

Department of California Highway Patrol—Continued

In addition to the effectiveness demonstrated by highway improvements, we believe that more rigid requirements for driver's license and electronic speed control equipment can substantially affect death and accident rates, based on experience in other states.

We, therefore, recommend deletion of 24 proposed traffic sergeants and 246 traffic officers budgeted to cost \$82,440 and \$662,658 respectively and related positions, operating expense and equipment.

We believe consideration should be given to use by the State of present manpower, such as the National Guard, for holidays. This would increase the manpower with little additional cost during critical periods. The State of Michigan augmented their force of 378 troopers by 682 National Guardsmen during the Labor Day week end of 1954. This experiment was considered a success by government officials and the general public.

The recommendation to delete the additional proposed position of inspector of automotive equipment is based on the following:

1. We believe that the inspection of automotive equipment for needed maintenance and repairs is the function of the Automotive Management Section of the Department of Finance.
2. The Automotive Management Section is presently staffed with 12 competent inspectors located in various parts of the State to perform this function.
3. These inspectors have been performing this function and have provided us with proof that they have effected considerable economies which did not result when the patrol was performing its own inspection.

We recommend that the budget be augmented by an amount sufficient to contract this service from the Department of Finance.

DEPARTMENT OF INDUSTRIAL RELATIONS

ITEM 136 of the Budget Bill

Budget page 491
Budget line No. 36

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

Amount requested	\$5,541,295
Estimated to be expended in 1954-55 Fiscal Year	5,419,084
Increase (2.3 percent)	\$122,211

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$62,735	\$26,687	\$36,048	500	9
Operating expense	75,007	75,007	---	500	10
Equipment	—39,130	—39,130	---	500	11
Plus:					
Decrease in federal re- imbursements to Di- vision of Apprenticeship Standards	23,599	---	23,599	500	16
Total increase	\$122,211	\$62,564	\$59,647	500	21

Department of Industrial Relations—Continued

RECOMMENDATIONS

Amount budgeted	\$5,541,295
Legislative Auditor's recommendation	5,500,891
Reduction	<u>\$40,404</u>

ANALYSIS

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

<i>Division</i>	Recommended Reductions	<i>Salaries and wages</i>
Industrial accidents		—\$16,536
Labor law enforcement		—11,064
Industrial safety		—12,804
Total		<u>—\$40,404</u>

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. Some of the questions to which the attention of the Legislature has been directed in the past have been answered, at least in part. A number of others remain unanswered and are repeated in this analysis.

1. Should division chiefs continue to be appointed by and serve at the pleasure of the Governor, rather than as appointees of the director?
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, rather than San Francisco?
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? If consolidation is desirable, to what extent has it been accomplished?
5. Are the enforcement powers of the various divisions of the department sufficient to permit them to function effectively? If they are considered inadequate, what specific changes are recommended?
6. Is there a real need for both a Division of Labor Law Enforcement and a Division of Industrial Welfare?
7. To what extent is it feasible to simplify the legal procedures of the Industrial Accident Commission in settling claims for workmen's compensation?

In our analysis last year we recommended 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." The report will be available during consideration of the budget.

Division of Administration**ANALYSIS**

In our analysis last year we recommended that "the Department of Finance make a study of the feasibility of (1) expanding the present pool operations of the Department of Finance in two locations (San Francisco and Los Angeles) 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." Subsequent discussions between the two departments resulted in the creation of a departmental pool in San Francisco as a temporary expedient. Plans have been made to absorb all Department of Industrial Relations cars throughout the State into the state pool by July 1, 1955.

An intermediate clerk position was established in the Department of Industrial Relations during the current year to administer the pool. This position was authorized by the Department of Finance, although there was no provision in the 1954-55 Budget for it, and is being funded during the current year out of savings. It was the view of the Department of Finance that the position was necessary if the pool was to operate effectively and that its establishment was not inconsistent with the expressed desire of the Legislature that the cars be pooled. When the cars are transferred to the state pool on July 1, 1955, this position will be eliminated from the department's budget, and a similar position established in the automotive management section of the Department of Finance. The Department of Industrial Relations will be billed for the cost of it under "automobile-operation." Thus, it is contended that while the creation of an automobile pool in the Department of Industrial Relations has resulted in some additional cost, it will result eventually in better utilization of equipment and permit the agency to meet its automotive requirements with fewer cars. We concur in this view.

An examination of the budgets of the various divisions of the Department of Industrial Relations will reveal that each of them shows an increase in the amount requested for automobile operation. This is due to the use of the state automotive pool, commencing with the 1955-56 Fiscal Year. The increase is largely offset by a decrease of \$46,323 in the amount budgeted for the purchase of additional and replacement automobiles.

Approval is recommended of the budget as submitted.

Division of Conciliation**GENERAL SUMMARY**

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

Division of Conciliation—Continued

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.

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 scope of the agency's jurisdiction is limited inherently to labor disputes in California. In practice this limitation means that the majority of employment in the bargaining unit involved in the dispute must be located in the State and the bargaining negotiations must be conducted in California.

