	-975	-975	---	497	24
Budget increase .....	\$6,695	\$6,695	---	497	26
Plus:					
Decrease in reimbursements from Veterans Administration .....	\$41,028	---	\$41,028	497	30
Total increase .....	\$47,723	\$6,695	\$41,028	497	34

## Division of Apprenticeship Standards—Continued

## RECOMMENDATIONS

Amount budgeted .....	\$557,644
Legislative Auditor's recommendation .....	338,121
Reduction .....	\$219,523

## ANALYSIS

The growth pattern of the Division of Apprenticeship Standards is a striking example of a program that expanded with the help of federal funds and did not contract as federal funds were withdrawn. The result has been that increasing demands have been made on the General Fund for support of this agency during the past few years.

In order to understand the manner in which this has occurred, it is desirable to review briefly the history of the agency. The California Apprentice Labor Standards Act became effective in September, 1939. Under its terms a State Apprenticeship Council was established within the Department of Industrial Relations to encourage the training of young men and women who desired through apprenticeship to become fully skilled journeymen in trades taking from one to six years to learn.

The Apprenticeship Council is composed of 11 members, nine of whom are appointed by the Governor: four representatives each from employer and employee organizations and one from the general public, with the Director of Industrial Relations and the Chief of the Bureau of Trade and Industrial Education, State Department of Education, serving as ex officio members. The Director of Industrial Relations is also designated by law as the Administrator of Apprenticeship. The Division of Apprenticeship Standards is the agency established to carry out and administer the act.

The council establishes standards and policies governing such matters as minimum wages, hours, and working conditions for apprentices. It is the duty of the staff of the Division of Apprenticeship Standards to supervise the training agreements and ensure compliance with the standards that have been established. Apprenticeship standards may be established for a group of firms in a particular industry, a single trade, or an individual firm covering one or more trades. A certificate of completion is issued to apprentices who have completed successfully their terms of apprenticeship, as required by an agreement registered with the Division of Apprenticeship Standards.

During the 1946-47 Fiscal Year the division entered into a contract with the Veterans Administration to supervise business firms employing veterans of World War II in on-the-job training under Public Law 346 (G.I. Bill). The expenditures of the agency rose sharply from \$91,956 during 1945-46 to \$406,508 in 1946-47. The latter figure included a federal grant of \$110,220. The number of active apprentices rose steadily through 1948-49, but subsequently the number of apprentices under supervision began to decline. In the space of a few years the number of active apprentices fell from 36,945 to 18,297, and yet the expenditure level of this agency is higher now than it was at the time the maximum number of apprentices were in training. Although the contractual service for the Veterans Administration under Public Law 346

## Division of Apprenticeship Standards—Continued

is to terminate during the current fiscal year, a new contract has been negotiated based upon Public Law 550, which provides essentially the same benefits for veterans of the Korean War. The Division of Apprenticeship Standards and the Department of Finance are endeavoring to isolate the costs connected with this program, so that the appropriate reductions can be made when federal funds are withdrawn.

The pattern of increasing expenditures with a decreasing work load is illustrated clearly in Table I below:

TABLE I

<i>Fiscal year</i>	<i>State funds</i>	<i>Federal grant on-the-job training</i>	<i>Total program expenditures</i>	<i>Active apprentices end of year</i>	<i>Amount expended per apprentice</i>
1941-42	\$21,434		\$21,434	4,976	\$4.85
1942-43	27,147		27,147	5,402	5.03
1943-44	31,928		31,928	3,627	8.80
1944-45	32,934		32,934	4,415	7.64
1945-46	91,956		91,956	12,446	7.39
1946-47	296,288	\$110,220	406,508	24,772	16.41
1947-48	313,370	213,277	532,147	32,797	16.23
1948-49	323,433	212,887	536,320	36,945	14.52
1949-50	347,583	190,365	537,948	32,971	16.32
1950-51	330,408	172,084	502,492	28,802	17.45
1951-52	384,655	121,749	506,404	18,075	28.02
1952-53	454,730	102,852	557,984	18,297	30.50
1953-54 (estimated)	509,921	110,178	620,599	18,199	34.10
1954-55 (estimated)	557,644	69,150	627,294	18,101	34.66

