

# State Factory Earnings At All-Time High

Average earnings of production workers in California factories were higher in May than ever before, according to California Director of Industrial Relations John F. Henning.

Although 457,000 Californians were still out of work in May, weekly earnings of those employed averaged \$107.59 for the month, topping the May 1960 figure by \$3.97 per week or 3.8 percent.

Among the individual industries, Henning reported that weekly earnings were at record levels in food processing, printing and publishing, stone-clay-glass, primary and fabricated metals, and electrical equipment.

Weekly earnings were above a year ago in all industry groups except leather and auto assembly. Year-to-year gains of 5 percent or better were recorded in petroleum, furniture, primary metals, food processing, electrical equipment and fabricated metals.

Average hourly earnings for manufacturing workers as a whole edged up to a new high of \$2.71 in May from the previous record of \$2.69 registered in February, March and April. Compared with a year ago, production workers averaged 10 cents more per hour this May.

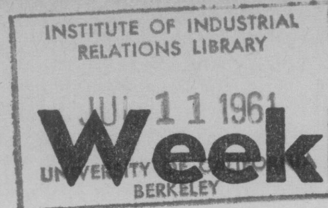
New all-time highs in hourly earnings were recorded in the following industries: food processing, printing and publishing, chemicals, stone-clay-glass, primary and fabricated metals, machinery and instruments.

Greatest year-to-year boosts in hourly earnings were 18 cents per hour in petroleum and 15 cents per hour in both food processing and in printing and publishing.

For the second month, average working time matched that of the corresponding month of last year. This contrasts with the 5 months prior to April when work weeks were shorter than in the comparable months of the previous year. Between April and May, working hours increased from 39.4 to 39.7 per week.



THOS. L. PITTS  
Executive  
Secretary-Treasurer



## Weekly News Letter

Vol. 3—No. 24  
July 7, 1961

Published by California Labor Federation, AFL-CIO



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## PITTS ISSUES PRELIMINARY REVIEW OF 1961 STATE LEGISLATIVE SESSION

After meeting continuously from the first Monday in January, the 1961 general session of the California legislature adjourned sine die at midnight June 16, 1961.

In terms of bread and butter issues, measured by advancements in workers' compensation, unemployment insurance and unemployment disability compensation, the session produced gains valued between \$12 and \$15 million a year in additional benefits, depending upon fluctuations in employment levels.

In terms of social welfare legislation—improvements in the categorical aid programs for the aged, the blind, the needy disabled, etc.—the 1961 session saw the enactment of an impressive number of important reforms and benefit bills.

Major progress was also recorded in a number of additional legislative actions, including among others: reform legislation in the credentialing of teachers; legislative submission to the voters of a \$100 million bond issue to finance low cost rental housing for the elderly; recognition of general consumer interests in a few areas heretofore preserved for special interest domination; promotion of labor-management on-the-job retraining programs; extension of social security coordination rights to state employees along with enactment of a contributory state employee health insurance program; and some limited steps taken to streamline and reorganize the executive branch of state government.

### BASIC LABOR LEGISLATION

The core of the Federation's program in the field of labor legislation affecting the body and operation of the trade union movement was a series of five bills, all of which were aimed at correcting serious deficiencies in California law governing labor-management relations.

These include the following (\* indicates a Federation-sponsored bill):

\*AB 402 (Hicks), repealing the unconstitutional "hot cargo" law which is still in the Labor Code.

\*AB 403 (Hicks), repealing the misnamed state jurisdictional strike act which has a long history of misuse by anti-labor employers in representation cases to block legitimate labor union

activities rather than bona fide jurisdictional disputes.

\*AB 406 (Hicks), combining repeal of the state jurisdictional strike act with the establishment of democratic procedures for the implementation and determination of organizational and collective bargaining rights in intrastate commerce.

\*AB 425 (Burton), providing for a "little Norris-LaGuardia Act" restricting the use of ex parte injunctions in labor disputes in order to assure conditions of equitable relief between the parties, and repealing also the anti-labor jurisdictional strike act and the unconstitutional "hot cargo" law.

\*AB 428 (Burton), prohibiting the recruitment of strikebreakers by persons or agencies not involved in a labor dispute, and making the employment of professional strikebreakers unlawful.

All of these measures were lost in the Assembly, with the exception of the "hot cargo" repeal bill (\*AB 402), which eventually died in the Senate Rules Committee after passage by the lower house.

