

**CALIFORNIA LEGISLATURE**  
**1950 THIRD EXTRAORDINARY SESSION**

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# **ASSEMBLY DAILY JOURNAL**

**FIRST LEGISLATIVE DAY**  
**FIRST CALENDAR DAY**

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## **IN ASSEMBLY**

**ASSEMBLY CHAMBER, SACRAMENTO**  
**Wednesday, September 20, 1950**

The Assembly met at 12 m., pursuant to the provisions of the Proclamation of His Excellency, Earl Warren, Governor of the State of California, dated September 14, 1950, convening the Legislature of the State of California on this day in extraordinary session.

Arthur A. Ohnimus, Chief Clerk of the Assembly for the 1950 Regular (Budget) Session, presiding.

### **ANNOUNCEMENT**

Arthur A. Ohnimus, Chief Clerk of the Assembly, announced that, pursuant to the requirements of the Government Code, Section 9150, the following officers of the Assembly of the 1950 Regular (Budget) Session of the Legislature were present, and in their respective positions: Arthur A. Ohnimus, Chief Clerk; Geraldine B. Hadsell, Minute Clerk; and Wilkie Ogg, Sergeant-at-Arms.

### **ROLL CALL**

The roll was called, and the following answered to their names:

Anderson, Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Sam L. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinkley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—74.

Quorum present.

**PRAYER**

Upon invitation of the Chief Clerk, the following prayer was offered by Dr. Torrance Phelps, Chaplain of the Assembly for the 1950 Regular (Budget) Session:

*Infinite God:* We rejoice that we meet again in this historic place, and for the opportunity of living in this great State.

For the beauty of our world, for the mountains with their cascades, and for the valleys blossoming with autumnal harvests.

Inspire this Assembly with wisdom, guide the Speaker and the Governor, and the President of these United States.

May we have sympathy for any of our numbers who have been in trouble or sorrow, and work together in mutuality for all the people.

Above all may we defend our Nation as the one hope of all free peoples, and pray that other nations may have the sense to see that Democracy is the guarantee of prosperity and peace.—AMEN.

**PROCLAMATION OF THE GOVERNOR**

The Chief Clerk directed the Assistant Clerk to read the Proclamation of the Governor convening the Legislature in extraordinary session.

Whereupon the Assistant Clerk read the following Proclamation:

**Proclamation**

EXECUTIVE DEPARTMENT, STATE OF CALIFORNIA

WHEREAS, An extraordinary occasion has arisen and now exists requiring that the Legislature of the State of California be convened in extraordinary session; now, therefore,

I, EARL WARREN, Governor of the State of California, by virtue of the power and authority in me vested by Section 9 of Article V of the Constitution of the State of California, do hereby convene the Legislature of the State of California to meet in extraordinary session at Sacramento, California, on Wednesday, the twentieth day of September, 1950, at 12 o'clock noon of said day for the following purposes and to legislate upon the following subjects:

1. To consider and act upon legislation relating to civil defense, disaster relief and subversive activities, and civil and military services in connection therewith.

2. To consider and act upon legislation to authorize state agencies to make and carry out contracts with the United States for work or services in furtherance of military or naval activities of the United States.

3. To consider and act upon legislation to provide for and facilitate registration and voting by persons in the armed forces and others absent from their place of residence in time of hostilities.

4. To consider and act upon legislation relating to the rights of public officers and employees to return to office or employment after service with the armed forces of the United States or this State, and legislation relating to the retirement rights of members of state or local retirement systems who serve in such armed forces.

5. To consider and act upon legislation relating to educational benefits for veterans and dependents of veterans and assistance to such persons in presenting and pursuing claims against the United States and establishing rights under the laws of the United States.

6. To consider and act upon legislation relating to the amounts, purposes, and repayment of apportionments from the Public School Building Loan Fund.

7. To consider and act upon legislation relating to the protection and care of and assistance to children, needy persons and others especially in need thereof, and particularly legislation in conformity with the Social Security Act Amendments of 1950 (H. R. 6000).

8. To consider and act upon legislation to provide for the transfer of funds in any appropriation for major construction, improvements, and equipment for the Department of Motor Vehicles, the Department of California Highway Patrol, or for state office buildings, to any other appropriation heretofore made for major construction, improvements and equipment.

9. To approve or reject charters and charter amendments of cities, cities and counties, and counties, ratified by the electors pursuant to the Constitution of the State of California.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this fourteenth day of September, 1950.

ATTEST:  
(SEAL)

EARL WARREN, Governor  
FRANK M. JORDAN, Secretary of State

**ANNOUNCEMENT**

The Chief Clerk announced that the next order of business was the nomination and election of officers for the 1950 Third Extraordinary Session of the Assembly, and declared that nominations for officers of the Assembly were now in order.

**RESOLUTIONS**

The following resolution was offered:

By Mr. Cooke:

**House Resolution No. 1**

*Resolved by the Assembly of the State of California, That the following named persons constitute the officers of the Assembly for the 1950 (Third Extraordinary) Session, with the per diem as fixed by statute or resolution.*

Hon. Sam L. Collins	Speaker
Hon. Thomas A. Maloney	Speaker pro Tempore
Arthur A. Ohnimus	Chief Clerk
Geraldine B. Hadsell	Minute Clerk
Wilkie Ogg	Sergeant-at-Arms
Dr. Torrance Phelps	Chaplain
Andrew J. Cecchetti	Chief Assistant Sergeant-at-Arms

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloved, Coats, Collier, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, McCarthy, McCollister, McMillan, Mevers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, and Yorty—70.

**NOES**—None.

**APPOINTMENT OF SELECT COMMITTEES**

Chief Clerk Arthur A. Ohnimus announced the appointment of Messrs. Cooke, Dickey, and Clarke as a Select Committee to escort the Honorable Sam L. Collins, Speaker-elect, to the rostrum.

Chief Clerk Arthur A. Ohnimus announced the appointment of Messrs. Sherwin, Fletcher, and Lipscomb as a Select Committee to escort the Honorable Thomas A. Maloney, Speaker pro Tempore-elect, to the rostrum.

**OATHS OF OFFICE ADMINISTERED**

Hon. Sam L. Collins, Speaker-elect; Hon. Thomas A. Maloney, Speaker pro Tempore-elect; Arthur A. Ohnimus, Chief Clerk-elect; Geraldine B. Hadsell, Minute Clerk-elect; Wilkie Ogg, Sergeant-at-Arms-elect; and Andrew J. Cecchetti, Chief Assistant Sergeant-at-Arms-elect, took and subscribed to the following oath, administered by the Honorable Frank M. Jordan, Secretary of State:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of California, and that I will faithfully discharge the duties of the office to which I have been elected, according to the best of my ability.

**Speaker Presiding**

At 12.15 p.m. Hon. Sam L. Collins, Speaker of the Assembly, presiding.

Chief Clerk Arthur A. Ohnimus at the desk.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker Sam L. Collins, the Assembly then gave the pledge of allegiance to the Flag.

**ANNOUNCEMENT**

Speaker Sam L. Collins announced that all members desiring to place their names upon bills as co-authors may affix their signatures to the bills, at the desk, prior to the time the bills are sent to the printer.

**LEAVES OF ABSENCE FOR THE DAY**

The following members were granted leaves of absence for the day, because of illness:

Mr. Rosenthal, on motion of Mr. Beck.

Mr. Silliman, on motion of Mr. Waters.

The following member was granted leave of absence for the day, because of legislative business elsewhere:

Mr. Dolwig, on motion of Mr. Grunsky.

The following member was granted leave of absence for the day, and desired to waive his per diem:

Mr. Huyck, by unanimous consent.

**RESOLUTIONS**

The following resolutions were offered:

By Mr. Stewart:

**House Resolution No. 2**

*Resolved by the Assembly of the State of California, That a Select Committee of Five be appointed to wait upon His Excellency, the Governor, and inform him that the Assembly is organized and awaits any communication he may have to make to it.*

**Request for Unanimous Consent**

Mr. Stewart asked for, and was granted, unanimous consent to take up House Resolution No. 2, at this time, without reference to committee or file.

Resolution read, and adopted.

**Appointment of Select Committee**

Pursuant to the provisions of House Resolution No. 2, the Speaker announced the appointment of Messrs. Stewart, Dunn, Beck, Evans, and Maloney as such Select Committee to wait upon the Governor.

By Mr. Maloney:

**House Resolution No. 3**

*Resolved by the Assembly of the State of California, That the Speaker of the Assembly appoint a Committee of Three to inform the Senate that the Assembly is in session pursuant to the Proclamation of His Excellency, the Governor, dated the fourteenth day of September, 1950, and ready for the transaction of legislative business, with the following officers, to wit:*

Hon. Sam L. Collins	Speaker
Hon. Thomas A. Maloney	Speaker pro Tempore
Arthur A. Ohnimus	Chief Clerk
Geraldine B. Hadsell	Minute Clerk
Wilkie Ogg	Sergeant-at-Arms
Dr. Torrance Phelps	Chaplain
Andrew J. Cecchetti	Chief Assistant Sergeant-at-Arms



**Request for Unanimous Consent**

Mr. Maloney asked for, and was granted, unanimous consent to take up House Resolution No. 3, at this time, without reference to committee or file.

Resolution read, and adopted.

**Appointment of Select Committee**

Pursuant to the provisions of House Resolution No. 3, the Speaker announced the appointment of Messrs. Maloney, Brown, and Lowrey as such Select Committee to wait upon the Senate.

**COMMITTEE FROM THE SENATE**

Senators Regan, Burns, Mayo, and Miller appeared before the bar of the Assembly, and announced that the Senate had organized, and was now ready to proceed with the regular business.

**RESOLUTIONS**

The following resolutions were offered:

By Mr. Dickey:

**House Resolution No. 4**

*Resolved by the Assembly of the State of California*, That the Standing Rules of the First Extraordinary Session of 1950, as printed in the Assembly Journal of April 13, 1950, starting at page 1076, be and the same are hereby adopted as the Temporary Rules of the 1950 Third Extraordinary Session.

**Request for Unanimous Consent**

Mr. Dickey asked for, and was granted, unanimous consent to take up House Resolution No. 4, at this time, without reference to committee or file.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, and Yorty—70.

**NOES**—None.

By Mr. Crichton:

**House Resolution No. 5**

*Resolved by the Assembly of the State of California*, That the Sergeant-at-Arms or the Chief Clerk, be and they are hereby authorized to receipt to the Controller for all warrants for the payment of members, officers, and attaches of the Assembly.

**Request for Unanimous Consent**

Mr. Crichton asked for, and was granted, unanimous consent to take up House Resolution No. 5, at this time, without reference to committee or file.

Resolution read, and adopted.

By Mr. Dickey:

**House Resolution No. 6**

*Resolved*, That the following named persons be and they are hereby appointed to the positions hereinafter set forth, with the compensation set opposite their names payable weekly, and the Controller is hereby directed to draw his warrants in favor of the respective persons for the said respective amounts, and the Treasurer is hereby directed to pay the same; said compensation to be upon a seven-day week basis:

*Commencing Wednesday, September 20, 1950:*

Arthur A. Ohnimus, Chief Clerk.....	\$25.00
Geraldine B. Hadsell, Minute Clerk.....	15.00
Wilkie Ogg, Sergeant-at-Arms.....	15.00
Harold K. Lewright, Assistant Chief Clerk.....	15.00
Charles W. Robbins, Engrossing and Enrolling Clerk.....	14.00
Andrew J. Cecchetti, Chief Assistant Sergeant-at-Arms.....	13.00

**Request for Unanimous Consent**

Mr. Dickey asked for, and was granted, unanimous consent to take up House Resolution No. 6, at this time, without reference to committee or file.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Doyle, Dunn, Elhott, Ewin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hmeckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMullan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—72

NOES—None.

By Mr. Collier:

**House Resolution No. 7**

*Resolved by the Assembly of the State of California*. That the Chief Clerk of the Assembly be and he is hereby directed to procure from the State Purchasing Division on requisition, for the use of the Members of the Assembly, all necessary stationery and supplies

**Request for Unanimous Consent**

Mr. Collier asked for, and was granted, unanimous consent to take up House Resolution No. 7, at this time, without reference to committee or file.

Resolution read, and adopted.

**REQUEST FOR UNANIMOUS CONSENT THAT REPORT BE PRINTED  
IN JOURNAL AND AS A SEPARATE DOCUMENT**

Mr. Geddes asked for, and was granted, unanimous consent that a Preliminary Report on Unemployment and Unemployment Insurance and Its Administration as prepared by the Assembly Interim Committee on Finance and Insurance (pursuant to House Resolution No. 239) be ordered printed in the Journal in 10-point type; and that 500 additional copies be printed as a separate document.

(Above mentioned report will be printed prior to the motion to adjourn.)

**COMMUNICATIONS**

By Speaker Sam L. Collins:

The following communication was received, read, and ordered printed in the Journal:

April 24, 1950

DEAR MR. MALONEY: It was so kind and thoughtful of you and the Members of the Assembly to commemorate the memory of my husband with the beautiful scroll. This one and the one he received after 25 years service with the Associated Press will serve as loving mementos of the associations he enjoyed with his many loyal friends. Your kindness is greatly appreciated by the family and myself.

