

securing enforcement of laws designed to protect the public, the budget proposed by the highway patrol does not contain any plan or program, other than that portion which we have already recommended be approved, which would reasonably assure the public that an augmentation in expenditures would produce results commensurate with investing the highway user funds in some other program. The department continues to refuse flatly to secure the information which is essential to an evaluation of its own program. In view of this, we cannot recommend any additional patrolmen. We recommend that the budget of the department be reduced by \$1,036,315.

The requested additional new positions, which we recommend be approved, are as follows:

<i>Division</i>	<i>Position</i>	<i>Salaries and wages</i>
Administration		
1	Intermediate typist-clerk (personnel)	\$2,520 *
1	Intermediate typist-clerk (equipment)	2,520 *
4	Radio dispatch clerks	11,664
2	Janitors (full time)	4,800
5	Janitors (part time)	5,148
Enforcement		
7	State traffic lieutenants	31,584
5	State traffic sergeants	20,460
Technical services		
1	Intermediate stenographer-clerk (chief's office)	2,640
3	Intermediate typist-clerks (planning)	7,560
1	Typist-clerk (special service)	2,520

Does not include operating expense or equipment. Total..... \$91,416

* To be deleted if additional state traffic officers are disapproved.

DEPARTMENT OF INDUSTRIAL RELATIONS

ITEM 155 of the Budget Bill

Budget page 460
Budget line No. 48

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

Amount requested	\$4,609,559
Estimated to be expended in 1951-52 Fiscal Year	4,341,526
Increase (6.2 percent)	\$268,033

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$143,307	\$120,735	\$22,572	469	65
Operating expense	52,325	50,104	2,221	469	66
Equipment	32,952	25,952	7,000	469	67
Plus: Decrease in federal reimbursements to Division of Apprenticeship Standards	39,449	---	39,449	460	21
Total increase	\$268,033	\$196,791	\$71,242		

RECOMMENDATIONS

Amount budgeted	\$4,609,559
Legislative Auditor's recommendation	4,548,375
Reduction	\$61,184

ANALYSIS

We have recommended reductions in the Department of Industrial Relations' budget amounting to \$61,184 as follows:

Division	Recommended Reductions					Budget page	Line No.
	Positions	Salaries and wages	Operating expense	Equipment	Total		
Industrial Safety -----	1.5	\$3,780	---	\$300	\$4,080	460	7
Industrial Welfare -----	3.0	11,232	\$1,221	2,565	15,018	460	13
Apprenticeship Standards -	7.0	34,932	4,517	---	39,449	460	15
Labor Statistics and Research -----	1.0	2,280	---	357	2,637	460	17
Total reductions -----	12.5	\$52,224	\$5,738	\$3,222	\$61,184		

Our reasons for these recommended reductions are contained in subsequent analyses of the various divisions.

General Considerations

In recent years pertinent questions have been raised concerning certain organizational and administrative features of the Department of Industrial Relations. Many of these questions are directed to problems which constitute primary considerations in attempting to evaluate the efficiency, economy, production, program, and general management characteristics of the department.

It is our belief that these problems must be resolved in order to assure that the public is receiving a measure of needed service commensurate with the costs involved. Inherent in this is the need for expert determinations as a basis for statutory and administrative revisions.

Among the important questions are the following:

1. Should division chiefs be appointed by and serve at the pleasure of the Governor?
2. Should the department and division headquarters be located in Sacramento, the state capital?
3. Do the office and operational procedures of the department and divisions reasonably compare with accepted practices?
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. Are statutes authorizing the activities and areas of operation for the department and the divisions sufficient to provide reasonable safeguards in terms of the general public interest without allowing or encouraging continual extensions into minor segments of the economy or encroachment upon local responsibilities?
6. Does the Division of Apprenticeship Standards perform a necessary service which could not be provided by the Federal Government or existing state agencies as a part of their established activities and with savings of considerable magnitude?
7. 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?
8. Is there a real need for both a Division of Labor Law Enforcement and a Division of Industrial Welfare?

Elsewhere we have recommended a specific study of the organization and procedures of the Division of Industrial Accidents to provide a basis for more efficient and effective methods of operating.

We believe that similar attention need be given the entire department to provide a basis for resolving problems indicated by the above questions.

DEPARTMENTAL ADMINISTRATION

Amount requested	\$431,390
Estimated to be expended in 1951-52 Fiscal Year	406,055
Increase (6.2 percent)	\$25,335

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$2,707	\$2,707	---	461	55
Operating expense	22,179	22,179	---	461	73
Equipment	449	449	---	461	79
Total increase	\$25,335	\$25,335	---		

RECOMMENDATIONS

Amount budgeted	\$431,390
Legislative Auditor's recommendation	431,390
Reduction	None

ANALYSIS

The proposed increase for administration of the Department of Industrial Relations does not contemplate new services but provides normal salary adjustments and increases in operating expenses because of rising prices.