ANALYSIS

The budget request of the Conciliation Service provides for a continuation of its existing program. The workload data submitted by the agency appear to justify the present staff, and we recommend that the budget be approved as submitted.

Division of Industrial Accidents**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 is staffed 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 Accidents—Continued

ANALYSIS

Management Study

At the 1954 session the Senate Committee on Labor requested the Legislative Auditor to conduct a management study of the Industrial Accident Commission. Following completion of the study, a report was submitted to the committee on November 10, 1954.

In that report we indicated that within the time and funds available it had not been possible to perform a comprehensive management study of all phases of the commission's operations. From a preliminary analysis we concluded that two phases of the agency's activities in need of critical evaluation were the procedures in the clerks' offices (one in San Francisco and the other in Los Angeles) and the storage of Industrial Accident Commission records. Most of the time devoted to the study was concerned with these two problem areas.

Our recommendations in connection with the clerks' offices may be summarized as follows:

1. A uniform procedure for processing applications should be adopted in the two offices. This should be substantially in accordance with the "model procedure" proposed in the report.
2. While recognizing that there must be some allowance of time for the San Francisco clerks' office to raise its production, it is our opinion that the annual production rate of 750 weighted transactions per employee is reasonable and should be used as a measuring stick by fiscal agencies reviewing future budget requests of the Industrial Accident Commission.
3. The effectiveness of the Los Angeles pre-processing unit in reducing the number of litigated cases should be studied carefully by the Industrial Accident Commission. The purpose for which it was established and the manner in which it is functioning appear to be sound, and if successful it should ease the load on the clerks' office as well as reduce the number of referee hearings. However, the unit is still in the experimental stage. If it can be shown that the results justify the expenditure, a similar unit should be established in San Francisco.

Based upon the workload of the commission at the time of the study, it was our conclusion that seven clerical positions could be eliminated from the clerks' office in San Francisco, assuming the installation of an improved procedure and a more efficient utilization of personnel. While we have not recommended the elimination of these positions immediately, we feel that the San Francisco clerks' office should adjust as quickly as possible to the higher production rate (750 weighted transactions per employee per year).

The Department of Finance has not yet expressed its viewpoint concerning the validity of this workload measure, but inasmuch as all of the seven positions in question have been left in the budget we can assume that the department either has not had sufficient time to review the details of our study or else holds to the view that a lower workload standard is justified. The Department of Finance should make clear its position concerning the proposed workload measure as soon as possible.

Division of Industrial Accidents—Continued

In preparing the 1955-56 Budget the Department of Finance has assumed that the workload will not increase during the current and budget years. We question this assumption on the basis of data submitted to us. However, if the Department of Finance's workload estimate for the current year proves to be accurate, and if the workload standard which we have suggested is accepted by the Legislature, then there should be some reduction in the clerical staff after July 1, 1955. *Under those circumstances we believe that the elimination of four positions would be reasonable.* This would permit the continuation during 1955-56 of three positions that are not justified on a straight workload basis, but for which there appears to be some justification in order to allow the agency sufficient time to raise the output of some of its less productive employees. In the event that actual workload during the current year exceeds that estimated by the Department of Finance, the staffing requirements of the clerks' offices should be reviewed in terms of the accepted workload standard.

Records Management

The Industrial Accident Commission files are retained at San Francisco and Los Angeles for approximately five years, after which they are sent to the Central Record Depository at Sacramento. As the number of filings has increased, it has become increasingly difficult to provide storage space for these records. In addition, storage has become a significant cost factor.

The Central Record Depository occupies the third and fourth floors of a state-owned warehouse at 1108 R Street in Sacramento. Industrial Accident Commission files are stored on the fourth floor of the building in 1,806 metal drawers and 602 cardboard containers. Since a retention period has never been set on these files, they include all cases dating back to the time the agency first began hearing cases (1914 in San Francisco, 1917 in Los Angeles). New cases are currently being filed with the Industrial Accident Commission at a rate sufficient to fill 275 file drawers per year. The current system is costing the taxpayers greater and greater amounts as the annual volume increases. If the present system of retaining records is continued, the 1953 cases will cost the California taxpayers \$22,915 for storage during the next 30 years; \$30,553 if stored 40 years; and \$38,191 if stored 50 years. The 1954 cases will cost \$24,671 for 30 years; \$32,895 if stored 40 years; and \$41,119 if stored 50 years. Because of the high cost of storing these records, we have endeavored to determine ways of reducing the volume of this material going into storage and of destroying some of the old files that are now being maintained at the Central Record Depository.

The principal recommendations resulting from the study are as follows: all files presently stored at the Central Record Depository, except life pension cases and lifetime medical cases, should be destroyed after 25 years; the remaining files should be screened and only the legal file and the address sheet should be retained in each case; and all cases should be screened prior to being shipped to the Central Record Depository.