The professional strikebreaker measure embodied in \*AB 428 was the first of these measures to be taken up in committee late in March, at which time it was referred to a subcommittee for further consideration. Faced with active opposition from the newspaper industry, corporate agriculture, and employers generally, the bill never got out of subcommittee, despite a complete "rewrite" of the measure and legislative counsel's opinions proclaiming its constitutionality. It was finally pronounced "dead" about a month and a half after referral to subcommittee.

\*AB 425, the "little Norris-LaGuardia Act," was sent to the floor of the Assembly with a "do pass" recommendation in the middle of March. It was the first fundamental piece of labor legislation to hit the floor of the Assembly and, as

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such, produced the most intensive floor fight of the 1961 session. Employer groups in the capital, with corporate agriculture in the forefront, lined up solidly to battle the measure with all the strength they could muster.

When \*AB 425 was taken up, an amendment to the bill was adopted which removed the provision repealing the jurisdictional strike act. Another amendment was added to spell out that the bill would not prohibit the issuance of an injunction where there was a breach in a collective bargaining agreement.

The measure was refused passage by a roll call vote of 31 Ayes to 41 Noes. The Federation immediately began pressing for reconsideration, however, which, after another intensive struggle, was carried by a vote of 46 to 28.

Prior to this final vote, additional clarifying amendments were inserted into the bill to remove any possibility of application to public employment, and, also, to declare specifically that the state jurisdictional strike act would remain unaffected by the bill, inasmuch as the repeal of this anti-labor law had been removed earlier from the measure.

As the bill was taken up again, employers attempted to insert totally emasculating amendments which would have given the courts the power to block any concerted activity designed to achieve an objective which the courts themselves deemed to be unlawful. These amendments were defeated by a vote of 54 to 11. The vote on passage that followed, however, fell short, with 31 assemblymen voting for the bill, and 42 against it. In a "last ditch" effort to salvage the bill, this vote was expunged from the record, thus momentarily restoring the bill on file for still another try. But the expunging action was followed by a successful motion on a 52-12 vote which sent the bill back to its committee of origin where it was ultimately buried with some five weeks left in the session.

During this hectic struggle on the floor of the Assembly, two of the Federation's remaining basic bills were taken up in committee and lost. Following a brief hearing, both \*AB 406, the collective bargaining procedures bill, and \*AB 403, providing for separate repeal of the jurisdictional strike act, were sent to interim committee for study. At the same hearing, the committee also buried another Federation bill, \*AB 401 (Hicks), declaring public policy of the state to remain neutral in trade disputes, and prohibiting the purchase of any goods or services by the state from any party to a trade dispute.

The Federation salvaged its separate "hot cargo" repealer bill (\*AB 402) and pushed it through the Assembly. On the Senate side the bill's chances of ultimate passage were enhanced when it was referred to the Committee on Judiciary in

order to bypass the upper house Labor Committee. The improved chances for \*AB 402, however, were quickly squelched when, at the close of a Senate session, the chairman of the Senate Labor Committee took advantage of the nearly vacated chamber to rerefer the measure to his committee.

A protest the following day returned the bill to the Senate Rules Committee, but all efforts exerted on the part of the Federation up to the closing minutes of the session failed to unlock the bill from committee.

### MINIMUM WAGE AND OTHER GENERAL LABOR LAW CHANGES

From the beginning of the session, it was known that the Senate Labor Committee was set up as the "death trap" for any Labor Code amendments that did not meet the approval of the committee's dominant, conservative majority. Under these circumstances it was not surprising that the committee presided over the burial of virtually every Labor Code bill sponsored by the Federation that managed to survive the Assembly.

Running true to form, the Senate Labor Committee dumped the Federation's \$1.25 per hour minimum wage bill, \*AB 684 (Rumford), in the closing week of the session. The action was taken on a voice vote reliably reported as 5 to 1, with one member absent.

As passed by the Assembly on a close 41-35 roll call vote, the Rumford bill would have established a statutory minimum of \$1.25 per hour for all men, women and minors in the state, exempting only babysitters. Before sending the bill to the upper house, the Assembly also added a piece rate minimum for farm workers, which would have required growers to set piece rates so that at least 80 per cent of farm workers in crop activities would earn the \$1.25 per hour minimum.