Very sincerely,

MARGUERITE WELLS

**ANNOUNCEMENT**

Speaker Sam L. Collins announced that he will appoint, as the standing committees of this session, the standing committees and personnel, of those committees which were appointed at the 1950 Regular (Budget) Session.

**REQUEST FOR UNANIMOUS CONSENT THAT DIGESTS OF CALIFORNIA AND OTHER STATES' LAWS BE PRINTED IN JOURNAL**

Messrs Beek, Smith, and Babbage asked for, and were granted, unanimous consent that the following Digests of California and Other States' Laws on Subversive Activities and Sabotage be printed in the Journal in 10-point type:

**DIGEST OF CALIFORNIA LAW ON SUBVERSIVE ACTIVITIES AND SABOTAGE****1. Statutes Directly Penalizing Disloyal Acts.****a. Treason:**

Treason consists only in levying war against the State, adhering to its enemies, or giving them aid and comfort. No person shall be convicted of treason except on the evidence of two witnesses to the same overt act, or confession in open court. (Cal. Const., Art. I, Sec. 20; Pen. C. 37, 1103; C. C. P. 1968 )

Misprision of treason—the knowledge and concealment of treason, without otherwise assenting to it—is punishable by imprisonment in the State prison for up to five years (Pen. C., 38).

**b. Riot:**

Any use of force or violence, or threat to use force or violence accompanied by power of immediate execution, by two or more persons acting together and without authority of law is a riot, punishable by imprisonment in the county jail for not over two years, or by a fine of not more than \$2,000, or both (Pen. C., 404, 405).

An attempted riot or an assembly to do an unlawful act which is not done or to do a lawful act in a violent manner is a misdemeanor (Pen. C., 406-408).

**c. Insurrection:**

The privilege of the writ of habeas corpus may be suspended when, in cases of rebellion or invasion, the public safety requires its suspension (Cal. Const., Art. I, Sec. 5).

The Governor may call out the militia to suppress insurrections (Cal. Const., Art. VIII, Sec. 1).

The unorganized militia may be called out to cope with riot or insurrection (M. & V. C., 128).

The state militia may be called out to deal with riots and rebellions (M. & V. C., 143).

Display of a red flag or other emblem, as a symbol of violent opposition to organized government, or as an aid to propaganda therefor, is a misdemeanor (M. & V. C., 616). (The clause forbidding display of a flag as an emblem of opposition to organized government is unconstitutional: *Stromberg v. California*, 283 U. S. 359.)

d. Masks:

Except for purposes of amusement, entertainment, or compliance with a public health order, appearing in public with face partially or completely concealed from view, with intent to conceal identity, is a misdemeanor (D. A. 4707).

e. Sedition:

"Criminal syndicalism" is advocating or otherwise furthering the commission of crime, sabotage, or acts of violence or terrorism to accomplish a change in industrial ownership or control or to effect a political change (D. A. 8428, Sec. 1).

Any person who

(1) By written or spoken words justifies, teaches, or otherwise furthers criminal syndicalism

(2) Participates in preparation or display of matter advocating or otherwise furthering criminal syndicalism

(3) Organizes or joins a group favoring criminal syndicalism

(4) Commits acts to further criminal syndicalism

is guilty of a felony, and punishable by imprisonment for from one to fourteen years (D. A. 8428, Sec. 2).

(This act, it has been held, can be validly applied only in cases where there is a clear and present danger: *Danskin v. San Diego Unified School District*, 28 Cal. 2d 536).

f. Sabotage:

Tampering with property with reasonable grounds to believe that such action will hinder the preparation of the United States or of a State for war or defense or the prosecution of war is a crime. The maximum punishment is ten years in the State prison or a fine of not over \$10,000 or both. If the act is done with the intent to hinder preparation for war or the prosecution of war, the minimum punishment is imprisonment in a State prison for one year. (D. A. 8427, Sec. 2.)

Causing or failing to note on inspection a defect in an article, there being reasonable grounds to believe that it is to be used for preparation for war or defense or in the prosecution of war, or that it is one of a number of similar articles some of which are to be so used, is a crime, punishable by imprisonment in the State prison for up to ten years or a fine up to \$10,000 or both. If the act or omission is done with the intent to hinder the preparation

of the United States or a State for war or defense or the prosecution of war, the minimum punishment is one year in the State prison. (D. A. 8427, Sec. 3.)

Attempts to commit the acts described above are crimes. "Attempt" here includes, in addition to what is normally included:

(1) Solicitation or incitement of another to commit one of those crimes, not followed by the commission of the crime.

(2) Collection of materials to use in the commission of such a crime.

(3) Entry on the premises of another with intent to commit such a crime.

The punishment for attempts is to be one-half of that for the completed crime. (D. A. 8427, Sec. 4.)

Conspiracy to commit the crimes described above is a crime, punishable as if the crime were committed, even though no act be done in furtherance of the conspiracy. (D. A. 8427, Sec. 5.)

The provisions outlined above are to be in force whenever the United States is at war. (D. A. 8427, Sec. 15.)

## 2. Statutes Requiring Registration and Disclosure.

A "subversive organization" is one which (1) favors unlawful overthrow of the Government of the United States or of the State, or (2) is subject to foreign control. (Corp. C., 35002.)

Every such organization is to file certain documents and information with the Secretary of State—principally the following:

1. Name and address of the organization, its branches, and its members.

2. Its purposes and activities; its meetings.

3. Its assets and financing.

4. True copies of official documents, oaths of membership, printed matter distributed.

5. Badges, uniforms, and insignia used.

6. Mode of foreign control. (Corp. C., 35100-35105.)

Literature sent to non-members of the subversive organization must bear its name and the names and residences of its officers. (Corp. C., 35200.)

Any subversive organization violating any of the provisions outlined above is guilty of a felony, punishable by a fine of \$1,000 to \$10,000. (Corp. C., 35300.)

Any official of such organization who violates those provisions or acquiesces in their violation is guilty of a felony, punishable by a fine of \$500 to \$5,000, or imprisonment in a State prison for from six months to five years, or both. (Corp. C., 35301.)

Any person who becomes or remains a member of such an organization, or attends a meeting thereof, knowing that it has failed to comply with any of these provisions, is guilty of a misdemeanor (Corp. C., 35302.)

(Doubt has been expressed as to the constitutionality of the provisions outlined above, in view of Federal legislation in the same field: *People v. Noble*, 68 Cal. App. 2d 853, at 892.)

### 3. Statutes Denying Privileges.

#### a. Prohibiting Use of Property:

School grounds are not to be made available to persons or groups advocating unlawful overthrow of the Government of the United States or of the State (Ed. C. 19432). (This section has been held to be unconstitutional: *Danskin v. San Diego Unified School District*, 28 Cal. 2d 536.)

#### b. Excluding Organizations from Official Recognition as Political Parties:

No party having the word "communist," or a derivative thereof, in its name can participate in a primary election (Elec. C., 2540.3).

No party affiliated with the Communist Party of the United States, the Third International, or any other foreign organization favoring unlawful overthrow of the Government of the United States or of the State or a program of sabotage, violence, sedition, or treason against either of those governments can participate in a primary election (Elec. C., 2540.4).

(Section 2540.3 and Section 2540.4, so far as it proscribes participation by parties affiliated with the Communist Party of the United States or the Third International, have been held to be unconstitutional: *Communist Party v. Peek*, 20 Cal. 2d 536.)

#### c. Precluding from Holding Public Office:

A person cannot hold office or employment under a governmental unit in the State if, while a citizen or resident of the United States, he has bound himself to support a foreign government or an official thereof or organization therein (Gov. C., 1023-1027).

Any public employee or teacher may be dismissed for advocating, or being a member of an organization which advocates, the overthrow of the Government of the United States or of the State by unlawful means (Gov. C., 1028).

No person is to be knowingly employed by any State agency or court if he in any way aids a program of sabotage, violence, sedition, or treason against the Government of the United States or of the State. Any person committing such an act is to be discharged. No money is to be expended from the State Treasury to pay persons whose employment is forbidden by these provisions. (Gov. C., 18200; Lab. C., 1980.)

Employees of school districts can be dismissed for violation of the Criminal Syndicalism Act (Ed. C., 13521).

### DIGEST OF ILLINOIS LAW ON SUBVERSIVE ACTIVITIES AND SABOTAGE

#### 1. Statutes Directly Penalizing Disloyal Acts.

##### a. Treason:

Treason consists in levying war against the government and people of the State or adhering to its enemies, giving them aid or comfort. Conviction must rest upon an overt act testified to by two witnesses or upon confession in open court. Death is the penalty. (Illinois Revised Statutes (1947), Ch. 38, Criminal Code, Secs. 555, 556.)

Misprision of treason consists in the knowledge and concealment of treason. It is punishable by imprisonment for one to two years. (Illinois Revised Statutes (1947), Ch. 38, Criminal Code, Sec. 557.)

b. Riot:

The Governor may call out such military force as may be needed to suppress violence (Illinois Revised Statutes (1947), Ch. 38, Criminal Code, Sec. 531).

Subject to the authority of the Governor, a mayor can call out the militia to aid in suppressing riots (Illinois Revised Statutes (1947), Ch. 24, Cities and Villages, Sec. 9-24).

Riots, routs, and unlawful assemblies are illegal (Illinois Revised Statutes (1947), Ch. 38, Criminal Code, Secs. 503-511).

Mob violence is illegal (Illinois Revised Statutes (1947), Ch. 38, Criminal Code, Secs. 512-514).

A person transmitting a communication by telegraph for the purpose of inciting or aiding rebellion, riot, or insurrection in the State against the laws of the United States or of the State is to be imprisoned in the penitentiary for up to ten years (Illinois Revised Statutes (1947), Ch. 134, Telegraph and Telephone Companies, Sec. 10).

Any person who knowingly causes such a communication to be delivered is subject to the same punishment (Illinois Revised Statutes (1947), Ch. 134, Telegraph and Telephone Companies, Sec. 11).

c. Masks:

Whoever with an evil purpose appears in a public place hooded, masked, or robed so as to conceal his identity is to be punished by a fine of from \$100 to \$1,000, or by imprisonment for from six months to a year in the county jail, or both (Illinois Revised Statutes (1947), Ch. 38, Criminal Code, Sec. 161a).

d. Sedition:

It is unlawful to advocate violent overthrow of the representative form of government secured to citizens of the United States and the several states (Illinois Revised Statutes (1947), Ch. 38, Criminal Code, Sec. 558).

It is unlawful to publish or issue, or knowingly to sell or distribute any printed matter advocating such overthrow (Illinois Revised Statutes (1947), Ch. 38, Criminal Code, Sec. 559).

It is unlawful to organize or join associations the object of which is to advocate such overthrow (Illinois Revised Statutes (1947), Ch. 38, Criminal Code, Sec. 560).

It is unlawful, knowing the purpose of the meeting, to attend a meeting at which the unlawful overthrow of the existing form of government is advocated (Illinois Revised Statutes (1947), Ch. 38, Criminal Code, Sec. 561).

It is unlawful knowingly to permit the use of premises (which one controls) as headquarters for an organization advocating unlawful overthrow of the government or as a meeting place for meetings at which such overthrow is advocated (Illinois Revised Statutes (1947), Ch. 38, Criminal Code, Sec. 562).

It is unlawful to display at a meeting or parade an emblem symbolizing a purpose unlawfully to overthrow the government (Illinois Revised Statutes (1947), Ch. 38, Criminal Code, Sec. 563).

Except for the prohibitions respecting attendance at meetings and use of premises, violation of which is a misdemeanor, violation of the provisions outlined above is a felony, punishable by imprisonment for one to ten years (Illinois Revised Statutes (1947), Ch. 38, Criminal Code, Sec. 564).

## **2. Statutes Requiring Registration and Disclosure.**

(None found.)

## **3. Statutes Denying Privileges.**

### **a. Prohibiting Use of Property:**

Facilities of the University of Illinois are not to be extended to subversive, seditious, and un-American organizations or their representatives (Illinois Revised Statutes (1947), Ch. 144, Universities, Colleges, Academies, Etc., Sec. 48.8).

### **b. Excluding Organizations From Official Recognition as Political Parties:**

No political group may qualify under Illinois elections law which is associated with Communist, Fascist, Nazi, or other un-American principles and favors subservience to the principles of a foreign nation or the violent overthrow of the Government of the United States or of the State of Illinois (Illinois Revised Statutes (1947), Ch. 46, Elections, Secs. 7-2, 8-2, 10-2).

### **c. Precluding From Holding Public Office:**

No one can be appointed to a civil service position, or examined therefor, who is a member of a Communist, Nazi, or Fascist group or who participates in its activities (Illinois Revised Statutes (1947), Ch. 24½, Civil Service, Sec. 8).

No compensation is to be paid to state officers or employees who advocate the unlawful overthrow of the Government of the United States or of the State of Illinois or subservience to principles of a foreign government or who, having reasonable grounds to know the character of such organizations, remain members of organizations advocating such overthrow or subservience, or which are foreign-controlled, for 20 days (Illinois Revised Statutes (1947), Ch. 127, State Government, Sec. 166a).

## **DIGEST OF MASSACHUSETTS LAW ON SUBVERSIVE ACTIVITIES AND SABOTAGE**

## **1. Statutes Directly Penalizing Disloyal Acts.**

### **a. Treason:**

Treason against the commonwealth consists only in levying war against it or adhering to its enemies, giving them aid or comfort. It is punishable by life imprisonment.