Division of Industrial Accidents—Continued

The recommendations concerning the records management program will result in substantial savings. Their implementation will make it possible to destroy the contents of 1,265 legal-sized drawers containing Industrial Accident Commission files now stored at the Central Record Depository at a cost of \$3.08 per drawer per year. The savings will amount to \$3,896 the first year, which becomes even more significant when one considers the cost of retaining these 1,265 drawers for another 10 years (\$38,960) or 20 years (\$77,920). Although the amount has not been computed, further savings will result from the fact that each year an increasing number of additional drawers can be emptied due to the 25-year retention period. Also, screening the files before they are sent to the Central Record Depository and retention of only the legal file will reduce by approximately 35 percent the bulk of material that is now being shipped to the depository for storage.

Following the submission of this report to the Senate Committee on Labor, the recommendations concerning the records management program were considered by the Industrial Accident Commission. The commissioners were in general agreement with the proposals and have taken steps to place them in effect.

Electric Typewriters

On July 28, 1954, the Management Analysis Section of the Department of Finance issued a report (A. N. 690) entitled "Budget Criteria for the Purchase of Electric Typewriters." Reference is made in the report to tests that were conducted in 1952 by the Department of the Air Force, the Military Air Transport Service, and Remington Rand at Andrews Air Force Base, Maryland, to measure the relative productivity of manual and electric typewriters. One of the conclusions that was drawn from these tests was that "a 21.3 percent increase in productivity (average increase of test group) means that replacement of a manual typewriter by an electric is justified if the machine is operated an average of 51.7 minutes per day. At this point increased production equals increased cost of electric over manual machines. Calculations were based on recovering in five years the difference in purchase price between electric and manual machines."

While the report of the Management Analysis Section states on the one hand that "the (federal) study appears to have been carefully conducted and makes it unnecessary for this State to give further consideration to making such a general test," it then proceeds to ignore certain findings of the study and to draw conclusions which, in our estimation, are unwarranted.

As applied to the Industrial Accident Commission, we believe that there is ample justification for purchasing electric machines when the manual machines are due for replacement. It is false economy to employ highly paid clerical personnel, such as senior stenographer-clerks and hearing reporters, and deny them the equipment necessary to achieve maximum productivity. In its 1955-56 budget presentation the agency requested 18 electric typewriters in exchange for the same number of manual machines due for replacement. The Department of Finance refused the request for electric machines and provided in the budget for replacement with manuals. In our estimation the purchase

Division of Industrial Accidents—Continued

of electric typewriters on a replacement basis for stenographers, hearing reporters, and intermediate typist-clerks assigned to the copying of applications and notices of hearing may well be justified. We recommend that a careful review of the Department of Finance policy be made along with a re-evaluation of the needs of this agency for electric machines.

Junior Counsel

One position of junior counsel is requested to assist the San Francisco Panel with legal research and study of cases. The agency states that "the work of the junior counsel will be closely studied and one similar position will be requested for the southern panel in 1956-57 if warranted."

In requesting this position the commission seeks to re-establish the monitor system, which was discontinued in San Francisco in 1952 and within the past year in Los Angeles. Under this system the three commissioners on each of the panels had available to them the services of an attorney, who assisted them in reviewing cases and in researching legal points where necessary.

It is our view that there were valid reasons for eliminating the monitor system and that it should not be re-established. The present work load of the two panels does not seem too burdensome. However, if some relief is considered necessary, consideration should be given to reducing the work load of the commissioners by amending the law to remove the requirement that all compromise and release settlements be approved by the commission. The decision of the referee should be sufficient to insure equity to all parties in this type of case. *We recommend the elimination of the position of junior counsel, saving \$4,296.*

With the above exceptions approval of the budget is recommended.

Division of Industrial Safety**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 writing requirements to bring firms into compliance with safety orders, the staff also investigates certain types of industrial accidents and promotes safety programs in industry.

The work of the division is divided into six sections or specialties according to type of industry or equipment inspected (boiler, electrical, construction, mining and petroleum, elevator, and industrial). The program is administered under the direction of a chief, with one

Division of Industrial Safety—Continued

assistant chief in San Francisco and one in Los Angeles. In addition, field offices are maintained at Sacramento, Fresno, San Jose, and San Diego, and resident engineers are stationed in several other cities.

ANALYSIS

The Division of Industrial Safety has requested funds to expand its agricultural inspection program by augmenting its staff with two assistant safety engineers. There are also four clerical positions proposed to alleviate existing backlogs and to handle the current work load. The cost of these six positions is shown below:

2 Assistant safety engineers (industrial)-----	\$9,960
2 Senior file clerks-----	6,744
1 Intermediate stenographer-clerk -----	2,916
1 Intermediate typist-clerk -----	2,844

Agricultural Program

Prior to 1949 the division expended little effort in the agricultural industry. Since that time one safety engineer has been assigned to this work. Due to the seriousness of accidents caused by parathion and other agricultural chemicals, the division initiated in 1953 a program of educating farm personnel in the proper use of these substances. Early in 1954 the inspection of farm machinery, such as harvesters, tractors, and vehicles, was undertaken. During the past few years the division has utilized two of its engineers, normally assigned to the industrial section, in its agricultural program. The major part of their time has been devoted to promoting farm safety through contacts with farm organizations, such as the Grange, the Farm Bureau, and the Farm Safety Coordinating Committee, with the balance of their time used on inspections. Some of the farm inspection work has been accomplished by borrowing additional personnel from the industrial section during periods of peak agricultural activity. The division proposes to continue the assignment of these two engineers to the agricultural program and to expand this activity by the addition of two new positions.