Senator Albert S. Rodda of Sacramento County was the only committee member who supported the minimum wage bill. His comments on his own unsuccessful motion to send the bill to the floor of the upper house pretty well summarized the attitude and purpose of the Labor Committee. Rodda noted that he was not "so naive as to believe the bill would get out of committee," but he was moving favorable action anyway because the legislation was so patently "sound and necessary."

Also \*AB 683, another Federation bill authored by Rumford, was not permitted to get out of Senate Labor. This measure, which was approved overwhelmingly in the Assembly, would have extended the minimum wage jurisdiction of the Industrial Welfare Commission to cover male minors between the ages of 18 and 21.

Late in April, the Assembly Committee on Industrial Relations stamped a "do pass" recommendation on two minimum wage bills sponsored by the Federation: besides \*AB 684, the committee

also approved another measure by Rumford, \*AB 682, providing for the establishment of \$1.25 per hour minimum wage within the framework of a state fair labor standards act with provision for time and a half beyond 40 hours a week and double time for over 10 hours a day and 48 hours a week.

The broader measure also gave the Department of Industrial Relations authority to hold hearings and issue wage orders by industries and occupations establishing a minimum wage above the \$1.25 statutory minimum or maximum working hours less than those prescribed by the bill.

Because of an implied appropriation for administration of the broader fair labor standards act, \*AB 682 was sent to the lower house Ways and Means Committee for clearance, while \*AB 684 went directly to the floor. Further consideration of \*AB 684, accordingly, was held up pending release of \*AB 682, which was assumed to be perfunctory inasmuch as the implied appropriation for administration involved less than \$175,000.

The Ways and Means Committee sent it back to the Industrial Relations Committee, thus killing it for the session. The action was taken with 13 Democrats present (only 12 votes being necessary for committee clearance).

The defeat of \*AB 682, however, left \*AB 684 on the floor, much to the surprise of some of the Assembly leaders who had forgotten about the measure being on inactive file pending the consideration of the broader measure in Ways and Means. Almost immediately \*AB 684 was pulled off the inactive calendar and pushed through the lower house by a one-vote margin, only to be killed by the Senate Labor Committee, as pointed out above.

In other areas of general Labor Code changes, the Federation sponsored some 20 additional measures. These included bills relating to the identification of wage deductions on check stubs, industrial safety, wage security measures, fee limitations on private employment agencies, payment of fringe benefits, and others. The bulk of these died in the Assembly, and of those that reached the Senate, all but a few were polished off in Senate Labor Committee.

Two general Labor Code bills sponsored by the Federation which managed to get through both houses of the legislature were \*AB 432 (Davis), which strengthens wage security provisions in logging and sawmill operations, and "AB 2408 (Petris), which provides for enforcement of apprenticeship fund contributions.

One of the few additional general Labor Code measures that managed to get past the Senate Labor Committee and signed into law, was SB 548 (Short), which strengthens the Division of Industrial Welfare's authority to enforce wage orders of the IWC, including power of enforcement by civil action.



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### SOCIAL INSURANCE MEASURES

In the field of social insurance legislation, the Federation introduced more than 100 measures in a comprehensive program for liberalization of unemployment insurance, workmen's compensation, and unemployment disability insurance. Each program was carefully developed, based on intensive and documented research.

Early in the session on the Assembly side, all these measures were referred to subcommittees by the Assembly Finance and Insurance Committee for initial consideration. Immediately, the Federation pointed out that in past sessions such subcommittee referrals had served more the interests of employers and insurance groups than the working man. Cautious optimism was expressed, however, that the subcommittee referral action would not be used as in past sessions to deprive labor of the opportunity to be heard on the full scope of its comprehensive liberalization proposals. The Federation noted specifically that if any package proposals were to be developed, the committee should undertake to do this in open meeting as the bills were referred back to the full committee with recommendations.

#### (a) Unemployment Disability Insurance

By far the most significant changes in the social insurance field were in the state disability insurance program with the passage of \*AB 234 (Rees) and \*AB 1663 (Hawkins).

\*AB 234, developed in subcommittee by Chairman Rees over the opposition of private insurance carriers, combines a \$5 increase in the maximum weekly benefit to \$70 with an annual benefit escalation clause; adjusts the financing of the program to overcome a current operating deficit and fund future benefit increases; and enacts provisions designed to remove state plan subsidies to so-called voluntary plans of private carriers permitted under the program.