In our analyses for 1949-50 and 1950-51 we recommended the consolidation of divisional offices located within the same cities. To date some progress has been made in bringing various divisions under one roof in a few cities. Other such consolidations are contemplated. However, the ultimate accomplishments of this program will depend to a large extent upon personnel and equipment savings resulting from consolidation of central services. We have no information indicating notable success in this direction.

CONCILIATION SERVICE

Amount requested	\$85,267
Estimated to be expended in 1951-52 Fiscal Year	78,676
Increase (8.4 percent)	\$6,591

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$3,882	\$3,882	---	462	18
Operating expense	3,220	3,220	---	462	33
Equipment	-511	-511	---	462	39
Total increase	\$6,591	\$6,591	---		

RECOMMENDATIONS

Amount budgeted -----	\$85,267
Legislative Auditor's recommendation -----	85,267
Reduction -----	None

ANALYSIS

The increase in salaries and wages is due to normal increases. The increase in operating expense occurs because of general price increases and experience in 1951-52 indicating that operating expenses, particularly travel, were budgeted too low. We recommend approval of the budget amount as requested.

GENERAL SUMMARY

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

The State Conciliation Service is primarily a duplication of the service available to parties to a labor dispute through the Federal Conciliation Service. The Federal Conciliation Service has, to all intents, complete jurisdiction in all labor disputes in California since all labor disputes involving interstate commerce or under the Taft-Hartley Law come under federal jurisdiction. However, the State Conciliation Service generally operates within those areas which by mutual agreement are not covered by the Federal Conciliation Service.

It should be noted that a recent opinion by California's Attorney General (Opinion No. 51-183) may be the basis for changes in the prevailing attitude of the Conciliation Service with regard to the statutory provision that labor disputes *may* be investigated and mediated upon *request* of any bona fide party to the dispute. The statute in question (Section 65 of the Labor Code) states that the Conciliation Service "may investigate and mediate labor disputes providing any bona fide party to such dispute requests intervention by the department and the department may proffer its services to both parties when work stoppage is threatened and neither party requests intervention."

The Attorney General's opinion defines a "labor dispute" as ranging "from any small grievance of an individual worker or employer to a full scale strike," and contends that the Conciliation Service's authority to intervene is not permissive but mandatory where such is requested. The pertinent portion of this opinion states:

"It is true that Section 15 of the Labor Code provides that 'may' when used in the code is permissive, but this provision is modified by Section 5, which in effect provides that general provisions of the code of such nature should not govern where the context of the particular provision otherwise requires. The context of Section 65 does otherwise require because the Legislature clearly intended the Conciliation Service to offer its services to both parties to a labor dispute when one of the parties requested them to do so. The requesting party is seeking to avoid a work stoppage and wishes the aid of an impartial service in terminating a labor dispute which endangers his livelihood. The Legislature certainly did not intend that a party in such a situation be dependent upon the whim or caprice of the Conciliation Service as to whether it should offer its services to both parties."

Under this opinion, whereas the Conciliation Service might formerly use discretion because of work load or other factors, it now appears that the service may be confronted with an uncontrollable number of situations in which conciliation services must be provided. We do not believe that this is desirable or that it has been the intent of the Legislature that this should be the case. Certainly the point has been made to legislative committees considering the budget for this agency that the Conciliation Service had discretion in using its staff in labor disputes and, as indicated above, agreements in this regard have been made with the Federal Conciliation Service to avoid duplication and conflict in jurisdictions.

DIVISION OF INDUSTRIAL ACCIDENTS

Amount requested -----	\$1,294,009
Estimated to be expended in 1951-52 Fiscal Year -----	1,229,209
Increase (5.3 percent) -----	\$64,800

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$45,264	\$39,984	\$5,280	463	23
Operating expense -----	10,484	9,484	1,000	463	38
Equipment -----	9,052	5,274	3,778	463	46
Total increase -----	\$64,800	\$54,742	\$10,058		

RECOMMENDATIONS

Amount budgeted -----	\$1,294,009
Legislative Auditor's recommendation -----	1,294,009
Reduction -----	None

ANALYSIS

The Division of Industrial Accidents requests an increase of \$64,800 for the 1952-53 Fiscal Year. Proposed increases over 1951-52 are as follows :

Salaries and Wages

New personnel

1 Referee -----	\$7,356
2 Senior stenographer-clerks -----	6,120
2 Hearing reporters -----	8,592
2 Intermediate stenographer-clerks -----	5,280

Total new personnel ----- \$27,348

Salary adjustments ----- \$17,916

Total salary and wage increase ----- \$45,264

Operating Expense

New district offices ----- (approximately)	\$1,000
Other operating expense -----	9,484

Total operating expense ----- \$10,484

Equipment

Due to new personnel -----	\$4,144
Due to new district offices -----	2,734
Other equipment -----	2,174

Total equipment ----- \$9,052

Total additions ----- \$64,800

DETAIL OF PROPOSED NEW SERVICES

Salaries and Wages	
2 Intermediate stenographer-clerks	\$5,280
Operating Expenses	
New district offices	\$1,000
Equipment	
New district offices	\$2,734
New personnel, typewriters and desks	1,044
Total	\$3,778
Total New Service	\$10,058

We recommend approval of the Industrial Accident Commission's budget as submitted, subject to contingencies expressed therein by the Department of Finance.