No person can be convicted of treason except on the testimony of two witnesses to the same overt act or confession in open court. (Anno. Laws Mass., Ch. 264, Crimes against Government, Secs. 1, 2, 4.)



Whoever, having knowledge of the commission of treason, makes no disclosure thereof is guilty of misprision of treason, punishable by fine of not more than \$1,000 or imprisonment for not over five years (Anno. Laws Mass., Ch. 264, Crimes Against Government, Sec. 3).

b. Riots:

The commander-in-chief of the militia may order out the militia to suppress riots (Annotated Laws of Massachusetts, Part 1, Administration of Government, Chapter 33, Militia, Section 18).

"Unlawful assemblies" and riots may be suppressed (Anno. Laws Mass., Ch. 269, Crimes Against the Public Peace, Secs. 1, 4, 5).

c. Sedition:

Advocating assault upon a public official, the killing of any person, the unlawful destruction of property, or the violent overthrow of the government of the commonwealth, is to be punished by fine of not more than \$1,000, or imprisonment for not more than three years, or both. Violators are not to perform the duties of a teacher or administrator in any school. (Gen. Laws Mass., Ch. 264, Crimes Against Government, Sec. 11, as amended by Stats. Mass. 1948, Ch. 160.)

**2. Statutes Requiring Registration and Disclosure.**

(None found.)

**3. Statutes Denying Privileges.**

a. Precluding from Holding Public Office or Employment:

Persons convicted of advocating criminal anarchy or violent overthrow of the government are not to perform the duties of a teacher or administrator in any school (Gen. Laws Mass., Ch. 264, Crimes against Government, Sec. 11, as amended by Stats. Mass. 1948, Ch. 160).

**DIGEST OF MICHIGAN LAW ON SUBVERSIVE  
ACTIVITIES AND SABOTAGE**

**1. Statutes Directly Penalizing Disloyal Acts.**

a. Treason:

Treason is punishable by death (Comp. Laws Mich., 1929, 1940 Supp., Ch. 286A, Penal Code, Sec. 17115-544).

Misprision of treason is a felony, punishable by imprisonment for up to five years or by fine of not over \$2,500 (Comp. Laws Mich., 1929, 1940 Supp., Ch. 286A, Penal Code, Sec. 17115-545).

b. Riot:

Michigan law contains the usual provisions respecting riots and unlawful assemblies (Comp. Laws Mich., 1929, 1940 Supp., Ch. 286A, Penal Code, Secs. 17115-521 to 17115-526).

c. Masks:

It is a misdemeanor to assemble, march, or parade, with face wholly or partially concealed, except for certain legitimate purposes (Comp. Laws Mich., 1929, 1940 Supp., Ch. 286A, Penal Code, Sec. 17115-396).

d. Sedition:

Any person advocating or aiding the violent overthrow of the Government of the United States or of any state is guilty of a felony and may be imprisoned for not longer than five years, or fined up to \$5,000, or both (Comp. Laws Mich. 1929, 1940 Supp., Ch. 286A, Penal Code, Sec. 17115-48a).

Criminal syndicalism (the advocacy of crime, sabotage, violence, or other unlawful, terrorist methods of accomplishing industrial or political reform) is a felony (Comp. Laws Mich., 1929, 1940 Supp., Ch. 286A, Penal Code, Sec. 17115-46).

Any person who advocates criminal syndicalism, or knowingly aids the distribution of matter favoring criminal syndicalism, or commits crime in its behalf, or voluntarily collaborates with criminal syndicalists is guilty of a felony, and may be imprisoned for not more than ten years or fined not more than \$5,000 (Comp. Laws Mich., 1929, 1940 Supp., Ch. 286A, Penal Code, Sec. 17115-47).

The display of a red flag in any public assembly, parade, or demonstration, is a felony and prima facie evidence of its use as an emblem of anarchy (Comp. Laws Mich., 1929, 1940 Supp., Ch. 286A, Penal Code, Sec. 17115-48).

e. Sabotage:

The Michigan Sabotage Prevention Law, like the California Sabotage Prevention Act (D. A. 8427), is based upon the Model Sabotage Prevention Act. It is substantially the same as the California law. (Comp. Laws Mich., 1929, 1940 Supp., Ch. 286A, Penal Code, Secs. 17115-531a to 17115-531n.)

## 2. Statutes Requiring Registration and Disclosure.

Persons and groups subsidized by foreign governments or serving the ends of foreign governments are to register with the Attorney General of the State of Michigan. They are to file statements concerning their membership status, activities, income, expenditures, and other particulars requested by the Attorney General (Stats. Mich. 1947, No. 270, Sec. 3.)

Printed matter published or distributed by them is to carry, at the masthead, the legend: "Published in compliance with the law of the State of Michigan governing the operation of foreign agencies" (Stats. Mich. 1947, No. 270, Sec. 4).

Violations of these provisions are felonies, punishable by a fine of not more than \$5,000, imprisonment not longer than five years, or both (Stats. Mich. 1947, No. 270, Sec. 7).

### DIGEST OF NEW YORK LAWS ON SUBVERSIVE ACTIVITIES AND SABOTAGE

## 1. Statutes Directly Penalizing Disloyal Acts.

a. Treason:

Treason comprises three types of offense:

1. Levying war against the State within the State.
2. Combining to overturn the government of the State and making a forcible attempt, within the State, to do so.

3. Adhering to the enemies of the State, while it is separately at war with a foreign enemy or giving aid to such enemies. Treason is punishable by death. (New York Consol. Laws, 1938, Penal Law, Secs. 2380-2383.)

b. Riot:

New York law has the usual provisions respecting riots and unlawful assemblies (New York Consol. Laws, 1938, Penal Law, Secs. 2090-2095).

c. Masks:

Assemblages in public of three or more persons with their faces disguised or concealed (certain exceptions being allowed) are unlawful, and persons present in such condition are guilty of a misdemeanor (New York Consol. Laws, 1938, Penal Law, Sec. 710).

d. Sedition:

Criminal anarchy is a felony. Any person advocating violent overthrow of the government, participating in the propagation of such ideas, justifying the killing or assaulting of public officials, or organizing or assembling with a group favoring such ideas, is subject to punishment by imprisonment for up to ten years or by fine of not more than \$5,000, or both (New York Consol. Laws, 1938, Penal Law, Secs. 160-161).

Assemblies to spread doctrine of criminal anarchy are unlawful. Persons participating therein are guilty of a felony, punishable by imprisonment for not longer than ten years, or fine of not over \$5,000, or both (New York Consol. Laws, 1938, Penal Law, Sec. 162).

Persons permitting premises under their control to be used for meetings held to spread doctrines of criminal anarchy are guilty of a misdemeanor (New York Consol. Laws, 1938, Penal Law, Sec. 163).

Display of a red flag at a public assembly or parade as a symbol of any group or in furtherance of any doctrine is a misdemeanor (New York Consol. Laws, 1938, Penal Law, Sec. 2095-a).

School officers and teachers permitting textbooks to be used which have been disapproved, as containing disloyal matter, are guilty of a misdemeanor (New York Consol. Laws, 1938, 1948 Supp., Education Law, Sec. 704).

It is unlawful to appear in public, or to assemble for military drill, attired, in whole or part, in a uniform similar to that worn by military or semi-military forces of a foreign country. It is also unlawful to appear in public, or to assemble, in the distinctive attire of a group using the drill formations, salutes, or other practices or symbols, of such forces (New York Consol. Laws, 1938, 1948 Supp., Penal Law, Sec. 1484-a.)

## 2. Statutes Requiring Registration and Disclosure.

All corporations, and all associations having twenty or more members which require an oath as a condition of membership (fraternities, labor unions, and benevolent orders being excepted), are to

file sworn copies of official documents, oaths of membership, a roster of members, and a list of officers (New York Consol. Laws, 1938, Civil Rights Law, Sec. 53).

Such a corporation or association is to send out no written matter unless such matter bear the name of the corporation or association and the names of its officers, together with their addresses (New York Consol. Laws, 1938, Civil Rights Law, Sec. 55).

Any corporation or association violating any of these provisions is guilty of a misdemeanor, to be punished by a fine of from \$1,000 to \$10,000. Any officer (of such a corporation or association) violating any of these provisions is likewise guilty of a misdemeanor, as is any person becoming or remaining a member or attending meetings of a corporation or association known to him to have failed to comply with these provisions (New York Consol. Laws, 1938, Civil Rights Law, Sec. 56).

Whenever the United States is at war, or the Governor adjudges that the public safety requires, he may by proclamation direct citizens of foreign countries to appear before public authorities and provide information (New York Consol. Laws, 1938, Executive Law, Sec. 10).

### 3. Statutes Denying Privileges.

Persons favoring, involved in the propagation of ideas favoring, or organizing or joining a group favoring, overthrow of the Government of the United States or of any state by unlawful means are not to receive public employment (New York Consol. Laws, 1938, 1948 Supp., Civil Service Law, Sec. 12).

A person in the civil service of the State or of any division thereof is to be removed for treasonable or seditious words or acts (New York Consol. Laws, 1938, 1948 Supp., Civil Service Law, Sec. 23-A).

Public officers may be dismissed for treasonable or seditious words or acts (New York Consol. Laws, 1938, Public Officers Law).

A person employed in the public schools is to be removed from his position for treasonable or seditious words or acts (New York Consol. Laws, 1938, 1948 Supp., Education Law, Sec. 3021).

The board of regents is to list subversive organizations, membership in which is to be prima facie evidence of disqualification for employment in the schools (New York Consol. Laws, 1938, 1949 Supp., Education Law, Sec. 3022).

## DIGEST OF PENNSYLVANIA LAW ON SUBVERSIVE ACTIVITIES AND SABOTAGE

### 1. Statutes Directly Penalizing Disloyal Acts.

#### a. Treason and Related Offenses:

Levying war against the State or adhering to its enemies, giving them aid or comfort, is treason, punishable by a fine not over \$10,000, imprisonment for life or for a lesser period, or both (Stats. Pa. (1939), Act No. 375, Penal Code, Sec. 201).

For misprision of treason the penalty is a fine of not over \$3,000, imprisonment not longer than six years, or both (Stats. Pa. (1939), Act No. 375, Penal Code, Sec. 202).

Giving aid to enemy military forces is a felony, punishable by fine of not more than \$5,000, imprisonment for not longer than ten years, or both (Stats. Pa. (1939) Act No. 375, Penal Code, Secs. 203-205).

b. Riot:

Military forces of the State can be used to suppress riots and insurrections (Purdon's Pennsylvania Statutes, (1936) Title 51, Military Affairs, Secs. 35, 72, and 177).

Riots, routs, unlawful assemblies, and affrays are misdemeanors (Stats. Pa. (1939) Act No. 375, Penal Code, Sec. 401).

Destroying, or commencing to destroy, a building or machinery while participating in a riotous and tumultuous assembly is a felony, punishable by a fine of not more than \$2,000, imprisonment for not over five years, or both (Stats. Pa. (1939) Act No. 375, Penal Code, Sec. 402).

c. Insurrection and Sedition:

"Sedition" is broadly defined to include conduct to bring about an outbreak of violence against the State or the United States, or attempt to overthrow the government of the State or the United States, the commission or act bringing either government into hatred or contempt, or personal harm to public officials or damage to public property or to the property of public officials. It also includes teaching the propriety of resorting to crime as a means of effecting political reform, selling, giving, or distributing matter furthering or teaching sedition, and organizing or joining seditious groups

Sedition is a felony, punishable by fine up to \$10,000, imprisonment for up to twenty years, or both. (Stats. Pa. (1939), Act No. 375, Penal Code, Sec. 207 )

Carrying or displaying a red flag in connection with a public procession is a misdemeanor (Stats. Pa (1939), Act No. 375, Penal Code, Sec 209).

d. Sabotage:

The Pennsylvania Sabotage Prevention Act is similar to that of California. It does not, however, provide for a liberalized definition of attempts and conspiracies. It goes into greater detail respecting types of property that may be posted. It gives fish wardens, foresters, and game protectors authority to make arrests without warrants (Stats. Pa. (1942) (Spec Sess) Act No. 13, Amended by Stats. Pa. (1943), Act No. 281.)

**2. Statutes Requiring Registration and Disclosure.**

(None found.)

**3. Statutes Denying Privileges.**

a. Excluding Organizations From Official Recognition as Political Parties.

Groups favoring unlawful overthrow of the Government of the State or the United States are not to participate in elections

(Act of June 3, 1937, (Pamphlet Laws, 1933), as amended by Stats. Pa. (1941), Act No. 213).

b. **Precluding From Holding Public Office:**

Persons advocating, or acting for, the unlawful overthrow of the government of the State or of the United States are not to receive public employment (Stats. Pa. (1941), Act No. 214).

The Civil Service Commission of a borough, incorporated town, or township may refuse to examine or to certify an applicant who is affiliated with a subversive group (Stats. Pa. (1941), Act No. 45, Sec. 13).

c. **Denying Public Assistance:**

Persons advocating or acting toward the unlawful overthrow of the United States Government are not to receive public assistance (Act of June 24, 1937 (Pamphlet Laws, 2051), as amended by Stats. Pa. (1941), Act No. 226).