In our view the basis upon which the division allocates its staff of safety engineers among the various industries is not clear. For example, to what extent is the distribution based upon the number of disabling work injuries in a particular industry? To what extent is it based upon injury frequency rates? How much is controlled by requirements in the law? What other factors have influenced the decision to allocate 46 safety engineers to the industrial section, 14 to the construction section, 14 to the extractive industries, etc.? We believe that the entire program of the Division of Industrial Safety should be examined to determine whether the available manpower is being utilized to best advantage, prior to allowing any expansion in program. *We recommend, therefore, that the two positions of safety engineer be disapproved.* A proposed expansion in this field has been asked for previously and denied by the Legislature.

Clerical Staff

One position of senior file clerk has been requested for the boiler section. The division justifies this position on the basis of a backlog of clerical work in this section equivalent to approximately two man-years.

Division of Industrial Safety—Continued

The backlog has been reviewed and appears to be valid. We recommend approval of the position.

Two positions (one intermediate typist-clerk and one intermediate stenographer-clerk) are requested for the central clerical section. In attempting to justify this request, the agency cites the fact that four safety engineers were added in the 1953-54 Budget, and only one clerical position. It is maintained further that the addition of two engineers for the agricultural program will increase the load of the clerical pool. Inasmuch as we have recommended disapproval of the two safety engineer positions, this portion of the justification does not apply. The district offices at Sacramento, San Jose, and Fresno have no clerical personnel, and all clerical duties for these offices are being performed by the San Francisco office. This decentralization has increased the correspondence to some degree. In our estimation the backlog data that have been submitted justify the addition of one clerical position to this section. *We recommend that the intermediate stenographer-clerk position be allowed and that the intermediate typist-clerk position be deleted from the budget.*

The division has a large volume of technical reference material that is not being used to advantage because it is not catalogued and filed in a central reference file. Some years ago an attempt was made to establish such a file, but it has not been possible to devote sufficient clerical time to this project to keep it up to date. One senior file clerk is requested to establish and maintain such a technical reference file. The person filling this position would also assume responsibility for the central employers file. The intermediate file clerk now assigned to it has not had sufficient time to purge the files satisfactorily, nor to maintain properly the employer files in those cases where an employer may have more than one place of employment or engage in several activities requiring inspection by the division. We recognize the value of having the latest materials available in a technical reference file as an aid to the safety engineers who are responsible for formulating changes in safety orders, and primarily for this reason we recommend that the position be allowed.

With the exceptions mentioned above, it is recommended that the budget be approved as submitted.

Division of Industrial Welfare**GENERAL SUMMARY**

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 to local law enforcement officials for prosecution.

ANALYSIS

Section 1178 of the Labor Code provides a procedure whereby the Industrial Welfare Commission, after determining that wages, hours, or working conditions in an occupation employing women or minors are

Division of Industrial Welfare—Continued

inadequate, shall select a wage board. The wage board, composed of an equal number of representatives of employers and employees with a member of the commission acting as chairman, is responsible for reviewing the problem and making recommendations to the commission. Before promulgating an order relating to wages, hours, or conditions of labor for the occupation, trade, or industry in question, and after receipt of the report from the wage board, the commission is required to hold a public hearing. Finally, Section 1184 of the Labor Code provides that "after an order has been promulgated by the commission making wages, hours, or conditions of labor mandatory in any occupation, trade, or industry, the commission may at any time upon its own motion, or upon petition of employers or employees reconsider such order for the purpose of altering, amending, or rescinding such order or any portion thereof. For this purpose the commission shall proceed in the same manner as prescribed for an original order * * *."

At the meeting of the Industrial Welfare Commission on July 23, 1954, a formal request was made by the Association of Bank Women that the commission amend or change Section 3(b) of Order 4-52 to permit women in banks to work a maximum of 10 hours a day, 48 hours a week, with overtime after 40 hours. The association submitted a brief informing the commission that:

1. Before World War II 30 percent of all bank employees were women, today 60 percent are women.
2. Women are suited to bank work and the potentialities for promotion of women are great. However, women are passed by and discriminated against because of the limitations placed upon the hours that they may work.
3. The additional hours requested would in no way be detrimental to the health and welfare of the women employees of banks.

The Industrial Welfare Commission considered the petition and voted to request funds to rewrite Order 4-52 if after the necessary investigations it was deemed advisable to do so.