The \$5 boost in the maximum, effective January 1, 1962, would be accomplished by adding 5 steps to the top of the liberal benefit schedule already in the law. Thereafter, by annual computation, based on weekly wages in covered employment, the maximum would be increased automatically to assure that the top benefit is equal to two-thirds the average wages as pay scales increase.

On the financing end of the bill, the present taxable wage base of \$3,600 for employee contributions would be increased \$500 in each of four years to \$5,600 by 1965. In the interim period while the tax base is being increased to achieve operating solvency, added funds would be made available for the payment of state disability insurance benefits by transfer of some \$70 million (less amounts already requisitioned) to the disability insurance fund from

worker contributions in the unemployment insurance fund which are presently "also available" for disability insurance benefits.

The provisions removing subsidies to the voluntary plans include the following:

1. Reestablishment of a provision prohibiting the Director of Employment from approving voluntary plans so long as they impose an "adverse risk" to the state plan through the selection of preferred risks by the private carriers. The director would be required to consider sex, age, wage discrimination and other relevant factors.

2. Require voluntary plan carriers to pay for their full share of benefits charged against the state plan when an unemployed person becomes disabled and draws benefits. This is accomplished by requiring private carriers to contribute 15 per cent of their tax collections to the state plan at the outset while the tax base is low, with a gradual cutback to 12 per cent for 1964 and thereafter as the tax base increases.

3. Assessment of voluntary plan carriers for the added cost of administration incurred by the state plan due to voluntary plan participation.

Under \*AB 234, the Department of Employment estimates that because most voluntary plan carriers would be unable to compete with the more efficient state program, voluntary plan coverage will drop from a present 29 per cent to 5 per cent of total coverage.

According to the Department estimates, the \$5 boost in the weekly maximum benefit will increase total benefit payments by about \$3 million in a claims year like 1961. (This estimate, however, does not include the value of future benefit increases under the escalator clause.) Department figures also show that some 137,000 claimants will realize the benefit increases ranging from \$1 to \$5 a week. Of these, approximately 113,400 will get the full \$5 increase.

In the closing week of the session, release of \*AB 234 was obtained from the Senate Committee on Insurance and Financial Institutions only after the committee adopted amendments advanced by employers. These included elimination of a provision for automatic escalation of the taxable wage base after 1965, and modification of the benefits escalation clause to permit downward as well as upward movement of the maximum benefit, but not below the \$70 per week maximum provided in the bill.

By a close vote, however, the committee rejected private carrier efforts to load the measure with amendments designed to maintain their subsidized position in the state program so that they could continue to write voluntary plans for "preferred risks." Amendments defeated in Senate committee included proposals by the private carriers to immediately increase the taxable wage base to \$4,800 and allow them their acquisition costs for the solicitation of voluntary plans.

Apart from \*AB 234, perhaps the most significant achievement of the Federation in the social insurance field was the passage of \*AB 1663—a precedent-setting measure in social insurance, which extends the state unemployment disability insurance program to agricultural workers.

#### (b) Workmen's Compensation

The benefit bill in workmen's compensation which won legislative approval was \*AB 380 (Waldie) providing a \$5 increase in both the minimum and maximum weekly benefit amount for temporary disability (\$65 to \$70 for the maximum, and \$20 to \$25 for the minimum). This was achieved in the closing hours of the session when the Federation successfully amended this increase into the Waldie bill on the floor of the Senate. The original bill eliminated an agricultural employer exemption from a 50 per cent penalty provision applicable to injuries involving the illegal employment of minors under 16 years of age.

The successful amendment action on the floor followed defeat in Senate committee of two main benefit bills in workmen's compensation released to the upper house by Assembly leaders. These included \*AB 329 (Waldie) which carried the \$5 increase eventually amended on the floor into \*AB 380, and \*AB 278 providing for a long overdue program of rehabilitation benefits for injured workers unable to return to their former jobs.

The defeated rehabilitation proposal, although watered down from the original rehabilitation program advanced by the Federation, would have marked a significant advancement in workmen's compensation. It is in the area of rehabilitation benefits that the California workmen's compensation program is seriously lacking.

The \$5 increase in the minimum and maximum for temporary disability approved by the legislature will result in annual benefit increases estimated at about \$1.3 million per year.