**DIGEST OF FEDERAL LAWS ON SUBVERSIVE  
ACTIVITIES AND SABOTAGE**

**1. Statutes Directly Penalizing Disloyal Acts.**

a. **Treason:**

Treason against the United States consists in levying war against it or adhering to its enemies, giving them aid or comfort.

The penalty is (1) death or (2) imprisonment for at least five years and a fine of at least \$10,000, plus incapacity to hold office under the United States. (18 U. S. C. 2381)

For misprision of treason the penalty is a fine of not more than \$1,000, imprisonment for not more than seven years, or both (18 U. S. C. 2382).

b. **Sedition and Insurrection:**

The President may call out State militia or Federal military forces to suppress insurrections or to enforce the law of the United States (50 U. S. C. 201, 202, 204).

An officer, agent, or employee of the United States who aids the use of the mails for carriage of treasonous or seditious matter is to be fined up to \$5,000, imprisoned for up to ten years, or both (18 U. S. C. 552).

Inciting or assisting rebellion or insurrection against the authority of the United States or against its laws is punishable by fine of not more than \$10,000, imprisonment for not more than ten years, or both (18 U. S. C. 2383).

Conspiring to overthrow the United States Government, to levy war against it, forcefully to oppose its authority or obstruct execution of its laws, or to take its property is punishable by fine of not more than \$5,000, imprisonment for not more than six years, or both (18 U. S. C. 2384).

Whoever advocates, or affiliates with, organizes or attempts to organize a group advocating, or participates in propagating, doctrines involving the violent overthrow of the Government of the United States, or any subdivision thereof, is to be fined not more than \$10,000, imprisoned for a maximum of ten years, or both, and is to be ineligible for Federal employment for five years (18 U. S. C. 2375).

Advising, or in any way bringing about or trying to bring about, insubordination or disloyalty in the armed forces, or distributing matter so advising, is a crime, punishable by fine of not more than \$10,000, imprisonment for up to ten years, or both, plus ineligibility for Federal employment for five years thereafter (18 U. S. C. 2387).

When the United States is at war, conveying false reports in order to impede the success of American military operations, causing or attempting to cause insubordination or disloyalty in the armed forces, or obstructing recruiting and enlistment is punishable by fine of not more than \$10,000, imprisonment for not longer than twenty years, or both.

For harboring anyone who there is reason to believe has violated or is about to violate these provisions, the punishment is a fine of not over \$10,000 in amount, imprisonment not over ten years in duration, or both. (18 U. S. C. 2388)

It is illegal to import into the United States matter urging treason, insurrection, or forcible resistance to any law of the United States. If such matter appears at any customs office, it is to be seized, and proceedings are to be instituted for its destruction. (19 U. S. C. 1305)

A crew member on a United States vessel who rebels or mutinies, conspires to bring about rebellion or mutiny, incites others to rebellion, mutiny, or disobedience, participates in a riotous assembly, or unlawfully confines the master of the vessel—a crew member doing any of these things is to be fined not more than \$1,000, imprisoned not longer than five years, or both (18 U. S. C. 2192).

A crew member of such a vessel who obstructs the exercise of the authority of the officer in command may be fined not more than \$2,000, imprisoned not longer than ten years, or both (18 U. S. C. 2193).

Any person subject to military law who attempts to excite, excites, or joins in mutiny or sedition in the Army is to suffer death or other punishment directed by court-martial (10 U. S. C. 1538).

Any officer or soldier who fails to do his best to suppress mutiny or sedition or fails to inform his commanding officer of mutiny or sedition which he has reason to believe will occur is to suffer death or other punishment directed by court-martial (10 U. S. C. 1539).

Mutiny or inaction in the face of mutiny, in the Navy, is punishable by death or such other punishment as a court-martial may direct; seditious or mutinous words may be punished as a court-martial may direct (34 U. S. C. 1200, Arts. 4, 8).

c. Military Service Against United States:

Recruiting, or opening a station for recruiting, soldiers or sailors to serve in hostilities against the United States is punishable by fine of not more than \$1,000, imprisonment for not more than five years, or both (18 U. S. C. 2389).

Enlisting, within the jurisdiction of the United States, for military service against the United States, is to be punished by fine of \$100, imprisonment for not over three years, or both (18 U. S. C. 2390).

d. Interference in Conduct of Foreign Policy :

Whoever, by virtue of his employment by the United States, is able to, and does, without authority publish or furnish to another any official diplomatic code or matter in transmission between a foreign government and its mission in this country, is to be fined up to \$10,000, or imprisoned for up to ten years, or both (18 U. S. C. 952).

Any American citizen who, without authority, corresponds with a foreign government, or officer or agent thereof, to influence conduct respecting controversies with the United States, or to thwart the purposes of the United States, is to be fined not over \$5,000 or imprisoned not over three years, or both (18 U. S. C. 953).

Whoever, in relation to any dispute between a foreign government and the United States, makes a sworn untrue statement which the affiant has reason to believe will (1) influence the conduct of a foreign government, or officer or agent thereof, to the injury of the United States, or (2) influence the actions of the United States, to the injury thereof, is to be fined not more than \$5,000 or imprisoned not more than ten years, or both (18 U. S. C. 954).

Whoever engages in certain financial transactions with any foreign country, or subdivision thereof, or organization operating in its behalf, while it is in default in payment of its obligations to the United States, is to be fined not more than \$10,000, or imprisoned for not more than five years, or both (18 U. S. C. 955).

Whoever, in aid of any foreign government, knowingly controls property or papers used or to be used to violate a penal statute or the rights of the United States under a treaty or under the Law of Nations is to be fined not more than \$1,000 or imprisoned not more than ten years or both (18 U. S. C. 957).

e Sabotage -

Wilful trespass upon, injury to, interference with, or violation of orders respecting, certain aspects of coastal defense, is to be punished by fine of not more than \$5,000 or imprisonment for not more than five years or both (18 U. S. C. 2152).

Whoever, with reason to believe his act will impair preparations for war or the prosecution of war by the United States or an ally, wilfully injures or attempts to injure property suitable to be used by the United States or an ally in prosecuting a war is to be fined up to \$10,000 or imprisoned up to thirty years or both (18 U. S. C. 2153).

Whoever, with reason to believe that his act may hinder preparation for war or prosecution of war by the United States or an ally, wilfully causes, or attempts to cause, the production of defective war material, or conspires to do so, some act being done by a conspirator in pursuance of the conspiracy, is to be fined not more than \$10,000, imprisoned for not longer than thirty years, or both (18 U. S. C. 2154).

Whoever, with intent to obstruct the defense of the United States, wilfully injures or attempts to injure national defense material, premises, or utilities is to be fined not more than \$10,000, imprisoned not more than ten years, or both (18 U. S. C. 2155).



Whoever, with intent to obstruct national defense, wilfully makes, or attempts to make, defective defense material or defective things used in making such material is to be fined not more than \$10,000, imprisoned not more than ten years, or both (18 U. S. C. 2156).

## 2. Statutes Requiring Registration and Disclosure.

Whoever acts as the agent of a foreign government without prior notification to the Secretary of State is to be fined not more than \$5,000, imprisoned not longer than ten years, or both (18 U. S. C. 951).

Agents of foreign principals must register with the Attorney General, unless exempted by the law. The registration statement is to include:

- (1) Name and addresses of registrant.
- (2) Status of registrant; constitutive and self-regulatory documents, in the case of partnerships, corporations, and associations; names, addresses, nationality, of officers; ownership and control.
- (3) Registrant's business; employees; name and address of foreign principals; business and ownership and control thereof.
- (4) Agreements or circumstances pertaining to foreign control or activities requiring registration.
- (5) Contributions received.
- (6) Activities.
- (7) Other documents or information required by the Attorney General. (22 U. S. C. 612)

Certain types of agents of foreign principals are exempted from these registration provisions: diplomatic officials and employees thereof; officials of foreign governments, within limits; persons engaged in business or charitable activities; persons engaged in religious, scholastic, academic, artistic, or scientific pursuits; persons engaged in certain activities in behalf of allied nations, under certain circumstances (22 U. S. C. 613).

Copies of propaganda materials sent out through the mails or interstate commerce by persons required to register are to be furnished to the Librarian of Congress and to the Attorney General.

Such propaganda must carry a statement that the person transmitting it is required to register, and the name and address of such person and of his foreign principals. (22 U. S. C. 614)

Agents of foreign principals are to keep such books and records as the Attorney General may prescribe (22 U. S. C. 615).

Violations of these provisions and wilfully false or misleading statements filed thereunder are punishable by fine of not more than \$10,000, imprisonment for not more than five years, or both (22 U. S. C. 618).

Organizations subject to foreign control and engaging in political activity, organizations engaging in "civilian military" activity and political activity, organizations subject to foreign control and engaging in civilian military activity, and organizations purposing the unlawful overthrow of a government or subdivision thereof, are to register with the Attorney General.

Such organizations are to provide the following information :

- (1) Name and address, as well as those of its branches.
- (2) Names, addresses, and nationalities of officers.
- (3) Membership qualifications.
- (4) Aims and methods.
- (5) Times and places of meetings.
- (6) Names and addresses of contributors.
- (7) Assets.
- (8) Activities.
- (9) Uniforms, badges, emblems.
- (10) Literature issued or distributed.
- (11) Weapons
- (12) Mode of foreign control, if subject thereto.
- (13) Official instruments.
- (14) Other information and documents prescribed by the Attorney General.

For violation of these provisions, the penalty is a fine of not over \$10,000, imprisonment for not over five years, or both.

For wilful false or misleading statements, the penalty is a fine of not more than \$2,000, imprisonment for not more than five years, or both. (18 U. S. C. 2386.)

### 3. Statutes Denying Privileges.

Persons may not hold Federal employment who belong to groups advocating overthrow of our constitutional form of government. Persons violating this provision are to be removed from office and paid no compensation from Congressional appropriations (5 U. S. C. 118j).

Convicted traitors are not to hold office under the United States (18 U. S. C. 2381).

Persons convicted of acting toward the violent overthrow of the Government of the United States, or any subdivision, are ineligible for Federal employment for five years thereafter (18 U. S. C. 2385).

The same ineligibility is to be imposed upon persons convicted of working to produce insubordination or disloyalty in the armed forces (18 U. S. C. 2387).

It is the desire of Congress that vacancies in business and industry caused by induction into the armed forces not be filled by members of the German-American Bund or the Communist Party (50 U. S. C. App 308(i)).

Before the National Labor Relations Board will investigate complaints by a labor union, its officers must file affidavits that they are not members or affiliates of the Communist Party and do not believe in unlawful overthrow of the United States Government (29 U. S. C. 159(h)).

Persons guilty of mutiny, treason, sabotage, or aiding the enemy are to forfeit all benefits under laws administered by the Veterans Administration (38 U. S. C. 728).

**4. Statutes Designed to Keep Down the Number of Subversive Persons in the United States.**

Any alien who is or has been a member of any of the following classes is to be excluded or deported from the United States:

1. Anarchists or persons seeking entry to engage in activities endangering the public safety of the United States.
2. Aliens favoring, or affiliated with groups favoring, opposition to all organized government.
3. Aliens favoring, or belonging to any group favoring, (a) unlawful overthrow of the government, or of all forms of law, or (b) the propriety of attacking or killing public officers, or (c) unlawful damaging of property, or (d) sabotage.
4. Aliens who play any role in the propagation of those ideas.
5. Aliens affiliated with groups which work for the propagation of such ideas.

Any alien deported pursuant to these provisions who enters or attempts to enter the United States is guilty of a felony, and may be imprisoned up to five years therefor, and is to be deported thereafter. (8 U. S. C. 137.)

Any alien who at the time of entry was a member of a class excluded by law may be deported within five years after entry.

Any alien who after entry advocates unlawful destruction of property, anarchy, forceful overthrow of the government or all forms of law, or assassination of public officials is to be deported. (8 U. S. C. 155.)

Any person who knowingly assists the entry into the United States of any anarchist or person who believes in forceful overthrow of the government or who is opposed to organized government or who advocates assassination of public officials or who is a member of an organization advocating such things, is guilty of a felony, punishable by fine of not more than \$5,000, imprisonment not longer than five years, or both.

Any person knowingly assisting an alien to enter who teaches the unlawful destruction of property is guilty of a misdemeanor. (8 U. S. C. 163)

Aliens entering the United States are to register (8 U. S. C. 451-452).

No person is to be naturalized who favors, belongs to a group favoring, or is connected with the distribution of matter favoring:

- (1) Opposition to all organized government;
- (2) Forceful overthrow of the Government of the United States or of all forms of law;
- (3) The propriety of assaulting and killing public officers;
- (4) Unlawful damage of property; or
- (5) Sabotage (8 U. S. C. 705).

Fraudulently procured citizenship is to be revoked through judicial proceedings (8 U. S. C. 738).

**DIGEST OF BILLS INTRODUCED IN THE EIGHTY-FIRST CONGRESS  
ON SUBVERSIVE ACTIVITIES**

**H. R. 4386.** Would amend the Foreign Agents Registration Act to make failure to register a continuing offense.

**H. R. 5265.** Would require the Attorney General to designate, according to their dominant characteristics, organizations which are (1) Communist, (2) Fascist, (3) Totalitarian, (4) subversive, or (5) favoring unlawful overthrow of the United States Government.