One referee and one clerk are recommended to meet the anticipated annual case load increase. Total case filings for the three years commencing in 1950-51 are as follows:

<i>Year</i>	<i>Cases filed</i>
1950-51	25,462
1951-52 estimated	26,630
1952-53 estimated	27,534

Two additional hearing reporters and one clerk are recommended contingent upon the findings of a study currently being made by the Department of Finance as to the need of a reporter and clerk for each referee. Two additional clerks are recommended contingent upon a definite showing that the commission's anticipated office work load is being increased as a result of certain procedural changes made by Chapter 778, Statutes of 1951. The proposed district offices for San Diego and Sacramento will provide hearing room space and informational services by referees assigned from the Los Angeles or San Francisco offices.

Subject to the expressed contingencies, we recommend approval of the proposed additional positions, the equipment and office expense incident thereto, and the proposed district offices.

Last year we recommended the pooling of all senior stenographer-clerks on the basis of one clerk for each two referees as opposed to the existing allocation of one for one. The Legislature did not accept this proposal. Lacking conclusive evidence to the contrary, we are not convinced that the one to one ratio is necessary. However, in view of a study being made of this problem by the Department of Finance and our further proposal, as set forth hereafter, we recommend approval of the request as submitted at this time.

Problems of the Division of Industrial Accidents

Serious questions have arisen in past years regarding organization, location and productivity of the Industrial Accident Commission and its staff. Opinions differ widely as to the exact causes or solutions of these problems. The significant point of mutual agreement among those concerned appears to be that the injured workman admittedly should be granted a hearing and award with the shortest possible delay. The average time from filing to award approximates 75 days at present.

It is our belief that attitudes regarding many points of disagreement are too frequently founded on other than established fact. In many instances pertinent data are lacking upon which to formulate considered opinions.

With no intention of criticizing individuals, but by way of pointing out some areas of difficulty, possible confusion and misunderstanding, we enumerate the following:

1. It has been argued that additional referees are needed because certain incumbent referees are not reasonably productive in comparison with other referees or the average referee case load. We have asked the Industrial Accident Commission for any statistical information in its possession which shows for some period of time the case production by individual referees. This information has not yet been furnished. Yet despite the contention, each referee of the Industrial Accident Commission has received a performance rating of "standard" during each of the past four years. Not once has a referee been rated "short of standard" or "unacceptable." Conversely, no referee has been rated higher than "standard."

2. In its 1952-53 Budget justification, the Industrial Accident Commission contends that "unquestionably at least 10 percent" of a referee's time is spent in travel, yet it is admitted that no record of time spent in travel has been kept.

3. In the budget justification it is also stated that because hearing calendars on out-of-town trips have sometimes necessarily contained as many as nine cases per day, "the referee is too hard pressed for time to do a good job in making thorough investigations into all phases of each case." Yet it is also stated that the referee "accomplishes no work at all for days at a time for lack of stenographic help." To further complicate this picture of over-worked referees and unavailable stenographic help, it is stated that "a great deal of time of both the referees and the stenographers in the San Francisco office is spent running about the building, picking up mail, delivering mail, files and interoffice communications."

In order, these three statements are used to show the need for

- a. Additional referees;
- b. Additional stenographers;
- c. Messenger personnel.

No indication is given that added messenger personnel would relieve existing stenographers so they could better serve the referees who, in turn, would have more time to work on cases.

4. It is stated that the referees' "stenographers are absent on sick leave far more often than the referees and the absence of a stenographer in this office disrupts the whole staff and backlogs the flow of decisions. It is essential that the stenographic staff of this office be increased so that each referee will have a full-time stenographer." At present there are 38 referees and 37 stenographers. One additional stenographer is therefore requested on this basis. If stenographers are absent more than referees and if these absences disrupt the organization, a number of stenographers are needed in excess of the number of referees, but these are not requested.

5. During hearings on the Industrial Accident Commission's proposed budget for 1951-52, before the Senate Finance Committee, two additional referee positions were allowed which were to be filled only if pending legislation, intended to give referees power of original jurisdiction and reduce their paper work, did not pass. Two bills dealing with this matter were Assembly Bill No. 911 and Assembly Bill No. 2667. Assembly Bill No. 911 became law (Chapter 778) while Assembly Bill No. 2667 did not.