Following completion of the investigation and presentation of the staff's findings to the Industrial Welfare Commission on December 10, 1954, the commission concluded that the hours of work in the banking industry should be reviewed and a revision of this order should be undertaken. The sum of \$3,723 has been requested for this purpose.

The program of the Division of Industrial Welfare is budgeted at its current level, and no new positions have been requested. We recommend approval of the budget as submitted.

Division of Labor Law Enforcement**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

Division of Labor Law Enforcement—Continued

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

The budget does not propose to expand law enforcement activities which the division may undertake on its own initiative, such as routine inspections, but does assume a moderate increase in the uncontrollable workload, such as the number of complaints and employment agency controversies that will be filed with the division. This assumption is based on the fact that a sharp increase was experienced by the division in the 1953-54 Fiscal Year, but that the past six months have indicated a leveling off in the rate of increase. The following table shows actual and anticipated workload for the fiscal years 1951-52 through 1955-56 and the percentage change:

	<i>Actual</i> 1951-52	<i>Actual</i> 1952-53	<i>Percent</i> change	<i>Actual</i> 1953-54	<i>Percent</i> change
Total complaints -----	24,936	27,053	+8.5	31,563	+16.7
Wage claims -----	21,158	21,955	+3.8	25,432	+15.8
Nonwage -----	2,875	3,734	+29.9	2,466	-34.0
Employment agency controversies ---	903	1,364	+51.1	3,665	+168.7
Total licenses -----	2,510	2,499	-0.4	2,482	-0.7
Employment agency -	1,026	1,054	+2.7	1,127	+6.9
Farm labor contractors	1,484	1,445	-2.6	1,355	-6.2
		<i>Estimated</i> 1954-55	<i>Percent</i> change	<i>Estimated</i> 1955-56	<i>Percent</i> change
Total complaints -----		33,967	+7.6	36,570	+7.7
Wage claims -----		27,467	+8.0	29,664	+8.0
Nonwage -----		3,738	+51.6	3,813	+2.0
Employment agency controversies		2,762	-24.6	3,093	+12.0
Total licenses -----		2,500	+0.7	2,535	+1.4
Employment agency -----		1,165	+3.4	1,200	+3.0
Farm labor contractors-----		1,335	-1.5	1,335	---

Division of Labor Law Enforcement—Continued

The complaint load of each office is shown in the following table:

Complaints Handled per Deputy and Clerical Position by Office
1953-54 Fiscal Year

Office	Complaints received wage, nonwage, and emp. agency controversies	Deputies *			Clerical			
		Number handling complaints	Number complaints per deputy	Rank	Number handling complaints	Complaints handled per clerk	Rank	
Bakersfield	864	1	864	8	1½	576	14	
El Centro	743	1	743	11	1	743	9	
Eureka	1,205	1	1,205	2	1	1,205	2	
*Fresno	1,904	2	952	5	2½	762	7	
Long Beach	2,329	2	1,165	3	3	776	5	
*Los Angeles	10,271	10	1,027	4	13	790	4	
Oakland	2,614	3	871	7	3½	747	8	
Sacramento	1,543	2	772	10	2	772	6	
*San Bernardino	976	1½†	651	14	1½	651	13	
San Diego	1,627	2	814	9	2	814	3	
†*San Francisco	3,261	5	652	13	5	652	12	
San Jose	2,113	1	2,113	1	1½	1,409	1	
Santa Barbara	692	1	692	12	1	692	11	
Stockton	1,421	1½	947	6	2	711	10	
All offices	31,563	34 average 928			40½ average 779			--

* 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.

† Does not include supervisors or deputy in San Francisco wholly chargeable to employment agency licensing or clerical workers wholly chargeable to attorneys, licensing, or permit-issuance. Does include two clerical workers in stenographic pool also used by attorneys, administrative and employment agency section.

‡ Includes one-half time of area supervisor.

The Legislature granted 2.5 new positions to the division in the 1953-54 Budget. No new positions were allowed for 1954-55. The agency requests the following additional positions in the 1955-56 Budget:

3	Deputy labor commissioners	\$15,696
3.5	Intermediate stenographer-clerks	\$10,206

One deputy and one stenographer are requested to relieve the workload pressure on the Eureka office. During its first year of operation (August 1953-August 1954) the one deputy and clerk assigned to this office processed over 1,300 complaints, or almost twice the number that were anticipated. This unusually high output was accomplished by 15 to 25 hours per week of overtime. Moreover, a San Francisco deputy occasionally traveled to Eureka to provide assistance. In our estimation there is adequate justification for these positions, and we recommend their approval.

One deputy position and a half-time stenographer position are requested for the San Jose office, which presently has one deputy and one and a half clerical positions. The cases handled per deputy and clerical assistant are twice the state-wide average, necessitating considerable overtime by the deputy and clerk and requiring assistance from the Area Supervisor (San Francisco) on an excessive number of cases. This workload pressure has also resulted in an increasing number of cases being dismissed without settlement. It is recommended that the positions requested for San Jose be allowed.