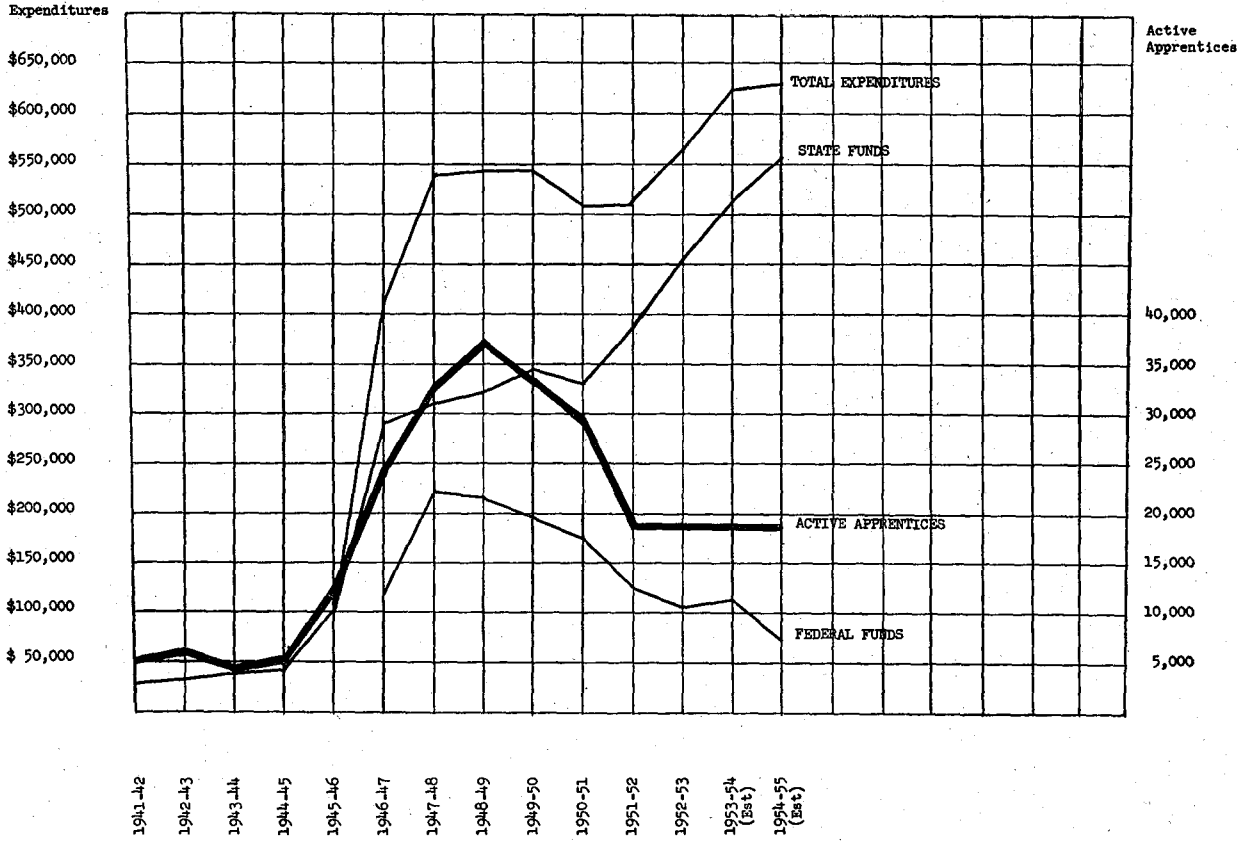
Table I is presented graphically on page 293.