Would require that propaganda mailed by organizations designated as falling under one of those five categories be appropriately labeled. The mailing of matter not so labeled would be prevented by fine up to \$5,000, imprisonment not over five years, or both.

Would provide for removals from the list by the Attorney General and for judicial review of orders.

**H. R. 7109.** Would lengthen the periods of limitation applicable to offenses likely to affect the national security.

**H. R. 7383.** Would repeal the Smith Act (18 U. S. C. 2385).

**H. R. 7439.** Public Law 733, 81st Congress; Chapter 803, 2d Session, 81st Congress. Provides that officials and employees of various federal departments and agencies may be summarily suspended.

**H. R. 7530.** Would remove the limitation on the commencement of prosecutions for espionage offenses.

**H. R. 7595.** Would declare that Communism is an international conspiracy to establish a universal totalitarian dictatorship, and constitutes a clear and present danger to the security of the United States (Sec. 2).

Would prohibit agreements and combinations to perform acts furthering the establishment of a foreign-controlled totalitarian dictatorship (Sec. 4(a)).

Would make unlawful the communication, by anyone working for the United States, of information affecting the security of the United States (Sec. 4(b)).

Would also make illegal the receipt or solicitation of such information by foreign agents or members of Communist groups (Sec. 4(c)).

The penalty for violating the provisions outlined above would be a fine up to \$10,000, imprisonment for not more than ten years, or both, plus ineligibility to hold federal office (Sec. 4(d)).

Would forbid employment, by the United States, of members of Communist groups (Sec. 5).

Would deny passports to such persons (Sec. 6).

Would require registration and annual reports by Communist groups (Sec. 7).

Would require members of such groups to register (Sec. 8).

Would require the Attorney General to maintain a register of Communist groups, open to public inspection (Sec. 9).

Would make unlawful membership in a group required to register but not registered (Sec. 10).

Would make unlawful the use of the mails by such groups, unless literature be labeled as emanating from a Communist organization. Would similarly provide respecting radio or television broadcasts (Sec. 11).

Would withhold deduction, for federal income tax purposes, of contributions to Communist groups, and would deny such groups exemption from the federal income tax (Sec. 12).

Would establish a Subversive Activities Control Board to administer these provisions (Sec. 13).

Would direct the Attorney General to petition the Board for orders compelling organizations or individuals to register. Would enable organizations and individuals to bring proceedings before the Board to be relieved from registration requirements (Sec. 14).

Would enable parties aggrieved by Board orders to obtain review by the United States Court of Appeals for the District of Columbia (Sec. 15).

Would penalize violations of registration provisions by fine of \$2,000 to \$5,000, imprisonment for from two years to five years, or both (Sec. 16).

**H. R. 8354.** Would require officers and employees of the United States to swear that they do not believe in unlawful overthrow of the Government, nor belong to an organization favoring such overthrow.

**H. R. 9071.** Would empower the agents of the Federal Bureau of Investigation to carry firearms, serve warrants and subpoenas, and make arrests for Federal offenses committed in their presence or for felonious Federal offenses when they have reasonable grounds to believe the person arrested to have committed or to be committing such felony.

**H. R. 9218.** Would outlaw Communist participation in elections for Federal and State offices.

**H. R. 9271.** Substantially the same as H. R. 7595, described above.

**H. R. 9310.** Would amend the Foreign Agents Registration Act (22 U. S. C. 611) to make "agent of a foreign principal" expressly include Communists and adherents to other forms of totalitarianism.

**H. R. 9337.** Would direct the Attorney General to prosecute Communists whom he has reason to believe guilty of Federal offenses. Would make offenses of a seditious character nonbailable. Would amend Section 2385 of Title 18 of the United States Code to provide that persons working for the violent overthrow of the Government or collaborating with foreign agents seeking in any way to weaken or overthrow the Government, should be fined up to \$10,000, imprisoned for up to ten years, or both, and should be denied Federal employment for the five years succeeding his conviction.

**H. R. 9490.** Similar to H. R. 7595. Does not provide for prohibition against agreements and combinations to perform acts furthering the establishment of a foreign-controlled totalitarian dictatorship. Would prohibit members of groups required to register, not only from holding Federal employment, but also from holding jobs in defense plants; would, in addition, prohibit persons employed by the United States or in defense plants from contributing funds or services to such groups and from advising violation of the prohibition against Federal employment of members of such groups.

**S. 2311.** This is the Senate companion bill to H. R. 7595, digested above.

**S. 2941.** Would make the period for indictment for espionage offenses six years.

**S. 3887.** Would establish a Security Survey Commission, to study the Loyalty Program and the work of agencies concerned with the loyalty and fidelity of Government employees.

**S. 3945.** Senate companion to H. R. 9071, digested above.

**S. 3987.** Would amend Section 794 of Title 18 of the United States Code to provide that, for a two-year period following enactment of the bill, persons transmitting defense information, in time of peace as well as war, shall be punished by death or imprisonment for not more than thirty years.

**S. 4020.** Would impose the death penalty on persons who, with intent to injure the United States, gather defense information for transmission to a foreign government

**S. 4037.** Embodies the main provisions of H. R. 7595 and S. 4061.

Would amend Section 137 of Title 8 of the United States Code so as explicitly to exclude aliens affiliated with the Communist movement or sympathetic towards it (Sec. 22).

Would provide for exclusion and deportation of aliens without inquiry by a board of special inquiry, where disclosure of the facts pertaining to excludibility would prejudice public safety (Sec. 22).

Would prevent naturalization of aliens affiliated with the Communist movement or sympathetic towards it (Sec. 25).

Would require persons seeking naturalization to show that they were lawfully admitted to the United States (Sec. 27).

Would provide for a personal investigation of petitioners for naturalization, prior to the preliminary hearing thereon (Sec. 28).

Would provide that petitioners for naturalization take an oath to bear arms on behalf of the United States (or, in the case of conscientious objectors, to perform noncombatant services in the armed forces) when required by law (Sec. 29).

Would require petitioners for naturalization to understand the fundamentals of American history and American Government (Sec. 30).

Would establish in the Department of State a Bureau of Passports and Visas, to take over the duties of the Visa Division and of the Passport Division of the Department of State (Sec. 31).

**S. 4061.** Would amend the law as to gathering, transmitting, or losing defense information (18 U. S. C. 793), adding provision as to not reporting illegal removal and as to conspiracy (Sec. 3).

Would add Section 3291 to Title 18 of the United States Code, establishing a ten year period of limitation for espionage offenses and providing also that the period shall not run in favor of persons employed by the United States while so employed (Sec. 4).

Would amend Section 611 of Title 22 of the United States Code to require registration of persons who have had experience or training, under a foreign government, in spying, sabotage, or subversive tactics (Sec. 5(a)).

Would make failure to register under Sections 611-621 of Title 22 of the United States Code a continuing offense (Sec. 5(b)).

Would add Section 1385 to Title 18 of the United States Code to make violation of security regulations promulgated by the Secretary of Defense a misdemeanor punishable by a fine of not over \$5,000, or imprisonment for not over one year, or both (Sec. 6).

Would amend Section 156 of Title 8 of the United States Code to provide that aliens who are to be deported shall be deported to the country specified by the alien, if it will have him; otherwise, as specified by the Attorney General; that aliens are not to be deported to countries where they will suffer physical persecution; that, when an order of deportation has been made against an alien, the Attorney General shall have six months in which to get him out of the Country; but that, if deportation cannot be effected within six months, the alien shall be subject to surveillance until deported; that noncompliance with surveillance conditions, or advising or aiding such noncompliance, shall be punishable by fine of not more than \$10,000, imprisonment for not more than ten years, or both—subject to the release of any alien when he can be deported; and that the passage of aliens unable to pay their own way may be paid from appropriations for enforcement of immigration provisions (Sec. 7).

#### REPORTS OF SELECT COMMITTEES

The Select Committee appointed to wait upon the Governor reported that it had performed its duties.

The Select Committee appointed to wait upon the Senate reported that the Senate was organized, and ready to proceed with the regular business.

#### REQUEST FOR UNANIMOUS CONSENT THAT RULE BE TEMPORARILY SUSPENDED

Mr. Weber asked for, and was granted, unanimous consent that the Standing House Rule requiring the reading of the names of all members, in alphabetical order, for the purpose of introducing bills, be temporarily suspended, at this time.

#### COMMUNICATIONS

By the Chief Clerk:

The following communications were received, read, and ordered printed in the Journal:

(TELEGRAM)

SAN FRANCISCO, CALIFORNIA, September 20, 1950

*Arthur A. Ohnimus, State Capitol  
Sacramento, California*

Urgently request you grant credentials to Jack Quayle, Jr. as Daily People's World correspondent at special session.

AL RICHMOND

By the Chief Clerk:

CAPITOL CORRESPONDENTS ASSOCIATION OF CALIFORNIA

SACRAMENTO, CALIFORNIA, September 20, 1950

*Hon. Arthur A. Ohnimus, Chief Clerk  
The Assembly, Sacramento, California*

DEAR MR. OHNIMUS: The Standing Committee of the Capitol Correspondents Association has examined application for authentication as accredited press representative and recommends the following action:

**Approved for Press Card**

*People's World*—Jack Y. Quayle, Jr., replacing Steve Murdock.

Sincerely,

EARL C. BEHRENS, President

By the Chief Clerk:

CAPITOL CORRESPONDENTS ASSOCIATION OF CALIFORNIA

SACRAMENTO, CALIFORNIA, September 20, 1950

*Hon. Arthur A. Ohnimus, Chief Clerk  
The Assembly, Sacramento, California*

DEAR MR. OHNIMUS: The Standing Committee of the Capitol Correspondents Association has examined applications for authentication as accredited press representatives and recommends the following action:

**Approved for Press Cards**

*United Press*—Charles Eberhardt, Walter Barkdull, Charles Fredericks.

*Wall Street Journal*—Al Calais.

Sincerely,

EARL C. BEHRENS, President

**Ratification of Action Taken by the Capitol Correspondents Association  
by Unanimous Consent**

By unanimous consent, the Assembly ratified the above action taken by the Capitol Correspondents Association of California.

**ANNOUNCEMENT**

Speaker Sam L. Collins announced that the credentials of all members of the press, recognized as accredited press representatives at the last session, not mentioned in the above communications, will be deemed to be accredited press representatives for the duration of this present legislative session.

**INTRODUCTION, FIRST READING, AND REFERENCE  
OF ASSEMBLY BILLS**

The following bills were introduced, and read the first time:

**Assembly Bill No. 1:** By Mr. Luckel—An act to add Division 2B, comprising Sections 139.75 to 139.96, inclusive, to the Vehicle Code, and Section 4805 to the Labor Code, relating to the California Highway Patrol Reserve Corps, making an appropriation, and declaring the urgency thereof, to take effect immediately.

Referred to Committee on Transportation and Commerce.

**Motion to Place Rush Order on Printing of Assembly Bill No. 1**

Mr. Luckel moved that a rush order be placed upon the printing of Assembly Bill No. 1.

Motion carried.

**Assembly Bill No. 2:** By Mr. Dickey—An act making an appropriation for the mileage of the Members and officers of the Assembly, to take effect immediately.

Referred to Committee on Rules.



**Assembly Bill No. 3:** By Mr. Dickey—An act making an appropriation for the contingent expenses of the Assembly, including committee expenses, to take effect immediately.

Referred to Committee on Rules.

**Assembly Bill No. 4:** By Mr. Dickey—An act making an appropriation for payment of the expenses of Members of the Assembly necessarily incurred by them while attending the 1950 Third Extraordinary Session of the Legislature, to take effect immediately.

Referred to Committee on Rules.

**Assembly Bill No. 5:** By Messrs. Thompson, Dills, Rumford, Hawkins, Brady, Connolly, Gaffney, Grunsky, Hoffman, Kirkwood, Luckel, Meyers, Thomas, and Weber—An act to add Section 12006 to the Health and Safety Code, relating to the purchase and possession of explosives, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Public Health.

**Assembly Bill No. 6:** By Messrs. Caldecott, Brady, Gaffney, Dills, Luckel, Weber, and Yorty—An act making an appropriation in augmentation of the appropriation in Item 179 of the Budget Act of 1950 for support of the Adjutant General and California National Guard, relating to internal security providing for the support of the California Defense and Security Corps, to take effect immediately.

Referred to Committee on Ways and Means.

**Assembly Bill No. 7:** By Messrs. Sherwin, Brady, Gaffney, Hoffman, Lincoln, Luckel, Weber, and Yorty—An act making an appropriation to carry out the provisions of the California Disaster Act for the relief and alleviation of a state of extreme emergency, and declaring the urgency thereof, to take effect immediately.

Referred to Committee on Ways and Means.

**Assembly Bill No. 8:** By Messrs. Sherwin, Brady, Gaffney, Luckel, Weber, and Yorty—An act relating to the unified program for construction, improvement and equipment for state agencies, making an appropriation, and declaring the urgency thereof, to take effect immediately.

Referred to Committee on Ways and Means.