An additional deputy and a clerk are requested for the Los Angeles office, primarily on the basis of an increase in criminal prosecutions and employment agency controversies. In our opinion the increase in criminal prosecutions from 116 in 1951-52 to 296 in 1953-54 is not as

Division of Labor Law Enforcement—Continued

significant as it might appear. If one considers a slightly longer span of time, it becomes clear that 1951-52 was an unusually low year.

Criminal Complaints—Los Angeles

<i>Fiscal year</i>	<i>Number of complaints</i>	<i>Fiscal year</i>	<i>Number of complaints</i>
1948-49	217	1951-52	116
1949-50	261	1952-53	206
1950-51	219	1953-54	296

The increase in employment agency controversies, however, has been more consistent.

Employment Agency Complaints and Controversies—Los Angeles

<i>Fiscal Year</i>	<i>Complaints charging violation of employment agency law</i>	<i>Controversies concerning private employment agency fees</i>	<i>Total</i>
1950-51	574	527	1,101
1951-52	839	771	1,610
1952-53	1033	983	2,016
1953-54	1455	1381	2,836

Inasmuch as employment agency controversies are only part of the total work load of the Los Angeles office, the increase shown above should be considered in connection with a preceding table indicating total complaint work load for each of the offices of the division. From that table it can be seen that during 1953-54 the Los Angeles office handled a workload of 1,027 complaints per deputy as against a state average of 928. By comparison the number of complaints per deputy in the San Francisco office (652) was relatively low.

Based upon these data, there is some justification for adding a deputy in the Los Angeles office. However, we believe that this need should be met by transferring a deputy from San Francisco. *For this reason we recommend that the request for a deputy and clerk for Los Angeles be denied.*

One stenographer position is proposed for the San Francisco legal section as a result of increased civil suits. While it is true, as the agency points out, that the number of civil suits has increased from 187 in 1952-53 to 280 in 1953-54, viewing the number of civil suits over a longer period of time discounts the significance of the increase.

<i>Fiscal Year</i>	<i>No. of civil suits (San Francisco)</i>
1948-49	154
1949-50	250
1950-51	211
1951-52	207
1952-53	187
1953-54	280

The data submitted by the agency to justify this position do not establish a clear-cut need for the additional clerical help. *We recommend, therefore, that the position be deleted from the budget.*

With the exceptions discussed above, we recommend that the budget of the Division of Labor Law Enforcement be approved as submitted.

Division of Apprenticeship Standards

GENERAL SUMMARY

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.

ANALYSIS

Legislative review and evaluation of the work load data supplied by the Division of Apprenticeship Standards has been difficult in the past. This has stemmed in part from the problem of separating the strictly state work load from the Veterans Administration work load, for which reimbursement was received, and from the work load of the Federal Bureau of Apprenticeship. All of these personnel supported by federal funds (17 in 1954-55) are integrated with the staff of the Division of Apprenticeship standards, and their work load is indistinguishable from that of the Division of Apprenticeship Standards.

Another source of difficulty in analyzing the division's budget has been the manner in which the work load data have been presented. The agency has followed a practice of indicating the number of man-hours allocated to each of its varied activities. Some of these factors are clearly measurable while others can only be estimated. It was our conclusion that much of the data were unreliable. In our estimation this method of presenting work load data was unsatisfactory and made it nearly impossible for the Legislature to evaluate the budget requests of this agency.

For these reasons we have endeavored, through discussions with the Division of Apprenticeship Standards and the Department of Finance, to develop a method of computing work load that would be equitable. It has been our contention that the number of active apprentices is a

Division of Apprenticeship Standards—Continued

satisfactory measure of the division's work load. While the Division of Apprenticeship Standards has agreed that this is one important factor, it maintains that other elements of the program, such as the numbers of registrations, cancellations, and completions, are of even greater significance. Consequently, in order to resolve these two conflicting points of view, we have developed a formula that is designed to afford recognition to each of these work load concepts.

The proposed formula functions as follows: The number of active apprentices will be assigned a weight of 50 percent; registrations will be weighted by 25 percent, completions by 15 percent, and cancellations by 10 percent, for a total weight of 100 percent for these four factors. The formula can be expressed in this manner: (number of active apprentices at beginning of fiscal year \times 0.50) + (number of registrations \times 0.25) + (number of completions \times 0.15) + (number of cancellations \times 0.10) = total work load units.

In order to establish a work load standard, expressed in terms of the number of work load units per field representative, it is necessary to select a base year. For this purpose we recommend using the actual work load for the 1953-54 Fiscal Year as the base. The elements of that work load to be weighted are as follows:

Number of active apprentices, July 1, 1953.....	18,297
Number of registrations.....	7,667
Number of completions.....	3,658
Number of cancellations.....	5,645

Applying the formula to these estimates of work load results in the following estimate of total work load units:

$$(18,297 \times 0.50) + (7,667 \times 0.25) + (3,658 \times 0.15) + (5,645 \times 0.10) = 12,180 \text{ work load units.}$$

Since this work load was accomplished with a total authorized staff of 58 field representatives (state and federal), we may conclude that each of the field representatives was responsible for 210 work load units (12,180 \div 58). Based upon our present knowledge of the program, we consider this work load standard to be reasonable and recommend that it be used in future budgeting for this agency. We interpret this to mean that a decrease of 210 work load units for a given fiscal year would justify eliminating one field representative position; conversely, an increase of 210 work load units would justify adding one field representative. No adjustment would be made if the estimated change were less than 210 work load units.