Subsequently, the Industrial Accident Commission asked and was granted permission to fill the two referee positions on the grounds that the legislation did not accomplish the purpose intended. In requesting additional hearing reporters for 1952-53, the Industrial Accident Commission, in its budget justification, contends that Assembly Bill No. 911 actually increases work loads because "it is expected that the commissioners will ask for transcripts of hearings much more frequently than has been the case in the past."

It is our understanding that transcripts on *all* cases were necessary under the system existing prior to Assembly Bill No. 911. If more transcripts are anticipated by the agency under the new system, it is apparent that a different concept of transcript is used in the two cases.

In view of the problems and differences of opinion that surround the Industrial Accident Commission, we believe that the following steps need to be taken as rapidly as possible to clarify and simplify the procedures and organization of that agency and to provide the management techniques and records necessary for efficiency and budgetary control:

1. That a comprehensive management survey of the entire Industrial Accident Commission's organization and operation be conducted by the appropriate legislative committee which would develop information and recommendations designed to result in:

- a. Establishing a system of records and a procedure for record keeping to provide pertinent management information and to serve as a basis for evaluating the effectiveness of personnel and operating procedures.
- b. Revising the case procedure to reduce paper work and simplify the methodology. It is suggested that the referee might be given power of original decision with no more than a simple statement of finding and award required unless one of the parties notifies the referee within a specified time of intent to appeal. Inherent in this is a determination of the minimum "legal" characteristics compatible with accomplishing the purposes of workmen's compensation.
- c. Establishing a proper ratio between referees, hearing reporters and stenographers.
- d. Determining the feasibility of replacing hearing reporters with electrical recording devices, with a possible resultant economy of considerable magnitude.
- e. Establishing standards of production for referees and other personnel.
- f. Defining and establishing a reasonable referee case load.
- g. Defining and establishing a maximum work load backlog per referee.
- h. Determining a reasonable calendar of events and recommending maximum time limits applicable to the various phases of a case.

- i. Determining whether the Industrial Accident Commission should be geographically decentralized by stationing referees in outlying areas nearer the case work as opposed to the present system of head-quartering all referees in Los Angeles or San Francisco and spending time and money in extensive travel.
- 2. That the results of this comprehensive survey be the basis for statutory revision and administrative regulations designed to effectuate the recommendations at the earliest moment.

GENERAL SUMMARY

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

The Industrial Accident Commission has a staff as follows:

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

DIVISION OF INDUSTRIAL SAFETY

Amount requested	\$1,061,600
Estimated to be expended in 1951-52 Fiscal Year	959,350
Increase (10.7 percent)	\$102,250

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$56,268	\$52,488	\$3,780	464	40
Operating expense	15,971	15,971	---	464	57
Equipment	30,011	29,711	300	464	67
Total increase	\$102,250	\$98,170	\$4,080		

RECOMMENDATIONS

Amount budgeted	\$1,061,600
Legislative Auditor's recommendation	1,057,520
Reduction	\$4,080

ANALYSIS

The proposed budget requests four additional safety engineers for boiler (3) and elevator (1) inspection work on the basis of work load increases and backlogs which exceed the legal requirements as to the frequency with which inspections must be made. By statute, air tanks must be inspected every two years and boilers and elevators every year.

On an inspection basis of 600 boilers and 1,350 air tanks per man-year, the division has a current backlog of inspections exceeding the statutory limits, as follows:

Air tanks	26,488
Boilers	2,154

On this basis we recommend approval of three additional boiler inspectors.

Elevators inspected by the State for recent years are as follows:

	No. elevators	Average inspections per man-year	No. inspectors required
1949	3,304	550	6.0
1950	3,021	550	5.5
1951	3,413	550	6.2
1952	3,534 (estimated)	550	6.4
1953	3,640 (estimated)	550	6.6

We have assumed, based on actual past performance, that a reasonable number of inspections per inspector is 550 per year. On this basis, we believe that the division's current six inspectors cannot maintain adequate inspections for the coming year as well as provide consulting services for elevator manufacturers and other interested parties as well as the certified inspectors of insurance companies who inspect the remaining 19,000 elevators operating within the State. Therefore, we recommend approval of the additional elevator inspector as requested.

We also recommend approval of 2.5 intermediate typist-clerks and other expenses connected with the addition of the four inspectors.

Detail of Recommended Reduction

	Salaries and wages	Equipment	Budget page	Line No.
1.5 Intermediate typist-clerk	\$3,780		464	37
Office—additional		300	464	62
Total reduction		\$4,080		

The budget proposes to add 1.5 intermediate typist-clerks to provide machine scheduling of accident prevention work in the industrial, construction, mining and petroleum sections. If 1.5 clerks are allowed at this time, another clerk, one key punch operator and related expenses approximating \$5,400 will be required at a later date to accomplish the desired result.

We are not convinced that mechanization is necessary or economical in all accident prevention controls. If it can be shown that mechanization is practicable and economical in this case, it is our opinion that it should be instituted in its entirety instead of piecemeal over a period of years.