**Assembly Bill No. 9:** By Messrs. Sherwin, Brady, Gaffney, Dills, Luckel, Rumford, Weber, and Yorty—An act making an appropriation for support of the California Disaster Act, to take effect immediately.

Referred to Committee on Ways and Means.

**Assembly Bill No. 10:** By Messrs. Sherwin, Brady, Gaffney, Luckel, Weber, and Yorty—An act making an appropriation for preparation of plans and specifications of an office building for the Department of Employment, to take effect immediately.

Referred to Committee on Ways and Means.

**Assembly Bill No. 11:** By Messrs. Sherwin, Yorty, Brady, Dills, Gaffney, Lincoln, Luckel, and Weber—An act making an appropriation to the Attorney General to be expended during the 1950-51 Fiscal Year, to take effect immediately.

Referred to Committee on Ways and Means.

**Assembly Bill No. 12:** By Messrs. Stewart, Erwin, Weber, McColister, Brady, Gaffney, and Luckel—An act to amend Sections 5103 and 5107 of, and to add Section 5105.1 to, the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Governmental Efficiency and Economy.

**Assembly Bill No. 13:** By Messrs. Stewart, Erwin, Weber, McColister, Brady, Dills, and Gaffney—An act to amend Sections 4353 and 3211.92 of the Labor Code, relating to disaster service workers, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Governmental Efficiency and Economy.

**Assembly Bill No. 14:** By Messrs. Stewart, Erwin, Weber, McColister, Brady, Dills, Gaffney, Lincoln, and Rumford—An act to add Section 5046.1 to the Education Code, relating to apportionments to school districts from the Public School Building Loan Fund, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Governmental Efficiency and Economy.

**Assembly Bill No. 15:** By Messrs. Conrad, Stanley, Beck, Levering, Babbage, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Cooke, Crichton, Dickey, Doyle, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Lincoln, Lindsay, Lipsecomb, Luckel, Maloney, McCarthy, McColister, McMillan, Meyers, Morris, Moss, Mrs. Niehouse, Messrs. Porter, Price, Reagan, Rumford, Sherwin, Smith, Stewart, Thomas, Thompson, Tomlinson, and Waters—An act to add Sections 48, 49, 50, 51, 132.6, 293.5, 296.5, 5901.5, 5904.5, 5931.6, 5932.5, 7801.5, and 7842.5 to the Elections Code, relating to elections, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Elections and Reapportionment.

**Assembly Bill No. 16:** By Messrs. Dunn, Geddes, Erwin, McColister, Beck, Brady, Condon, Gaffney, Hoffman, Lincoln, Luckel, Porter, Rumford, Tomlinson, Weber, and Yorty—An act to amend Section 5109 of the Education Code, relating to the expenditure of proceeds of state school bonds, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education.

**Assembly Bill No. 17:** By Messrs. Dunn, Geddes, Erwin, McColister, Beck, Brady, Condon, Gaffney, Hoffman, Luckel, Porter, Rumford, Tomlinson, Weber, and Yorty—An act to amend Section 5046 of the Education Code, relating to apportionments to school districts from the Public School Building Loan Fund, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education.

**Assembly Bill No. 18:** By Messrs. Dunn, Geddes, Erwin, McColister, Beck, Brady, Condon, Gaffney, Hoffman, Luckel, Porter, Rumford, Tomlinson, Weber, and Yorty—An act to add Section 5048.1 to the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education.

**Assembly Bill No. 19:** By Messrs. Dunn, Geddes, Erwin, McColister, Beck, Brady, Condon, Gaffney, Hoffman, Luckel, Porter, Rumford, Tomlinson, Weber, and Yorty—An act to amend Sections 5042, 5048, 5051, and 5109 of, and to add Sections 5041.5 and 5048.5 to, the Education Code, relating to school district public works.

Referred to Committee on Education.

**Assembly Bill No. 20:** By Messrs. Dunn, Geddes, Erwin, McColister, Beck, Brady, Condon, Gaffney, Hoffman, Luckel, Porter, Rumford, Tomlinson, Weber, and Yorty—An act to amend Sections 5055 and 5056 of, and to add Sections 5048.2 and 5057.1 to, Chapter 1.6 of Division 3 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education.

**Assembly Bill No. 21:** By Messrs. Dunn, Geddes, Erwin, McColister, Beck, Brady, Condon, Gaffney, Hoffman, Luckel, Porter, Rumford, Tomlinson, Weber, and Yorty—An act to add Section 5046.1 to the Education Code, relating to apportionments to school districts from the Public School Building Loan Fund, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education.

**Assembly Bill No. 22:** By Messrs. Dunn, McColister, Beck, Brady, Condon, Gaffney, Hoffman, Kirkwood, Lincoln, Luckel, Porter, Rumford, Tomlinson, Weber, and Yorty—An act to add an article heading and to add Article 2, to Chapter 1.6 of Division 3 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education.

**Assembly Bill No. 23:** By Messrs. Dunn, Geddes, Erwin, McColister, Beck, Brady, Condon, Gaffney, Hoffman, Lincoln, Luckel, Porter, Rumford, Tomlinson, Weber, and Yorty—An act to amend Sections 5103 and 5107 of, and to add Section 5105.1 to, the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education.

**Assembly Bill No. 24:** By Messrs. Dunn, Geddes, Erwin, McColister, Beck, Brady, Condon, Gaffney, Hoffman, Lincoln, Luckel, Porter, Rumford, Tomlinson, Weber, and Yorty—An act to add Section 5051.1 to Chapter 1.6 of Division 3 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education.

**Assembly Concurrent Resolution No. 1:** By Mr. Grunsky—Relative to approving amendments to the charter of the City of Watsonville, a municipal corporation in the County of Santa Cruz, State of California, voted for and ratified by the qualified electors of said city at a special municipal election held therein on the nineteenth day of June, 1950.

Referred to Committee on Rules.

**Assembly Concurrent Resolution No. 2:** By Messrs. Maloney, Connolly, George D. Collins, Gaffney, Berry, McCarthy, and Meyers—Relative to adjournment in respect to the memory of Mr. Nion R. Tucker.

Referred to Committee on Rules.

**Assembly Concurrent Resolution No. 3:** By Messrs. Maloney, Gaffney, Meyers, Berry, George D. Collins, Connolly, Dunn, and McCarthy—In honor of the late John P. McLaughlin.

Referred to Committee on Rules.

**Assembly Concurrent Resolution No. 4:** By Mr. Luckel—Relative to opposing the rerouting of the state highway by construction of a freeway by-passing the City of Santa Rosa.

Referred to Committee on Rules.

#### MESSAGE FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, September 20, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day elected the following statutory officers:

<i>President pro Tempore</i> -----	Harold J. Powers
<i>Secretary of the Senate</i> -----	Joseph A. Beek
<i>Sergeant-at-Arms</i> -----	Joseph F. Nolan
<i>Minute Clerk</i> -----	John F. Lea
<i>Chaplain</i> -----	Rev. Nelson E. Hinman

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

#### ANNOUNCEMENT

*To the President of the Senate, the Speaker of the Assembly  
and the Members of the Legislature of California:*

On June 12, 1950, at the State Capitol in Sacramento, the Honorable Sam L. Collins, Speaker of the Assembly of California; the Honorable Thomas A. Maloney, Speaker pro Tempore of the Assembly of California; the Honorable Harold J. Powers, President pro Tempore of the Senate of California; and the Honorable William P. Rich, Chairman of the Finance Committee of the Senate of California, met pursuant to Section 10202 of the Government Code for the purpose of selecting a Legislative Counsel as successor to the Honorable Fred B. Wood, resigned.

The members of said committee proceeded to organize for the conduct of the business of the committee, and the Honorable Sam L. Collins was duly elected chairman thereof. The qualifications of applicants for Legislative Counsel were fully considered.

Your committee respectfully reports that it did, on said day unanimously select, appoint, and commission Ralph N. Kleps as Legislative Counsel, effective July 1, 1950, to serve until the Legislature in session makes a selection for said office.

**SAM L. COLLINS**

Chairman of Committee Formed Pursuant  
to Section 10202 of the Government Code

**ANNOUNCEMENT OF PRESENCE IN THE ASSEMBLY CHAMBER  
OF MEMBERS OF THE SENATE**

Mr. Joseph F. Nolan, Sergeant-at-Arms of the Senate, appeared before the bar of the Assembly and announced the presence in the Assembly Chamber of the Lieutenant Governor, the Honorable Goodwin J. Knight; the President pro Tempore of the Senate, Senator Harold J. Powers; and the Members of the Senate.

**ADDRESS BY THE GOVERNOR ORDERED PRINTED IN THE JOURNAL**

Pursuant to Joint Rule 15, Speaker Sam L. Collins ordered that the message of Governor Warren, delivered in Joint Convention, be printed in the Journal in 10-point type.

**RECESS**

At 12.50 p.m., the Speaker announced that the Assembly would be at recess until call of the Chair, to meet with the Senate in Joint Convention.

**IN JOINT CONVENTION**

ASSEMBLY CHAMBER, SACRAMENTO

Wednesday, September 20, 1950

At 12.55 p.m., the Senate and Assembly met in Joint Convention.

Hon. Sam L. Collins, Speaker of the Assembly, presiding.

Chief Clerk Arthur A. Ohnimus at the desk.

**ANNOUNCEMENT**

Speaker Sam L. Collins announced the presence in the Assembly Chamber of the Honorable Goodwin J. Knight, Lieutenant Governor of the State of California and President of the Senate; and the Honorable Harold J. Powers, President pro Tempore of the Senate, and invited them to the rostrum.

**SENATE ROLL CALL**

Hon. Goodwin J. Knight, President of the Senate, directed the Secretary of the Senate to call the roll of Senators.

The roll was called, and the following answered to their names:

Senators Abshire, Breed, Brown, Burns, Busch, Coombs, Crittenden, Cunningham, Desmond, Dillinger, Dilworth, Donnelly, Dorsey, Drobish, Gibson, Hatfield, Jespersen, Johnson, Judah, Kraft, Mayo, McBride, Miller, O'Gara, Parkman, Powers, Regan, Rich, Sutton, Swing, Tenney, Ward, Watson, Way, Weybret, and Williams—36.

The President of the Senate declared a quorum of the Senate present.

**ASSEMBLY ROLL CALL**

Hon. Sam L. Collins, Speaker of the Assembly, directed the Chief Clerk of the Assembly to call the roll of Assemblymen.

The roll was called, and the following answered to their names:

Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Sam L. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lapscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—75.

The Speaker of the Assembly declared a quorum of the Assembly present.

**APPOINTMENT OF JOINT COMMITTEE ON ESCORT**

Hon. Goodwin J. Knight, President of the Senate, announced the appointment of Senators Williams, Coombs, and O'Gara as the Senate Committee to escort His Excellency, Hon. Earl Warren, Governor of the State of California, to the bar of the Assembly.

Hon. Sam L. Collins, Speaker of the Assembly, announced the appointment of Messrs. Kirkwood, Waters, and Crichton as the Assembly Committee to escort His Excellency, Hon. Earl Warren, Governor of the State of California, to the bar of the Assembly.

**REPORT OF JOINT COMMITTEE ON ESCORT**

The Joint Committee on Escort, appointed to wait upon the Governor, and escort him to the Joint Convention, appeared at the bar of the Assembly, and announced the presence of His Excellency, Hon. Earl Warren, Governor of the State of California.

**PRESENTATION OF THE LIEUTENANT GOVERNOR**

Hon. Sam L. Collins, Speaker of the Assembly, then presented the President of the Senate, Hon. Goodwin J. Knight, to the Joint Convention.

**PRESENTATION OF THE GOVERNOR**

Hon. Goodwin J. Knight, Lieutenant Governor of California, then presented His Excellency Hon. Earl Warren, Governor of the State of California, to the Joint Convention.

**ADDRESS BY GOVERNOR EARL WARREN**

Governor Warren then proceeded to address the Joint Convention as follows:

**MESSAGE OF GOVERNOR EARL WARREN TO THE CALIFORNIA  
STATE LEGISLATURE, SEPTEMBER 20, 1950**

*Mr. Speaker, Lieutenant Governor Knight, President pro Tempore Powers, Speaker pro Tempore Maloney, and Members of the Legislature:*

When the Legislature adjourned on April 15th, I had little thought that there would be any necessity for a special session prior to the regular session of January, 1951. But in keeping with the experience of recent years, in most of which it has been necessary to have special sessions to

cope with the problems of growth of our State and with the turbulent condition of world affairs, I now find it imperative that we convene for the consideration of matters important to the welfare of our State and Nation.

First and foremost is the integration of a program for civil defense and disaster relief; second, the protection of the rights of California citizens in the armed forces; third, amendment of the Public School Building Loan Act, in order to make it accomplish the purpose for which it was designed; fourth, to facilitate state building construction; and, finally, to consider legislation relating to the protection and care of and assistance to children, needy persons, and others especially in need thereof, particularly with relation to the Social Security Act Amendments of 1950 (H. R. 6000).

There were many requests for the inclusion of other items, a sufficient number to keep you in session from now until the regular session. Many of these requests were for desirable legislation, but, following the policy of not burdening the Legislature in special sessions with other than emergency matters, and in accordance with my understanding with your Speaker and President pro Tempore to keep the subject matter as limited as possible, I have restricted the call to these subjects, which I consider to be matters of real emergency at this moment.