Maintaining expenditures at the high level established in 1948-49 while the number of active apprentices was decreasing by one-half had the effect of allowing the division approximately a 100 percent improvement in the level of service. This is evident from the following table showing the ratios of technical staff and total staff to the number of apprentices:

TABLE II

<i>Fiscal year</i>	<i>Active apprentices end of year</i>	<i>Technical staff</i>	<i>Clerical staff</i>	<i>Total staff</i>	<i>No. of apprentices per member of technical staff</i>	<i>No. of apprentices per member of total staff</i>
1941-42	4,976	3	6	9	1,659	553
1942-43	5,402	3	6	9	1,801	600
1943-44	3,627	3	6	9	1,209	403
1944-45	4,415	3	5	8	1,472	552
1945-46	12,446	10	7	17	1,245	732
1946-47	24,772	41	36	79	604	314
1947-48	32,797	58	59	117	565	280
1948-49	36,945	57	60	117	648	316
1949-50	32,971	57	60	117	578	282
1950-51	28,802	50	58	108	576	267
1951-52	18,075	49	51	100	369	181
1952-53	18,297	50	52	102	366	179
1953-54 (estimated)	18,199	57	54	111	319	164
1954-55 (estimated)	18,101	57	54	111	318	163

NUMBER OF ACTIVE APPRENTICES AND EXPENDITURES OF DIVISION OF APPRENTICESHIP STANDARDS—1941-1955



Division of Apprenticeship Standards—Continued

**Division of Apprenticeship Standards—Continued**

In our opinion this significant decline in work load should not be ignored, and the expenditures of the Division of Apprenticeship Standards should be reduced to a more reasonable level. It is recommended that the amount budgeted for support of this agency be based upon an average annual expenditure of \$21 per active apprentice. This figure is derived from a weighted average of the total amount expended per apprentice during the five-year period from 1946-47 through 1950-51. The average figure has been increased by 30 percent to allow for wage, salary, and price increases through 1953, which appears to be a liberal adjustment for that purpose. In computing the estimated number of active apprentices for 1954-55 we have eliminated those covered by Public Law 550, approximately 2,000 in number, since the federal grant is supposed to cover the cost of their training. This leaves a balance of 16,101 apprentices whose supervision will be a state responsibility, resulting in an estimated cost of \$338,121.

We recommend that the sum of \$338,121 be appropriated for support of this division during the 1954-55 Fiscal Year, saving \$219,523. It is recommended further that the decision as to the specific reductions required to implement the recommendation be left to the agency and the Department of Finance.

**Department of Industrial Relations  
DIVISION OF HOUSING**

Amount requested -----	<b>\$306,372</b>
Estimated to be expended in 1953-54 Fiscal Year -----	296,158
 Increase (3.4 percent) -----	 <b>\$10,214</b>

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$9,131	\$9,131	---	497	65
Operating expense -----	1,837	1,837	---	497	79
Equipment -----	-754	-754	---	498	8
 Total increase -----	 \$10,214	 \$10,214	 ---	 498	 15

**RECOMMENDATIONS**

Amount budgeted -----	<b>\$306,372</b>
Legislative Auditor's recommendation -----	306,372
 Reduction -----	 None

**GENERAL SUMMARY**

Sections 56 and 75 of the Labor Code provide for a Division of Housing and a Commission of Housing. The five members of the commission are appointed by and hold office at the pleasure of the Governor. The commission is empowered to determine policies for the guidance of the division in all matters concerning the administration of the laws which the division is to enforce.

The 1913 Legislature created a Commission of Immigration and Housing. In 1927 the Department of Industrial Relations was created,

Division of Housing—Continued

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.

The chief of the division is appointed by the Governor and 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 and 2425 of the Labor Code, which regulate labor camps and labor supply camps throughout the State.

**ANALYSIS**

It is proposed in the budget to continue the program of the Division of Housing at its current level during the 1954-55 Fiscal Year. The total increase of \$10,214 is made up mostly of merit salary adjustments. No new positions have been provided for in the budget.

We recommend that the budget of this agency be approved as submitted.