#### (c) Unemployment Insurance

The struggle to obtain any benefit increase in unemployment insurance had to overcome the determined efforts of employers to prevent the full application of their own system of "experience rating" which had milked the U.I. fund of reserves necessary to meet benefits. The worsening status of the U.I. fund, in turn, gave them leverage with legislators to hold down needed benefit increases in the program.

Taking full advantage of their friendly relationship with the Senate Insurance and Financial Institutions Committee, the employers led off with the development of a revised financing program embodied in SB 994, authored by Senator Richard J. Dolwig, chairman of the Senate unit. The measure would have allowed each employer to stay on his own present contribution rate by imposing a

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surtax of 1.2 percent on each employer's taxable wage base. Thus, employers at the 3 percent rate would have been required to pay 4.2 percent, so that employers who have been milking the fund at a low experience rate—for example, three-tenths percent—would pay only 1.5 percent.

The Federation strongly opposed the Dolwig bill, pointing out that it represented an attempt to prevent the full operation of the very "experience rating" system which the employers themselves devised in order to avoid paying the full unemployment insurance tax imposed by the federal government in establishing the federal-state unemployment insurance program, and the bill was defeated as a result in committee.

The concentration of the Senate committee on the financial aspects of the unemployment insurance program, in turn, materially influenced the benefit bill eventually developed on the Assembly side by the Finance and Insurance Committee and sent to the upper house. As embodied in \*AB 1382 (Munnell, D.), the Assembly committee proposal consisted of two parts:

1. It provided for a \$1 to \$8 increase in benefits within the present \$55 per week maximum by compressing the U.I. benefits schedule and conforming it to the uniform \$25-step principle in the more liberal disability insurance program. The Department of Employment estimated that this would have increased jobless benefits in a recession year like 1961 by about \$29.5 million, and \$24.8 million in 1962, assuming a measure of recovery from the current recession.

2. At the same time, it provided for a modified version of the employer financing scheme developed on the Senate side to avoid the flat 3 percent contribution tax.

Although passed on the Assembly side over the opposition of employers, it was known that employer groups would make their major effort in Senate committee. Accordingly, an employer spokesman representing the "California Organized Employer Community" appeared before the Senate Committee on Insurance and Financial Institutions and attacked both the benefit increases and the financing provisions of the bill. Release of the bill to the Senate floor was obtained only after the Senate unit accepted employer amendments to reduce the benefit increase and revise the financing provisions to their liking.

As passed by both houses, the benefit provisions of \*AB 1382 provide for a compression of the benefits schedule within the current \$55 per week maximum based on a uniform \$28-step schedule rather than the \$25-step compression approved by the Assembly. This will produce benefit increases ranging from \$1-\$3 for claimants falling within the

limits of the benefits schedule (as contrasted with the \$1-\$8 increase advanced by the lower house).

Rather than increasing total benefits in a year like 1961 by \$29.5 million, as approved by the Assembly, the bill in its final form provides for an estimated \$11.7 million increase. Based on Department of Employment estimates for an improved job picture in 1962, this boost would increase benefits by \$9.9 million.

It is further estimated that 69.3 percent of new claimants would realize the increased benefit payments when the bill takes effect on September 15th. The average claimant, with high quarter weekly wages averaging about \$100, would get the full \$3 increase.

### CIVIL RIGHTS

In this field of legislative activity, the Federation combined its efforts with various minority groups behind legislation advanced under the coordination of the California Committee for Fair Practices. AB 801, the Hawkins fair housing bill, was the key civil rights bill advanced by the Fair Practices Committee.

The measure got off to a fast start by receiving early clearance from the Assembly Committee on Governmental Efficiency and Economy. In its original form the bill would have extended the 1959 Hawkins law against discrimination in publicly-assisted housing to virtually all sales and rental housing. The only exception allowed was for the owner of a single unit dwelling accommodation occupied in whole or in part by the owner as his residence. But perhaps the most important feature of the bill was the provision placing enforcement under the jurisdiction of the State Fair Employment Practices Commission.

The powerful real estate lobby launched a major campaign against the measure as it moved to the Assembly Ways and Means Committee for financial clearance of a minor implied appropriation for enforcement. In the face of this opposition, and the determination of the Ways and Means Committee to assume policy control over the bill, it became necessary to remove virtually all of the broadened coverage provisions of the bill in order to secure its release to the floor.