On the other hand, in keeping with my practice, I have not attempted to limit legislative discretion within the fields for which the session is called. However, in order that you might know at the outset precisely what I have in mind on each of the items, I have had prepared and have submitted to your officers the bills that I believe should have your consideration. I believe you will find little of a controversial nature in these bills. But you will find much of importance in them.

The most pressing subject matter is civil defense. Once more, the Nation is marshalling its resources to turn back aggression overseas and to protect the homeland against attack. Once more, our men in the armed forces are fighting a war for freedom—this time in remote Korea. While, technically, it is a policing operation of the United Nations, and is being conducted in a limited area, to those who are engaged in it, and to their loved ones, it has all of the aspects of a cruel and desperate war.

No one can say with assurance that this struggle between the forces of freedom and the forces of Communism will be confined to the Korean Peninsula, because it is generally known that North Korea is merely a puppet in the Communist show. As a matter of fact, it is widely believed that this may be but one of many acts of aggression on the part of Communist satellites, designed to drain the resources of this and other free countries of the world. Neither is there any assurance that this or other provocative acts may not in time bring about what our Country and every peace-loving nation in the world dreads most—and would give everything but their freedom to avoid—World War III.

In such circumstances, it is always sound policy to hope for the best and prepare for the worst. This is precisely the policy the President of the United States has declared for our Country, and he has requested every individual, community, and state in the Nation to conform to that policy. Only day before yesterday, he presented to the Congress and to the people a plan for organizing the civil defense of the United States. Through the National Security Resources Board, he has stated that the

United States can no longer be free from the danger of a sudden devastating attack against the homeland. He stated that in any future war, "It is probable that an enemy would attempt at the outset to destroy or cripple the production capacity of the United States and to carry direct attack against civilian communities to disrupt support of the war effort," and that "An enemy could not attack all urban areas throughout the United States but he could attack any community in the United States," and further, that "The probabilities that certain areas are more likely to be attacked than others does not reduce the responsibility of the communities less likely to be attacked to organize for civilian defense."

He then states that "The responsibility of the State Government is to provide leadership and supervision in all planning for civil defense, and direction of supporting operations in an emergency. The State is the key operating unit. It is the 'field army' of civil defense. Its counties or cities are its 'divisions.' When one or more divisions are hard hit, the remaining ones are sent in for support over and above the capabilities of local self-help and mutual aid."

In summation, he said, "Every person and every community has a part to play in the civil defense program. Remoteness from places considered probable targets does not exempt any community from playing its part in the over-all program, since evacuee reception and care must be planned and a support program organized."

"The civil defense program for this Country must be in constant readiness because, for the first time in 136 years, an enemy has the power to attack our cities in strong force, and for the first time in our history, that attack may come suddenly, with little or no warning."

"Granted a few minutes warning, casualties could be reduced by over 50 percent through proper organization and training in civil defense. More important, civil defense could spell the difference between defeat with slavery for our people, and victory in a war thrust upon us."

In the light of these solemn words, no state or community can afford to treat civil defense lightly. Particularly is this true in a state like California, which has at least three major target areas.

Fortunately, we have not been caught unawares, because in 1945, at about the time of the termination of hostilities and the ending of the need for civil defense in World War II, the Legislature saved from our war powers and from the machinery of the War Council the basic laws essential for disaster relief of any kind, including civil defense.

As you will recall, the State Disaster Council, composed of officers of the Legislative and Executive Branches of State Government and representatives of city and county government, was created. It was authorized to establish similar councils in the cities and counties of the State, as well as to authorize local communities to enter into mutual aid agreements for an exchange of manpower, equipment, and services in times of disaster.

Appropriations were made to the State Disaster Council from year to year for the purpose of stimulating such local councils and such mutual aid agreements. By the time of the Korean incident, over 90 percent of the people of the State lived in communities that had both city and county disaster councils accredited by the state body. Since that time, the State



Disaster Council and the subordinate councils, in accordance with whatever material was made available by the Federal Government, have been making their plans for civil defense.

In the course of state planning, I discussed civil defense at great length with Mr. Paul J. Larsen, Federal Director of Civilian Mobilization, and was advised by him that our plans were proceeding in accordance with the thinking of the National Resources Board, and that, with the exception of legislative authorization to plan with neighboring states for the common defense of the area, our laws appeared to be adequate. Thereafter, on August 22d, with the Governors of Nevada and Arizona, I met with General Wedemeyer, Commander of the Sixth Army, and discussed our situation with him. At the request of the governors, General Wedemeyer agreed to send three of his planning officers to each state to assist in the preparation of an operational plan which would implement the Disaster Council Act, and since August 28, 1950, these three officers have been at Sacramento working with our staff, not only full time but long hours, in the preparation of a plan.

A study of the United States Civil Defense Program, received September 18th, indicates that none of the plans that we have been making are in any respect in conflict with the proposals of the Federal Government, and also that, almost without change of any kind, our plans are in conformity with such proposals.

Because we have had the benefit of the planning officers of the Sixth Army in the preparation of our plan, I am certain that it can be accommodated to the military plans for the area. In order to make certain that we are in conformity with such plans, the three governors are again meeting with General Wedemeyer and other military officers at the Presidio, San Francisco, on October 3d. At that time, our operational plan will be submitted for final military approval. If so approved, it will be ready for immediate activation.

In order to do this planning to date, without an appropriation for civil defense, I have borrowed key men from the various departments of the State Government, to act as a staff for the State Civil Defense Planning Board. These employees have worked faithfully at the task, and are entitled to commendation therefor. To carry on the work in the future, however, it will be necessary for the Legislature to establish the Director of Civil Defense and authorize the employment of such assistants and other employees as may be necessary to accomplish the desired objective. This is one of the recommendations in the United States Civil Defense Program.

Following the recommendations of the Director of Civilian Mobilization, I recommend legislation authorizing our State to plan cooperatively with adjoining states for the common defense of the area, and also for the making of cooperative agreements with the United States through which any state department can, under contract with the Federal Government, perform any work in furtherance of the defense effort when requested by the Federal Government to do so at federal expense. Under like authority, the Department of Public Works did a large amount of construction work for the Federal Government in World War II.

In the 1949 Session, the Legislature took time by the forelock and provided for a Defense and Security Corps which will replace the

National Guard when that organization is called into the federal service. As you know, our valiant 40th Division and other special units that rendered such heroic service in World War II have already been called into the federal service. This leaves the southern part of our State without any state military force for protection in time of emergency. We have gone as far as it is possible to go in activating the Defense and Security Corps by establishing two divisions, one for Southern and the other for Northern California. At the present time, 15 units have been recruited, and we are only awaiting federal authorization to activate them. The bill to accomplish this result passed both houses of Congress September 18th, and it is now on the desk of the President.

With the officers and men of World War II who are available for this duty, I am satisfied that we can build an organization that will be of great protective strength and be a credit to the State. This corps will be financed partially by savings from the National Guard appropriation occasioned by federalization of the 40th Division, but an appropriation to supplement these funds will be necessary.

There are two main types of activity that a sound plan for civil defense must include. One is the relief of all kinds of distress caused by direct enemy attack. The other is protection against sabotage.

It is my opinion that an A-bomb or other bombing attack is a possibility for our State, and because of the serious consequences of such enemy action, it is imperative that we make plans for such an eventuality. On the other hand, I am of the opinion that so long as we are in conflict with Soviet Russia, we are in imminent peril of sabotage. I am sure every thoughtful American believes that there are Soviet agents in this Country for the purpose of creating disruption of our industry and our normal life, and that they are prepared to go into action on orders from Moscow. I am sure they also recognize sadly that we have people of American birth who are committed in their own minds to a destruction of our form of government because of their misguided and not understandable allegiance to the Communist doctrine and its grasping exponent, Soviet Russia. It will take organization of all of our protective services, police, fire, health, etc., to counteract this influence.

We must ferret out saboteurs wherever they are to be found, and, working with federal authorities, private industry, and every law enforcement agency in the State, devise a program that will give us the needed protection. To that end, I urge you to re-enact the Sabotage Prevention Law which was in operation throughout World War II, and which, in my opinion, is a workable act for this purpose. I recommend that an appropriation be made to the Attorney General for the investigation of sabotage, and other subversive activities.

I would also suggest that our statutes governing the sale and possession of explosives be amended so as to give the law enforcement officers of the State an adequate check and control over them. The first requisite of a civil defense organization is loyalty—complete loyalty to the United States of America.

As a partial protection for our civil defense organization, on both the state and local levels, I suggest that an oath of allegiance be required of every person in it, as suggested by the United States Civil Defense

Program above referred to. If falsified, the oath should be punishable as perjury. The oath suggested is as follows:

"I -----, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California, against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

"And I do further swear (or affirm) that I do not advocate, nor am I a member of any political party or organization that advocates, the overthrow of the Government of the United States or of this State by force or violence; and that during such time as I am a member of the (name of civil defense organization) I will not advocate nor become a member of any political party or organization that advocates the overthrow of the Government of the United States or of this State by force or violence."

I believe this oath should be required not only of volunteers but of every public employee. One cannot study the civil defense problem without being impressed by the enormity of the task or the danger to the public in case of failure. It calls for complete coordination of the personnel and facilities of every agency of government on all its levels. I therefore suggest that every employee of the State and its political subdivisions be declared to be a member of the civil defense organization of the State, and in addition to his other duties, be subject to assignment to duty therein whenever required. Thus everyone in the program, public and private citizens alike, would stand on the same level and shoulder the same responsibility to their government.

This course would clarify many situations in the State. It would make unnecessary ordinances of very limited effectiveness in the 305 cities and 58 counties of the State as are being studied at the present time. It would eliminate the proposal of singling out one segment of public employees for a loyalty test different from that required of others. Lastly, falsification of the oath will be punishable as a serious offense. This, plus a screening by local authorities and the help we can expect from federal authorities, should give us a fair measure of protection against the infiltration of subversives into our civil defense organizations.

I make no recommendation on espionage, which is another favorite criminal technique of Communists, because it is a federal function and the full responsibility for protecting our Country against espionage has already been assigned to the Federal Bureau of Investigation. It is not desired that this responsibility shall be shared with state or local agencies except to the extent of the transmission of information in this field to the Federal Bureau of Investigation without previous investigation.

It is difficult to write laws of this character which are effective, and at the same time constitutional. Congress at the present time is struggling with the problem and it has not yet determined how far it can go in ferreting out subversives without interfering with basic freedoms. I believe it would be unwise to consider legislation that might either be in conflict with or unwanted by the Federal Government. We

now have some statutes in California which for many years have been honored more in the breach than the observance.

Since 1919, we have had the Criminal Syndicalism Law, which makes it felonious for any person to belong to an organization which advocates the overthrow of our government or industrial system by force or violence. There have to my knowledge been no prosecutions under this law for many years. Since 1941, we have had a Subversive Registration Act, requiring every such organization to register with the Secretary of State, and making it a felony for failure to do so. There has been little or no registration under it and not a single prosecution since 1942.

In order to carry our Civil Defense Plan into effect, I request an appropriation of \$475,000. This, of course, would include no money for disaster relief if it should become necessary. Some provision for such an eventuality should be made. I, therefore, recommend that, under such regulations as the Legislature may prescribe, the so-called Rainy Day Fund be made available for that purpose whenever the Legislature is not in session at the time, as was done with a similar fund in World War II. I believe this can be safely done without infringing upon the original purpose of the fund which was to protect us against a deficit caused by revenues falling below the estimated income for the year. The levels of business and employment at the present time indicate that we can assume no such eventuality will occur this fiscal year. Our financial structure is sound. Our budget remains in balance in spite of growth and rising costs. We are firmly on a pay-as-you-go basis, and all within the same framework of taxation that existed prior to World War II.

As history repeats itself and we again find ourselves sending troops overseas, we must re-examine the wartime statutes which were enacted a few short years ago for their protection. Every man who goes overseas to fight for his Country should have an opportunity to vote, and our wartime statutes should be strengthened so that every member of our armed forces and the Merchant Marine will be entitled to vote, regardless of where he might be.

Many of these service men have been taken from public positions, and they should be entitled to return to their positions when they return to civilian life. I recommend that appropriate action be taken to protect their jobs for them while they are away, as was done in World War II. Similar protection should be given them in regard to their retirement rights. These boys who are now in service are entitled to every protection that was given to the soldiers of prior wars, and educational assistance and assistance with claims against the government should be extended to them and their dependents as it has been to other veterans.

Another matter of vital concern is the proposal to amend the School Building Loan Fund established under the \$250,000,000 bond issue for necessitous school districts. The legal construction given to the law prohibits the allocation of more than \$5,000,000 per month, whereas applications aggregating \$120,000,000 have been processed and approved by the Allocations Board.

The purpose of this bond issue was to relieve the overcrowded condition of our schools in districts that have reached their tax limit and bonding capacity. If we are to make the bond issue serve its real purpose, the provisions of the act should be relaxed so as to permit allocation to

those school districts that meet the requirements. If we do not do this, it will be a matter of years until the present bond issue has served its true purpose. The hardship that would be caused in the intervening years, and the resulting deprivation of proper educational opportunities to the children, would be tragic.