While it is possible that refinements will be made in the future, the formula appears to meet most of the objections that have been raised concerning the present method of presenting work load data. The Department of Finance has indicated its tentative agreement with both the objective and the method of this new formula.

We recommend approval of the amount requested for this agency. However, we question the accuracy of the statement that appears on page 497 of the budget to the effect that "Indentured apprentices are anticipated to remain at 17,000 to 18,000 (during 1955-56)." It is our recommendation that prior to July 1, 1955, the Department of Finance review the estimates of active apprentices, registrations, completions,

Division of Apprenticeship Standards—Continued

and cancellations in the light of more recent data. If it appears that the work load estimate for the budget year is high, then there should be some reduction in staff.

Division of Housing**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, 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

The Division of Housing proposes to continue its program during the 1955-56 Fiscal Year at the current level. The total increase of \$12,341 results chiefly from increases of \$2,112 in printing and \$9,015 in automobile operation. No new positions have been provided for this division in the budget. We recommend approval of the budget as submitted.

Division of Labor Statistics and Research**GENERAL SUMMARY**

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 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.

Division of Labor Statistics and Research—Continued
ANALYSIS

In support of its request for an additional position of key punch operator at a cost of \$2,988, the agency states that there has been no increase in personnel in the IBM tabulating section of the division since 1949 and that the volume of work has increased sharply in large part as a result of work for other divisions of the department. The specific work load data submitted to justify the request appear to be sufficient to warrant allowing the position.

Attention is directed to the fact that rental on tabulating equipment has increased from \$10,658 in 1953-54 to \$19,336 in 1955-56. This results from a program of increased mechanization and is offset by the elimination of three intermediate account clerk positions, at a saving of \$9,180.

We recommend approval of the amount requested.

Department of Industrial Relations

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

ITEM 137 of the Budget Bill

Budget page 491
Budget line No. 49

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

Amount requested	\$250,000
Estimated to be expended in 1954-55 Fiscal Year	225,000
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Increase (11.1 percent)	\$25,000

RECOMMENDATIONS

Amount budgeted	\$250,000
Legislative Auditor's recommendation	250,000
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Reduction	None

GENERAL SUMMARY

Workmen's compensation in California was established in 1911 by authority of Section 21, Article XX of the Constitution which was adopted that year and amended in 1918. Between 1911 and 1929 employers were liable only for disabilities contingent upon a specific injury. No consideration was given to physical defects of antecedent injuries which may have been a contributing factor to the injury up for award.

Chapter 22, Statutes of 1929, was enacted by the Legislature to provide additional compensation for subsequent injuries which, because of previous disabling effects suffered by the worker, increased his total disability. The fund was to be financed by payments into a "subsequent injuries fund" of \$300 by employers when the death of an employee with no dependents occurred due to an industrial accident.

This law was short-lived, however, for in 1930 the State Supreme Court in *Commerce Casualty Insurance Company v. Industrial Accident Commission*, 211 Cal. 210, declared the law unconstitutional on the grounds, as declared in an earlier case, *Yosemite Lumber Co. et al. v. Industrial Accident Commission et al.* (1922) 187 Cal. 774, that Sec-

Payment for Additional Workmen's Compensation—Continued

tion 21 of Article XX of the Constitution clearly provided that employers were responsible only for their own employees and that payments as required under the 1929 act would be designated for future use by employees other than theirs. This decision has never been reversed and has been used as precedent in other cases.

From 1929 until 1945 no further action was taken by the Legislature on subsequent injuries payments. In 1945 legislation was enacted, Chapter 1161, Stat. 1945; Sec. 4750 et seq. Labor Code, which provided that employers were not responsible for payments to employees of a greater amount than the later injury separately evaluated would involve. The law stated that if an antecedent injury and a subsequent injury created a total disability of 70 percent or more, the State would assume financial responsibility for the total disability less the award for the subsequent injury. Money to finance these payments was to come from the General Fund as annually appropriated. This is the present method of financing subsequent injury payments.

ANALYSIS

In October, 1951, this office submitted a detailed report on the history of subsequent injury legislation and its court interpretations with recommendations for a change in the method of financing the fund. Our recommendations consisted of (1) presenting an appropriate constitutional amendment to the electorate or, in lieu of the amendment, (2) financing subsequent injuries out of the Department of Employment Contingent Fund. We are again repeating these recommendations.