In this weakened form, in the middle of May, the Hawkins fair housing bill squeaked by the Assembly on a 44-31 vote. Its main feature as it was sent to the upper house was the provision for enforcement of the anti-discrimination ban under the State Fair Employment Practices Commission.

Further consideration of the bill by the Senate Governmental Efficiency Committee was held up until the first week of June when the 11-member Senate committee, consisting of eight Democrats and three Republicans, killed the bill by sending it to interim committee for study. The action was by a close voice vote; no member asked for a roll call.

Among several minor measures approved by the legislature in the field of civil rights was AB 1970 (Hawkins), extending the 1959 ban against discrimination in publicly-assisted housing to the Cal-Vet program. Other measures were also approved relating to non-discrimination in the transfer of property in redevelopment projects and restrictive covenants.

### FARM WORKERS

Basic measures to help farm workers in their struggle for a better life were lost with the defeat of the Federation's collective bargaining procedures bill, the little Norris-LaGuardia Act, and minimum wage bills. Corporate agriculture was one of the primary forces that killed these Federation bills.

The legislature also refused to extend unemployment insurance to agriculture, but this was offset in part by the green light given the passage of the disability insurance coverage bill, \*AB 1663, noted above.

Early in the session, the legislature approved the Governor's recommendation to establish a pilot program to provide health care for seasonal farm workers and their families (SB 282 - O'Sullivan). In the final week of the session, it also approved SB 993 (O'Sullivan), creating a Governor's Agricultural Study Commission. A broader measure, AB 2503 (Casey), establishing an Agricultural Labor Resources Committee to coordinate activities aimed at improving the plight of farm workers and their families, and at developing a dependable and stable domestic agricultural labor force, got past the Assembly but was killed on the Senate side.

A field sanitation bill, AB 851 (Cobey), was killed by the Senate Finance Committee. This measure was first defeated in Senate Agriculture, and then later revived with some weakening amendments. Finance, however, presided over a brief burial ceremony.

On balance, in the field of agricultural labor, a measure of progress was achieved, primarily because of the passage of the Federation's disability insurance coverage bill.

### HOUSING LEGISLATION

Another disappointment of the 1961 session was its failure to come up with any substantial legislative program for assumption of California's rightful responsibility, supplemental to federal action, to help meet the mounting problems of urban decay and to provide housing within the reach of low and middle income families who are largely priced out of today's private housing markets. Several bills aimed at giving urban renewal and redevelopment agencies greater responsibility in this regard, although well intended, fell far short of coming to grips with the problem, essentially because of the lack of specific programs to back them up.

All hopes of developing such specific



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programs are tied up in the passage of AB 814 (George E. Brown), which creates a Governor's housing study commission. This is the long-range approach, and needless to say, it has many pitfalls, judging from the lack of response given to the recommendations of other study commissions of the Governor established in the past in various areas of legislation. The best that can be said for the study commission approach is that it offers a hope and a prayer that something will be developed in the future. But it all depends upon the kind of appointments made to the study commission by the Governor.

The Federation's state mortgage authority proposal never got off the ground because of the problem of using the state's credit in areas of activity like housing.

There was one major exception in the housing field. This was legislative approval given to a \$100 million general obligation bond issue to finance low-rent housing for the elderly and disabled. Embodied in SCA 10 (Burns), supported by the Federation, this proposal will go before the voters at the next general election.

### PUBLIC EMPLOYEES

Generally, in regard to public employee legislation, the area of major focus was organizational and collective bargaining legislation, but no bills were passed. This was also true of specific bills to provide organizational and collective bargaining rights for teachers, employees of municipal utility districts, and hospital workers (private included) as separate groups. The Fire Fighters also lost key bills designed to add enforcement provisions to legislation on organizational rights enacted by the 1959 legislature.

On the other hand, a series of bad bills on the subject were killed. These included measures to prohibit any kind of strike activity by public employees on penalty of losing civil service status; legislation to destroy collective bargaining in the Metropolitan Transit District by the establishment of a civil service system for all transit district employees; and a measure advanced primarily by the California State Employees Association and other non-affiliated public employee groups which, under the guise of establishing a formal representation procedure for all public employees in the state, would have ruled out of the public employee field virtually every bona fide labor organization affiliated with the AFL-CIO.

Other significant public employee measures approved include the following:

AB 541 (Meyers), providing for a \$5 monthly state contribution toward a long overdue health insurance program for state employees.