On this basis we recommend that the proposed new positions and related costs amounting to \$4,080 be disapproved pending further study.

DIVISION OF INDUSTRIAL WELFARE

Amount requested	\$250,147
Estimated to be expended in 1951-52 Fiscal Year	267,043
Decrease (6.3 percent)	\$16,896

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$11,961	\$729	\$11,232	465	28
Operating expense	3,544	2,323	1,221	465	43
Equipment	2,078	—487	2,565	465	51
Support increase	\$17,583	\$2,565	\$15,018		
Less: Amount for minimum wage order revision expiring June 30, 1952					
Salaries and wages	—\$12,244	—\$12,244	---	465	70
Operating expense	—22,235	—22,235	---	466	11
Equipment	---	---	---	---	---
Total deduction	—\$34,479	—\$34,479	---		
Agency increase	—\$16,896	—\$31,914	\$15,018		

RECOMMENDATIONS

Amount budgeted	\$250,147
Legislative Auditor's recommendation	235,129
Reduction	\$15,018

ANALYSIS

It should be noted that the apparent decrease in the budget of this agency results from termination of a nonrecurring item of \$34,479 for revision of minimum wage orders. Excluding this item, the proposed support budget of the agency shows an increase of \$17,583, or 7.6 percent, which is composed of the following new services recommended for reduction plus \$2,565 for normal salary and expense increases.

Detail of Recommended Reduction		Budget page	Line No.
Salaries and wages			
2 Industrial welfare agents	\$8,592	465	24
1 Intermediate stenographer-clerk	2,640	465	25
Total, salaries and wages	\$11,232		
Operating expense			
Office	\$50	465	31
Travel	775	465	39
Automobile—operation	396	465	41
Total, operating expense	\$1,221		
Equipment			
Office—additional	\$965	465	47
Automobile—additional	1,600	465	49
Total, equipment	\$2,565		
Total reduction	\$15,018		

During the past three years the number of wage complaints received and pay rolls inspected by this division were as follows:

Year	Wage complaints	Pay roll inspections
1949	1,350	6,512
1950	1,302	6,379
1951	1,097	7,078

Despite the decrease in wage complaints indicated, the division contends that its over-all work load can be expected to increase. We do not seriously question this. Present policies and methods of operation will almost inevitably produce such a result. New minimum wage orders are in process, and experience shows that complaints increase when new orders are issued. Likewise, because of the rearmament manpower drain, the number of women in industry is increasing, a factor which, in itself, is conducive to more complaints.

The areas of activity open to the Division of Industrial Welfare are almost unlimited. In addition to enforcing Labor Code provisions regarding weight lifting and seating (Sections 1250-1256), eight-hour workday (Sections 1350-1356), and industrial homework (Sections 2650-2668), the division is the operating agent for the Industrial Welfare Commission in enforcing code provisions relating to wages, hours and working conditions of women and minors in which the commission is specifically charged (Section 1173) with continually ascertaining "the wages paid and the hours and conditions of labor and employment in the various occupations, trades, and industries in which women and minors are employed in this State, and to investigate the comfort, health, safety, and welfare of such women and minors."

This does not appear to be limited only to these matters *as they apply within the place of employment.*

In evaluating its responsibilities and areas of operation, the division currently contemplates continued additions to its staff in order to perform its authorized functions on the basis of current statutes and without anticipated changes in population and economic activity. Disregarding population and industry changes, the need for added staff can be developed, under existing statutes, simply by extending the scope of activities into the many areas of the economy where women and minors are involved. This portion of the work load is controllable in the discretion of the division simply by the degree of selectivity utilized in determining its work program.

We believe that the amount of selectivity used by the Division of Industrial Welfare in its controllable work load will vary in direct proportion to the budget approved by the Legislature. When the possibilities for increased activity are as great as those enjoyed by this agency, little control over the scope of its program can be expected except insofar as financial support is limited.

The recommended amount of \$235,129 will provide the same staff and substantially the same level of service as authorized for 1951-52. *On this basis we recommend that the proposed new positions and attributive expenses totaling \$15,018 be disapproved.*

GENERAL SUMMARY

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

In past years we have recommended that the Division of Industrial Welfare be consolidated with the Division of Labor Law Enforcement

because we see no justification for the expenditure of state money inherent in having two state agencies covering the same ground and attempting to achieve the same end merely because industry happens to employ both men and women.

DIVISION OF LABOR LAW ENFORCEMENT

Amount requested	\$534,082
Estimated to be expended in 1951-52 Fiscal Year	529,961
Increase (0.8 percent)	\$4,121

Summary of Increase

	Total increase	INCREASE DUE TO			Budget page	Line No.
		Work load or salary adjustments	New services			
Salaries and wages	\$8,676	\$8,676	---	---	466	53
Operating expense	3,127	3,127	---	---	466	68
Equipment	-7,682	-7,682	---	---	466	76
Total increase	\$4,121	\$4,121	---	---		

RECOMMENDATIONS

Amount budgeted	\$534,082
Legislative Auditor's recommendation	534,082
Reduction	None

ANALYSIS

This agency is requesting a total budget increase of \$4,121 which is necessitated by normal salary increases and increased prices reflected in operating expenses. Equipment costs are reduced \$7,682 below the 1951-52 level.