In December, 1954, the Attorney General submitted a comprehensive report to the Senate Committee on Labor regarding the subsequent injury fund. Several suggested procedural changes are included in the report as well as some financial problems, with which we are primarily concerned. The report notes that the potential liability of the fund, as of October 1, 1954, and excluding service charges made by the State Compensation Insurance Fund, is \$2,305,692. The Legislature is annually asked to appropriate General Fund moneys to supply the fund, or putting it differently, service the debt incurred by the Industrial Accident Commission. There are problems in supporting the fund in this manner. One of these is that commutation of awards on the basis of mortality tables is considered unwise since one Legislature cannot bind future Legislatures. If money were for some reason not appropriated pro rata reductions of available resources for award payments might be necessary. If an award were commuted, other recipients would unfairly be penalized if their awards had to be reduced while the person commuting his award would have received full value.

In the 1952-53 Fiscal Year it was necessary to allocate \$55,000 from the Emergency Fund of which \$40,333 was expended and \$14,667 reverted to the General Fund. In 1953-54 there was an allocation of \$45,000 from the same fund of which \$29,857 was expended with \$15,143 reverting. Below is an outline of annual appropriations and expenditures from the fund since the 1947-48 Fiscal Year:

Payment for Additional Workmen's Compensation—Continued

<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 -----	125,000	154,857
1954-55 (estimated) -----	225,000	225,000
1955-56 (estimated) -----	250,000	250,000

Elsewhere in this analysis we have identified the Department of Employment Contingent Fund as a fund available for appropriation by the Legislature to aid in balancing the budget and have so recommended. If the entire amount in this fund is not used or if the fund is to be regarded as reserved for purposes of specific benefit to employers, we think it is appropriate to finance the cost of payments for subsequent injuries from this fund rather than from the General Fund.

STATE FIRE MARSHAL

ITEMS 138, 139, 140 of the Budget Bill

Budget page 502

Budget lines Nos. 7, 21, 26

For Support of State Fire Marshal From the General, Fair and Exposition and Division of Architecture Public Building Funds

Amount requested -----	\$333,205
Estimated to be expended in 1954-55 Fiscal Year -----	319,713
Increase (4.2 percent) -----	\$13,492

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	6,122	6,122	---	503	29
Operating expense -----	—20,796	—20,796	---	503	51
Equipment -----	3,166	3,166	---	503	60
Decreased reimbursements -----	+25,000	+25,000	---	503	64
Total increase -----	\$13,492	\$13,492	---	503	68

RECOMMENDATIONS

Amount budgeted -----	\$333,205
Legislative Auditor's recommendation -----	327,805
Reduction -----	\$5,400

ANALYSIS

The Office of Fire Marshal is required by law to enforce fire prevention laws and regulations throughout the State in the unincorporated areas. The Fire Marshal may assist local jurisdictions only when his services are requested by local authorities. This office is also required to make periodic inspections of public buildings, such as schools, hospitals and buildings of public assemblage. The office enforces fire safety regulations in the operation of dry cleaning plants and shops. All new public school and hospital building plans are reviewed by the staff for compliance with fire safety requirements.

State Fire Marshal—Continued

The proposed 1955-56 budget would allow the Office of Fire Marshal to continue at approximately the same level of service as in the current fiscal year. However, one position is being added on the basis of work load, which accounts for the major portion of the \$6,122 increase in salaries and wages. The work load for this office has risen steadily over the last few years largely as a result of the inspections required for recently constructed buildings. This is especially apparent in public and private hospitals, private welfare institutions, private mental hospitals, and public schools. Therefore, we agree that there is adequate justification for providing the additional position. The balance of the increase requested by the agency is due to normal merit salary adjustments.

Twenty-five thousand dollars was provided in the current fiscal year for research relating to hazards caused by cleaning solvents and processes. Since this amount does not appear in the proposed budget, operating expenses have been reduced accordingly.

It will be noted that the proposed printing costs are 59 percent higher than the current year. This is attributable to new national legislation on wearing apparel and the fact that the Uniform Building Code is being amended.

The increase of \$609 in office rent and the providing of \$495 for moving expenses is brought about by the anticipated moving of the Sacramento office to the new Agriculture Building. Other minor increases in operating expenses are caused by the additional position mentioned above. The amount proposed for equipment is increased in order to replace four automobiles and to provide one additional for the new position requested. All automobiles presently required by the Sacramento office are obtained from the Department of Finance pool, while the Los Angeles and San Francisco offices still operate their own.

The amount included in Item 138 in equipment for the acquisition of four replacement and one additional automobiles is \$5,400. In line with the policy recommendation by this office, affecting all automotive units, both additional and replacement, it is recommended that:

1. Funds for these items be deleted from the agency support budget.
2. The Department of Finance request an augmentation of its budget to enable it to procure sufficient vehicles and to provide the agency with necessary transportation services through a fleet management program in the automotive management section.
3. The Department of Finance make necessary revisions in the support budgets of the agencies to delete direct related automotive operating expenses and to provide an offset item for automobile mileage to permit the agency to reimburse the Department of Finance on a mileage basis for the fleet service.