AB 873 (Bane), establishing a liberal formula for coordination of the state employees' retirement system with federal social security, and giving individual state employees the option of electing coordination without a referendum vote. Passage of this bill was a major victory for AFL-CIO affiliated organizations which worked closely with Assemblyman Bane to push the bill through the legislature over the opposition of the CSEA. A referendum requirement which was inserted into the bill by the CSEA on the Senate side was removed in conference committee before final passage. (The Federation dropped its own bill on the subject to work for the passage of the Bane bill, which was co-authored by Senator Rodda on the Senate side.)

\*AB 337 (Elliott), extending to all school districts protections for probationary teachers relating to a right to a hearing and dismissal for cause only. Although amended numerous times before passage, the bill represents a substantial advancement for probationary teachers in districts below 85,000 a.d.a.

SB 946 (Grunsky), extending the teacher tenure law to districts with 250 a.d.a. or more, instead of the present 850 a.d.a. or more.

Among the Federation-sponsored public employee bills defeated was \*AB 350 (George Brown), which would have repealed restrictions on political activities. A bill providing for liberalization of present political restrictions, AB 531 (Waldie), got past the Assembly but was killed on the Senate side.

### OTHER FEDERATION BILLS

Among other fields of legislative activity, the Federation sponsored a substantial number of bills relating to construction and public works. Several measures were secured through the Assembly requiring contractors to post security for payment of wages and fringe benefits in a given pay period; requiring a contractor's license for installations valued at \$100 or more; correcting abuses in the owner-builder exemption under the Contractors' Licensing Law; and broadening the scope of the specialty license for carpeting. Of these measures, the owner-builder bill managed to get through the Senate (\*AB 696-Gaffney).

Other Federation bills passed include: \*SB 1460 (Arnold), correcting abuses in use of prison labor; \*AB 336 (Elliott), increasing by 10 per cent the income eligibility limits for use of state-supported child care centers; \*AB 348 (George Brown), affecting membership on county retirement boards; \*AB 317 (Rumford), restricting the use of the word "hospital" by nursing and convalescent homes unless such facilities identify themselves by descriptive language in conjunction with the use of "hospital."

Federation-sponsored bills to eliminate adult education tuition fees, limit employment agency fees, prohibit various rate discrimination schemes in automo-

bile liability insurance and strengthen the state "net weight" law, among others, were defeated.

### SOCIAL WELFARE

The quantity and quality of liberalization legislation enacted in the categorical aid programs is without precedent in the recent history of the legislature.

With the strong backing of the Governor's office, the "relatives' responsibility" provision in the Old Age Assistance law was vastly liberalized so as to abolish it, except for high income relatives. In the aid to the blind and needy disabled programs, "relatives' responsibility" was completely eliminated.

Another major breakthrough was scored in a bill repealing the citizenship requirement for old age assistance. Among primary beneficiaries of this measure will be thousands of Mexican-Americans.

Other liberalization measures were so many and varied, that it is possible only to mention some of the most important at this point.

The legislature:

—Boosted the state's basic old age assistance allowance from \$95 to \$100 per month.

—Increased the aged aid allowance in cases of special need from \$115 to \$165.

—Hiked assistance for the needy blind from \$104 to \$115 per month.

—Increased the permissible grant to the blind in special need cases from \$115 to \$165.

—Liberalized the eligibility provisions for aid to the needy and totally disabled, and provided benefit increases consistent with the liberalization of payments in other aid programs.

—Authorized the state Social Welfare Board to make annual adjustments in grants to the aged and blind in line with cost of living increases.

—Revamped and liberalized the property exemption for purposes of eligibility in the categorical aid programs.

The legislature also approved a state program to provide medical care for aged "medical indigents" who are not on public assistance. This program takes advantage of federal funds which were made available by Congress when it approved the public assistance approach to medical care in lieu of the labor-supported social security medical care bill for the aged.

### GENERAL LEGISLATION

In general areas of labor interest and legislative activity, the accomplishments of the 1961 session varied considerably from sketchy to both good and bad.

#### Schools

On the positive side, a significant achievement was SB 57 (Fisher), backed by Governor Brown, which enacts substantial reforms in the credentialing of school teachers, reducing the number of credentials from 40 to a basic 5, and placing emphasis on subject matter competency in the training of teachers. The

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reform measure also imposes higher academic training standards for both prospective instructors and administrators.