Barring the outbreak of full-scale war, the division estimates that its wage complaints will stabilize at the current level while nonwage complaints will increase some 5 percent. The number of licenses issued to employment agencies is expected to increase 16 percent. The division also anticipates an increased work load growing out of recent legislation broadening the definition of "labor contractor" to include not only those who employ workers but also those who supply workers. These increases are to be absorbed within the current staff.

We recommend approval of the budget as submitted.

GENERAL SUMMARY

The Division of Labor Law Enforcement was created in 1883 as the Bureau of Labor Statistics and Law Enforcement. In 1927 this bureau was made a division of the Department of Industrial Relations. The division is responsible for the enforcement of the state labor laws not otherwise enforced. The majority of complaints concerning labor law violations filed with the division are for failure to pay wages. The division also licenses private employment agencies and labor contractors.

DIVISION OF APPRENTICESHIP STANDARDS

Amount requested	\$525,181
Estimated to be expended in 1951-52 Fiscal Year	504,718
Increase (4.1 percent)	\$20,463

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages-----	\$8,012	\$8,012	---	467	45
Operating expense-----	4,692	4,692	---	467	61
Equipment-----	7,759	7,759	---	467	69
Budget increase-----	\$20,463	\$20,463	---		
Add:					
Decreased federal reim- bursements:					
Salaries and wages----	\$34,932	---	\$34,932	460	35
Operating expense----	4,517	---	4,517	460	35
Total federal decrease	\$39,449	---	\$39,449		
Total General Fund increase-----	\$59,912	\$20,463	\$39,449		

RECOMMENDATIONS

Amount budgeted-----	\$525,181
Legislative Auditor's recommendation-----	485,732
Reduction-----	\$39,449

ANALYSIS

We have repeatedly called to the Legislature's attention the continued growth of this agency in terms of substantial increases in its demands on the General Fund. This trend continues.

The proposed budget for the Division of Apprenticeship Standards appears to increase only \$20,463, or 4.1 percent, over 1951-52. This is misleading. Federal reimbursements for on-the-job training, paid under contracts with the agency, are being withdrawn rapidly and the State General Fund is assuming this added burden each year.

The real cost of this agency to the General Fund in 1952-53 will exceed the 1951-52 costs approximately \$60,000, or three times as much as appears in the division budget.

Past Recommendations

In recent years we have recommended extensive cuts in General Fund contributions to the Division of Apprenticeship Standards.

In substantiation of these recommendations, we have pointed out that:

1. A large segment (possibly 20 percent) of the man-hours spent by this agency are for purely promotional activities including the formation of hundreds of local joint apprenticeship committees and contact work with unions and businesses to "sell" the "need" for more apprenticeship programs. It has 18 branch offices away from San Francisco. In nine of these the staff consists of only one technical and one clerical position. In comparison, the Division of Labor Law Enforcement has only 12 branch offices, the remaining divisions of the Department of Industrial Relations having from five to eight branches.

2. Certain other states, notably Pennsylvania and Michigan, having populations approximating California's and despite being more highly industrialized than California, have had adequate programs of apprenticeship training entirely supervised by the U. S. Department of Labor with no expenditure of state funds.

3. Only two essential activities are performed by the Division of Apprenticeship Standards:

- a. Planning a training program for apprentices in each trade and following up to determine that the training is completed, and
- b. Determining that the trainee is paid in accordance with the apprenticeship agreement and adjusting such disputes as arise.

However, these activities could be performed by existing state agencies under existing statutes:

- a. Planning of a training program in each trade could be done by the Vocational Education Service of the Department of Education since it has a staff qualified in the field of vocational education, and
- b. Determining that proper payment has been made to the trainee and settling disputes could be handled as a normal part of the activities of the Division of Labor Law Enforcement of the Department of Industrial Relations.

4. Since 1946-47, when the division entered a contract with the U. S. Veterans Administration to supervise business firms employing veterans of the 1941-45 war in on-the-job training under Public Law 346/1945, California's General Fund has assumed the burden of increasing costs because of the decreasing number of participating veterans and the withdrawal of federal funds. This situation is continuing and will cost the General Fund another \$39,449 in 1952-53.