**Department of Industrial Relations  
DIVISION OF LABOR STATISTICS AND RESEARCH**

Amount requested -----	\$277,248
Estimated to be expended in 1953-54 Fiscal Year -----	270,711
Increase (2.4 percent) -----	\$6,537

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$5,442	\$5,442	---	498	60
Operating expense -----	4,158	4,158	---	498	75
Equipment -----	-3,063	-3,063	---	499	9
Total increase -----	\$6,537	\$6,537	---	499	11

**RECOMMENDATIONS**

Amount budgeted -----	\$277,248
Legislative Auditor's recommendation -----	277,248
Reduction -----	None

**ANALYSIS**

The Division of Labor Statistics and Research is charged by Section 150 of the Labor Code “\* \* \* to collect, compile and present facts and statistics relating to the condition of labor in the State, including information as to employment, unemployment, hours, wages, earnings, cost of living, labor supply and demand, industrial relations, industrial

Division of Labor Statistics and Research—Continued

disputes, industrial accidents and safety, labor productivity, sanitary and other conditions, prison labor, and such other matters in relation to labor as the Director of Industrial Relations deems desirable." 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 U. S. Bureau of Labor Statistics in the collection and presentation of certain data.

No new positions have been requested for this division during the 1954-55 Fiscal Year, and most of the requested increase of \$6,537 is accounted for by merit salary adjustments. The additional operating expense is offset for the most part by a reduction in the amount budgeted for equipment.

Report No. A. N. 635, issued by the Management Analysis Section of the Department of Finance on October 7, 1953, recommended increased mechanization in the Division of Labor Statistics and Research. The additional use of machines will make it possible to eliminate five existing intermediate clerk positions, for a net saving of \$508.50 per month. The machines will probably not be available to the division until mid-1955, so that it is doubtful whether the change can be accomplished prior to the 1955-56 Fiscal Year. If the data on employment statistics now being compiled manually can be compiled equally well and at less cost by greater use of machines, we recommend that the change be made.

We recommend approval of the budget as submitted.

**Department of Industrial Relations**

**PAYMENT 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 490  
Budget line No. 24

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

Amount requested .....	\$225,000
Estimated to be expended in 1953-54 Fiscal Year .....	170,000
Increase (32.4 percent) .....	\$55,000

**RECOMMENDATIONS**

Amount budgeted .....	\$225,000
Legislative Auditor's recommendation .....	225,000
Reduction .....	None

**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.

**Payment for Additional Workmen's Compensation—Continued**

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, this office 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 41 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.

**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 impair-



Payment for Additional Workmen's Compensation—Continued

ment 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	115,333
1953-54 (estimated) -----	125,000	170,000
1954-55 (estimated) -----	225,000	225,000

During 1952-53 an allocation of \$55,000 was made from the Emergency Fund, of which \$14,667 reverted to the General Fund. In 1953-54 it anticipated that it will be necessary to augment the Budget Act appropriation for this item with a \$45,000 allocation from the Emergency Fund.

Prior to the 1952-53 Fiscal Year expenditures were 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 Sessions of the Legislature appear to have increased the number of subsequent injury claims.

We recommend approval of the amount requested.

**STATE FIRE MARSHAL**

ITEMS 146-147 of the Budget Bill

Budget page 501  
Budget line No. 14 and 21

*For Support of State Fire Marshal From the General and Fairs and Expositions Funds*

Amount requested -----	\$322,856
Estimated to be expended in 1953-54 Fiscal Year -----	322,414
Increase (0.01 percent) -----	<b>\$442</b>

**Summary of Increase**

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$6,196	\$6,196	---	502	15
Operating expense -----	-5,217	-5,217	---	502	39
Equipment -----	-5,537	-5,537	---	502	48
Decreased reimbursements -----	5,000	5,000	---	502	54
Total increase -----	<b>\$442</b>	<b>\$442</b>	---		

**RECOMMENDATIONS**

Amount budgeted -----	\$322,856
Legislative Auditor's recommendation -----	268,616
Reduction -----	<b>\$54,240</b>