The Fisher bill was actively supported by the Federation and the AFL-CIO Teachers. It represents the most important accomplishment in the field of education at the 1961 session. Its passage was also a serious defeat for the heretofore dominant California Teachers Association, which opposed the bill throughout the legislative process. In the course of its approval, the Federation worked closely with Senator Fisher on basic aspects of the bill, including the provision of a standard designated subjects credential with specialization in technical and industrial education.

Governor Brown lost his proposal to provide for equalization of school funds at the local level. This proposal was removed from the basic appropriation measure, AB 1000, which allocates some \$721 million for 1961-62 public school operational apportionments, and contains a \$1 million increase in state general fund money compared with the previous fiscal year, and an additional increase of \$1.5 million for driver training which will come out of the motor vehicle fine proceeds.

The legislature rejected measures which would destroy the state textbook law by providing for multiple adoptions at the local level, and at the same time enacted a number of measures effecting money-saving reforms in the textbook field.

Bills were also approved to: require statewide testing of elementary and high school students, with free choice of tests approved by the state, and results to be reported to the state; improve the ratio of school expenditures going for classroom instruction; provide a state-financed educational program for gifted children, and permit state aid to educational TV, including approval of a TV Educational Advisory Commission.

### State Budget and Taxation

The legislature approved the Governor's budget substantially without change, closely balanced at \$2.6 billion

for the coming fiscal year. Various proposals to cut taxes were held in check by the Governor's office, with legislative approval being given to the following:

AB 60 (Rumford), eliminating the sales tax on prescription drugs—a savings of from \$5 to \$6 million to taxpayers.

Approval of a series of bills reducing taxes by another \$2.3 million by bringing state personal income and corporation income taxes into conformity with federal provisions. This series of bills, however, conforms state law to federal law in a number of areas which are beneficial to the wealthy and adverse to moderate income groups.

### Government Reorganization

The Governor also achieved substantial success in the field of government reorganization. Most important bills approved in this area include two bills which merged 12 major departments into 4 master agencies as follows:

SB 699 (Collier), creating a new highway transportation agency which would consist of the present state Departments of Public Works and Motor Vehicle and the California Highway Patrol.

AB 1593 (Winton), establishing three other new super administrative agencies as follows: a health and welfare agency consisting of the Departments of Social Welfare, Mental Hygiene and Public Health; a youth and adult corrections agency made up of the Department of Corrections and the California Youth Authority; and a resources agency consisting of the Water Rights Board, the Water Pollution Control Board, Regional Pollution Boards and the Departments of Conservation, Fish and Game, Water Resources, and Park and Recreation.

The legislature also approved a "Little Hoover" commission bill to study further reorganization of state government.

### Water Development

One of the worst performances of the session was the failure of the legislature to come to grips with the serious policy problems facing the state in connection with the \$1.75 billion water development program approved by the voters.

The only exception of significance was the approval of AB 261 (Davis), which

establishes state policy to provide for coordinated recreation development and fish and wild life enhancement in connection with water development projects. Its passage is a tribute to the persistent efforts of Assemblywoman Davis, who secured approval of the bill despite repeated efforts of the Department of Water Resources to block it. Approval was won, however, only after appropriations to carry out the measure were deleted. AB 261 establishes excellent policy for recreational development, but could be rendered meaningless if the Water Resources Department persists in its opposition to making water funds available for carrying out its purpose.

### Other Bills

In this preliminary report it has been possible only to cover some of the highlights of the session. The following are some additional noteworthy measures approved by the legislature:

— Enactment of a measure to prohibit discrimination because of age, with primary emphasis on educational activities and expansion of job placement services through the Department of Employment.

— Passage of bills to provide for regulation, licensing and supervision in the use of radioactive materials; regulate disposal of radioactive waste; and strengthen regulations to the transportation of radioactive materials.

— Approval of measures to expedite the counting of absentee ballots, prohibit literacy test challenges at election polling places, and provide for a greater number of voter registrars.

— Passage of a bill modifying the much abused vagrancy law, and requiring specific charges to be filed against persons arrested for vagrancy.

— Legislation prohibiting discrimination against teachers because of age or marital status.

— Creation of a "blue ribbon" commission to be appointed by the Governor and legislature to study reapportionment of the state Senate.

— Approval of a number of bills advanced by the state Consumer Counsel for the protection of the public against mislabeling, and fraudulent consumer practices.