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

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

<i>Fiscal year</i>	<i>State Funds apprenticeship</i>	<i>Federal grant on-the-job training</i>	<i>Total expenditures</i>
1941-42 -----	\$21,434	---	\$21,434
1942-43 -----	27,147	---	27,147
1943-44 -----	31,928	---	31,928
1944-45 -----	32,934	---	32,934
1945-46 -----	91,956	---	91,956
1946-47 -----	296,288	\$110,220	406,508
1947-48 -----	313,870	218,277	532,147
1948-49 -----	323,433	212,887	536,320
1949-50 -----	347,583	190,365	537,948
1950-51 -----	330,408	172,084	502,492
1951-52 (estimated) ---	382,969	121,749	504,718
1952-53 (proposed) ----	442,881	82,300	525,181

Since 1947-48, federal participation has decreased from \$218,277 to an estimated \$82,300 for 1952-53. Conversely over that same period of time the State's costs have increased from \$313,870 to \$442,881. The State has stepped in to fill the void caused by federal withdrawal so that we now maintain the same level of service we had in 1947-48 when the Federal Government contributed 41 percent of the total. In 1952-53 the Federal Government will contribute less than 16 percent and possibly as little as 14 percent of the total.

Unless there is a considerable influx of veterans for on-the-job training, federal participation will cease in the near future and the State, if it follows the established policy, will assume the entire burden originally created by federal support of this program.

Prior to federal sponsorship of on-the-job training, the Division of Apprenticeship Standards administered a level of service costing the State less than \$100,000 or one-fifth of the present program.

In order to portray the extent of this federal withdrawal as related to personnel, we have projected the 1950-51 and 1951-52 federal contributions into 1952-53 in terms of positions and costs. The following table shows the result. Because there is no decrease in the budgeted totals of agency personnel between 1951-52 and 1952-53, it is apparent that the State General Fund will assume the cost of approximately seven more positions next year at an added cost of \$39,449.

Positions	1950-51	1951-52	Decrease	
			1952-53 ²	1951-52
District supervisor -----	3	3	3	--
Supervisor training agents -----	20	12	7	5
Stenographers -----	7	6	4	2
Total positions -----	30	21	14	7
Salaries - Total -----	\$151,051	\$108,396	\$73,464	\$34,932
Operating expense - Travel -----	21,077	13,353	8,836	4,517
Total support -----	\$172,128¹	\$121,749	\$82,300	\$39,449

¹ Discrepancy of \$44 between contract total and amount reported in State Budget.

² Detail estimated by Legislative Auditor on basis of established ratios and budgeted total for federal participation.

We recommend that as a matter of policy the program should shrink as federal funds are withdrawn, and that this item should therefore be reduced by \$39,449.

GENERAL SUMMARY

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

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

The California Apprenticeship Council is composed of 11 members, four representatives each from employer and employee organizations and one from the general public, appointed by the Governor; with the Director of Industrial Relations and the Chief of the Bureau of Trade and Industrial Education, State Department of Education, as ex officio

members. The following tabulation shows the development of the apprenticeship and specialty training program in California:

Fiscal year	New registrations	Completions	Cancellations	Reinstatements	Active end of year
1939-40	1,313	3	2	---	1,308
1940-41	2,088	367	133	3	2,899
1941-42	2,475	262	139	3	4,976
1942-43	2,469	725	1,319	1	5,402
1943-44	1,066	392	2,511	62	3,627
1944-45	983	128	179	112	4,415
1945-46	9,457	207	384	192	12,446
1946-47	13,627	665	904	268	24,772
1947-48	13,819	1,292	5,951	76	32,797
1948-49	12,027	6,457	1,501	79	36,945
1949-50	11,696	6,884	8,789	3	32,971
1950-51			(Detail not available)		28,802
July-Nov. 1951			(Detail not available)		26,321

DIVISION OF HOUSING

Amount requested	\$267,824
Estimated to be expended in 1951-52 Fiscal Year	260,835
Increase (2.7 percent)	\$6,989

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$7,136	\$7,136	---	468	31
Operating expense	6,190	6,190	---	468	46
Equipment	-6,337	-6,337	---	468	54
Total increase	\$6,989	\$6,989	---		

RECOMMENDATIONS

Amount budgeted	\$267,824
Legislative Auditor's recommendation	267,824
Reduction	None

ANALYSIS

Four positions, consisting of a deputy chief and three housing inspectors, were added to the staff of this division in 1951-52. The three inspectors were added primarily to provide more adequate inspection of farm labor camps in the San Joaquin Valley area. The proposed budget does not contemplate any new service. We recommend approval of the amount as requested. However, we wish to point out that municipal and county governments have the primary responsibility for enforcing sanitary laws. We do not believe that this state agency provides the proper solution or that it should be used as a permanent means of providing adequate enforcement of the Health and Safety Code.

In addition, we invite attention to the fact that a motion was made in the Senate Finance Subcommittee, which reviewed the Division of Housing budget for 1951-52, specifying that the inspection positions approved for the San Joaquin labor camp study were to terminate at the end of that fiscal year. A question exists as to the final disposition of this motion. It is apparent that the termination of the positions is not

anticipated because they are retained in the proposed budget for 1952-53. We are informed that the San Joaquin camp problem requires continued action. However, there has been little supporting data presented to indicate what has been accomplished or how the positions have been employed.

GENERAL SUMMARY

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

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

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

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

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

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

DIVISION OF LABOR STATISTICS AND RESEARCH

Amount requested	\$242,359
Estimated to be expended in 1951-52 Fiscal Year	227,428
Increase (6.6 percent)	\$14,931

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$11,645	\$9,365	\$2,280	469	31
Operating expense	5,153	5,153	---	469	46
Equipment	-1,867	-2,224	357	469	53
Total increase	\$14,931	\$12,294	\$2,637		

RECOMMENDATIONS

Amount budgeted	\$242,359
Legislative Auditor's recommendation	239,722
Reduction	\$2,637

ANALYSIS

Detail of Recommended Reductions

		Budget page	Line No.
Proposed new position	Salaries and wages		
1 Junior clerk		\$2,280	469 28
Equipment			
Office—additional		357	469 50
Total reduction		\$2,637	

This new position of junior clerk is requested for the employment and pay roll statistics section to assist in processing data from several thousand industries. From these sample data the division prepares statistics regarding employment, hours and earnings in California. The practice of the division is to increase the sample as the number of industries increases. The sample now approximates 12,000 businesses. At present, 13 clerks are processing these reports, of which nine are state personnel and four are on loan from the U. S. Bureau of Labor Statistics.

By improvement in sampling techniques and improvement, year to year, in the quality of the sample it should not be necessary to increase the size of the sample in direct proportion to the increase in number of businesses. As is indicated in the table below, total personnel for the Division of Research and Statistics will have increased by 25 percent since 1947-48. *For these reasons we recommend deletion of the proposed new position and the related office equipment.*

GENERAL SUMMARY

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

This division has shown a steady growth during recent years as follows :

<i>Fiscal year</i>	<i>Personnel</i>
1947-48 -----	44
1948-49 -----	48
1949-50 -----	49
1950-51 -----	51
1951-52 -----	53
1952-53 (proposed) -----	55

Department of Industrial Relations

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

ITEM 156 of the Budget Bill Budget page 470
Budget line No. 19

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

Amount requested -----	\$75,000
Estimated to be expended in 1951-52 Fiscal Year -----	65,000
 Increase (15.4 percent) -----	 \$10,000

RECOMMENDATIONS

Amount budgeted -----	\$75,000
Legislative Auditor's recommendation -----	75,000
 Reduction -----	 None

ANALYSIS

The amount requested will provide funds for the payment of special additional compensation to workers who had a disability or impairment at the time they were hired and who suffer a subsequent compensable

injury resulting in a combined degree of disability greater than the effect of the most recent injury and the previous disability or impairment considered separately. This procedure encourages the employment of handicapped persons.

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

<i>Fiscal Year</i>	<i>Budget Act appropriation</i>	<i>Amount expended</i>
1947-48-----	\$100,000	\$21,241
1948-49-----	100,000	17,542
1949-50-----	75,000	41,918
1950-51-----	75,000	47,809
1951-52-----	87,000	65,000
1952-53 request-----	75,000	(estimated) 75,000 (estimated)

Actual expenditures have been substantially less than amounts appropriated. It is impossible to forecast accurately the expenditures required under this provision of the statute. Amendments approved at the 1949 and 1951 Sessions of the Legislature will tend to increase the number of subsequent injury claims.

We recommend approval of the amount as requested.

GENERAL SUMMARY

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

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

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

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

Of the forty-one states having subsequent injuries programs, California is one of two that provides the entire financial support from the General Fund. Twenty-five states finance subsequent injuries entirely,

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

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

In lieu of this course of action, it is suggested that the General Fund's subsequent injuries contribution should be shifted from the General Fund to some special fund more directly reflecting the cost of doing business or the benefits accruing to employees. Two possibilities are:

1. Department of Employment Contingent Fund, and
2. Unemployment Compensation Disability Fund.

The Contingent Fund is supported by fines, penalties and interest on contributions collected under California's Unemployment Insurance Act. The Unemployment Compensation Disability Fund is financed by a pay roll deduction against covered employees. Yearly incomes and balances of both funds are substantial and it appears that simple amendments to the Unemployment Insurance Act could accomplish the desired end.

Although a shift of the present appropriation from the General Fund to one of the special funds mentioned above would be a step in the direction of placing liability for subsequent injuries more nearly in conformity with the practice of other states, it should be pointed out that in neither of these cases would the liability and cost be strictly on the employer or upon the employees benefited, and in either case would require amendment to existing statutes governing these funds.

OFFICE OF FIRE MARSHAL

ITEM 157 of the Budget Bill

Budget page 471
Budget line No. 7

For Support of Office of Fire Marshal From the General Fund

Amount requested	\$275,482
Estimated to be expended in 1951-52 Fiscal Year	262,201
<hr/>	
Increase (5.1 percent)	\$13,281