The people approved the bond issue to meet the schoolhouse shortage. They expect it to accomplish this, and I am sure they are not concerned with artificial restrictions which delay the accomplishment of its purpose.

The Congress of the United States passed Public Law 734, more popularly known as H. R. 6000, which constitutes a series of extremely important amendments to the Federal Social Security Act. Many of its provisions will mean great savings to the State and counties of California and will not require legislation in order that we may take advantage of these savings. Such a provision is the increase in the benefits to be paid under the Federal Old Age and Survivors Insurance Plan. These increased benefits paid to persons now receiving old age assistance and aid to needy children in this State will result in a saving to the State and counties of California of over \$5,000,000 between October 1, 1950, and June 30, 1951.

H. R. 6000 recognizes the growth in the aid to needy children program throughout the Country, and proposes to reimburse to the State and counties \$16.50 per month for each case, in addition to present reimbursement from the Federal Government. We can take advantage of this additional reimbursement without any further expenditures on the part of the State or counties. Without any change in our present program, legislation which I am recommending will enable us to receive the additional federal participation, and will result in increased federal contributions to California of approximately \$6,600,000 between October 1, 1950, and June 30, 1951.

H. R. 6000 permits the State to pay old age assistance, aid to the needy blind, and aid to the disabled, to persons in county hospitals and other public medical institutions. Heretofore, it was not possible to do so. I am recommending a bill to enable us to take advantage of this liberalization.

H. R. 6000 establishes a fourth category of aid in which the Federal Government will participate, providing the State establishes the program; that is, a program to aid the totally and permanently disabled. As the Federal Government and the states have proceeded during the past 15 years to establish programs for the aged, blind, and children, the disabled, who in many respects are the most needy and the most dependent upon outside assistance, have become the forgotten men. Congress, after studying this situation for a period of over 18 months, finally decided to aid states in their assistance programs to the disabled, and will reimburse to the State of California up to \$30 for the first \$50 expended on each disabled person meeting federal requirements.

I should like to point out that this is not a general relief program for persons suffering from some minor disability. It is to help the most advanced cases of disability. Persons must be *permanently* disabled, that is, no cure can be foreseen for their disability; and they must also be *totally* disabled, that is, they must be unable to perform work of any

kind. Many of our counties are now caring for a number of these persons in county hospitals and county homes, and the establishment of this program will enable counties to receive a substantial contribution to the expenditures hitherto borne entirely by them. We estimate that between October 1, 1950, and June 30, 1951, a maximum of 28,000 persons will be placed on the rolls, and if the Legislature adopts the program as set forth in the legislation which I am suggesting, the program will cost a total of over \$15,000,000, with the Federal Government contributing over \$6,000,000 and the State and counties contributing the remainder. There will be a substantial offset to this amount so far as the counties are concerned.

I would like to point out that most states in the Union will begin this program on October 1, 1950. I am informed by federal authorities that 32 states can establish this program by rule and regulation, that several other states merely need to provide for transfer of funds, and that only seven states, including California, need enabling legislation. Three states have already issued calls for special sessions of their legislature.

California has never been found wanting in its provision for the care of the needy and destitute. This Legislature has from time to time considered various bills to aid the disabled, and federal participation under H. R. 6000 now makes it possible for California to establish such a program.

The rapid increase in construction costs which has occurred during recent months, and which is continuing, has brought a crisis in our state building program. The Legislature has appropriated specific sums for specific buildings and it has been found impossible to operate under these line item restrictions. I join with your Joint Budget Committee in recommending legislation permitting some leeway in transferring portions of these appropriations in order that we may proceed with the construction of those buildings having the highest priority.

I trust that these items will not unduly prolong your session, and I want you to know that I will cooperate with you in every respect to expedite your work.

EARL WARREN

#### ADJOURNMENT OF JOINT CONVENTION

At 1.35 p.m., there being no further business, the Speaker of the Assembly declared the Joint Convention adjourned sine die.

#### IN ASSEMBLY

At 1.41 p.m., the Assembly reconvened.

Hon. Sam L. Collins, Speaker of the Assembly, presiding.  
Chief Clerk Arthur A. Ohnimus at the desk.

# RESOLUTIONS

The following resolutions were offered :

By Messrs. Conrad and Doyle :

## House Resolution No. 8

Relative to commending all who took part in "The California Story," a pageant climaxing the Centennial Observance

WHEREAS, The history of the State of California was majestically portrayed in an inspired pageant entitled "The California Story" staged in the Hollywood Bowl, bringing to a climax the celebration of California's one hundredth anniversary as a State; and

WHEREAS, "The California Story" was a monumental spectacle which glowingly recounted years of magnificent history and brought before the citizens of the State of California a living vision of the events which compose the great heritage of this State; now, therefore, be it

*Resolved by the Assembly of the State of California*, That the Members of this Assembly congratulate and commend those who produced and all those who took part in the production; and be it further

*Resolved*, That special commendations be given to Lloyd D. Mitchell, who planned and produced the pageant, Jack Moffitt and Ed Ainsworth who wrote the story, Val Rosing who staged and directed it, Lionel Barrymore, the narrator, and Meredith Willson who arranged the musical score and directed the Centennial Symphony Orchestra in the musical background; and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit suitable copies of this resolution to Lloyd D. Mitchell, Jack Moffitt, Ed Ainsworth, Val Rosing, Lionel Barrymore, and Meredith Willson.

Resolution read, and ordered referred to the Committee on Rules.

By Mrs. Niehouse :

## House Resolution No. 9

Relative to congratulating Florence Chadwick for her record-breaking swim across the English Channel

WHEREAS, Florence Chadwick, on the eighth day of August, 1950, by a record-breaking swim, was the thirty-second person and the twelfth woman to swim the English Channel; and

WHEREAS, Florence Chadwick completed the difficult and punishing task in 13 hours and 20 minutes, thereby bettering by one hour all previous women's records; and

WHEREAS, Florence Chadwick is a resident of the City of San Diego, and by gaining world-wide recognition of her athletic ability, has brought honor to herself, her Country, and to our State; now, therefore, be it

*Resolved by the Assembly of the State of California*, That the Members of this Assembly congratulate Florence Chadwick for her record-breaking swim across the English Channel and extend to her good wishes for future success; and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit a copy of this resolution to Florence Chadwick.

Resolution read, and ordered referred to the Committee on Rules.

By Mr. Conrad :

## House Resolution No. 10

Relative to adjournment in honor of the United States Army

WHEREAS, The United States Army at all times since its establishment by tenant of the Constitution of the United States, has justifiably won the admiration and praise of the world for its glorious record of service to the United States and to all free peoples; and

WHEREAS, The unfortunate time has come upon us when the United States Army must again engage in combat to protect the fundamental principles of the free Nation which it is its duty and privilege to serve; and

WHEREAS, Courageously disregarding all dangers, it has shown a fearless determination to terminate present hostilities at the earliest possible time and bring that peace to the world which it seeks; now, therefore, be it

*Resolved by the Assembly of the State of California*, That when the Assembly does this day adjourn it do so in honor of the United States Army; and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit a suitable copy of this resolution to the Secretary of Defense and to the Secretary of the Army.

Resolution read, and ordered referred to the Committee on Rules.

By Mr. Conrad:

**House Resolution No. 11**

Relative to adjournment in honor of the United States Navy

WHEREAS, The United States Navy has established a record of service to this Nation which warrants, in the best traditions of the Navy, the commendation "Well done"; and

WHEREAS, The United States Navy has proven to this Nation and to the rest of the world that it is highly capable of defending these shores and of insuring the peaceful passage of our ships on the seas of the world; and

WHEREAS, At the present time the United States Navy is contributing to the efforts of free men to terminate all hostilities and establish a world peace without aggression; now, therefore, be it

*Resolved by the Assembly of the State of California*, That when the Assembly does this day adjourn it do so in honor of the United States Navy; and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit a suitable copy of this resolution to the Secretary of Defense and to the Secretary of the Navy.

Resolution read, and ordered referred to the Committee on Rules.

By Mr. Conrad:

**House Resolution No. 12**

Relative to adjournment in honor of the United States Marine Corps

WHEREAS, By almost legendary conduct, the United States Marine Corps has elevated itself in the estimations of men to reach a place of high regard; and

WHEREAS, The United States Marines have met every demand of the United States for immediate defense of this Nation, becoming the first to face the enemy, and rendering assistance to the United States Navy and all other branches of the armed forces; and

WHEREAS, The United States Marine Corps has succeeded in winning the confidence of a grateful Nation in time of peace as well as in time of war; now, therefore, be it

*Resolved by the Assembly of the State of California*, That when the Assembly does this day adjourn it do so in honor of the United States Marine Corps; and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit a suitable copy of this resolution to the Secretary of Defense and to the Secretary of the Navy.

Resolution read, and ordered referred to the Committee on Rules.

By Mr. Conrad:

**House Resolution No. 13**

Relative to adjourning in honor of the United States Air Force

WHEREAS, The United States Air Force has flown the skies of the world in defense of the United States and its principles as a free Nation, accomplishing feats of historic and high impossible stature; and

WHEREAS, The United States Air Force has established a record of devoted service which the people of this Nation and all free men view with pride and gratitude; and

WHEREAS, With the other branches of the armed forces, the United States Air Force is now engaged in gaining and preserving for the world freedom from aggression; now, therefore, be it

*Resolved by the Assembly of the State of California*, That when the Assembly does this day adjourn it do so in honor of the United States Air Force; and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit a suitable copy of this resolution to the Secretary of Defense, and to the Secretary of the Air Force.

Resolution read, and ordered referred to the Committee on Rules.

By Mr. Conrad:

**House Resolution No. 14**

Relative to adjourning in honor of the United States Coast Guard

WHEREAS, The United States Coast Guard valiantly defends the shores of this Nation, ever vigilant against any activity that may bring harm to this Land; and

WHEREAS, Endlessly patrolling our coast line to guard against enemy activities in time of war, the United States Coast Guard gives valuable assistance to the United States Navy and other branches of the armed forces; and



WHEREAS, In time of peace, the United States Coast Guard remains ever on guard to meet the needs and emergencies of all vessels touching on our shores; now, therefore, be it

*Resolved by the Assembly of the State of California*, That when the Assembly does this day adjourn it do so in honor of the United States Coast Guard; and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit a suitable copy of this resolution to the Secretary of the Treasury.

Resolution read, and ordered referred to the Committee on Rules.

#### INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS (RESUMED)

The following bills were introduced, and read the first time :

**Assembly Concurrent Resolution No. 5:** By Messrs. George D. Collins, Maloney, Gaffney, Berry, Connolly, McCarthy, Meyers, Brady, and Weber—Approving amendment to the charter of the City and County of San Francisco voted for and ratified by the electors of said City and County of San Francisco at a consolidated direct primary and special municipal election held therein on the sixth day of June, 1950.

Referred to Committee on Rules.

**Assembly Bill No. 25:** By Messrs. Beck, Smith, Babbage, Brown, Bennett, Berry, Brady, Caldecott, Cloyed, Collier, Cooke, Crowley, Davis, Dills, Doyle, Dunn, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hawkins, Hinckley, Hoffman, Kilpatrick, Kirkwood, Lincoln, Luckel, McCarthy, McCollister, Meyers, Morris, Moss, Rumford, Sherwin, Stanley, Thomas, Thompson, Weber, and Yorty—An act to amend Sections 1, 2, 3, 7, 8, 9, and 10, and to repeal Section 15, of the Sabotage Prevention Act, relating to unlawful entries on, injuries to, and interference with, property, and unlawful entries on closed streets, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Judiciary.

**Assembly Bill No. 26:** By Messrs. Beck, Gaffney, Geddes, Doyle, Anderson, Babbage, Bennett, Berry, Brady, Brown, Caldecott, Cloyed, Collier, George D. Collins, Condon, Conrad, Cooke, Crowley, Davis, Dills, Dunn, Erwin, Fletcher, Fleury, Grant, Hagen, Hansen, Hawkins, Hinckley, Hoffman, Kilpatrick, Kirkwood, Lewis, Lincoln, Lowrey, Luckel, McCarthy, McCollister, Meyers, Morris, Moss, Rumford, Sherwin, Smith, Thomas, Thompson, Weber, and Yorty—An act to add Sections 48, 49, 50, 51, 132.6, 293.5, 296.5, 5901.5, 5904.5, 5931.6, 5932.5, 5935.5, 5936.5, 7801.5 and 7842.5 to the Elections Code, relating to elections, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Elections and Reapportionment.

**Assembly Bill No. 27:** By Messrs. Hoffman and Gaffney—An act to amend the title to Chapter 3, Part 2, Division 2, to amend Sections 51, 120, 422, 551, 552, 553, 554, 555, 557, 560, 561, 562, and to add 566 and 643.1 to the Military and Veterans Code relating to the creation, organization and administration of a Security and Reserve Force, the rules and regulations for government of such forces and reserves, the pay and allowances of said forces, the appointment of armory boards, federal service, Uniform Code of Military Justice, workmen's compensation,

employment of members of National Guard with said forces, restoration of state duty after federal service, disposition of National Guard funds, termination of commissions and discharge of members of said forces, unemployment insurance, decorations, wearing of the uniform and composition of office of the Adjutant General, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Military Affairs.

**Assembly Bill No. 28:** By Messrs. McCollister and Brady—An act to add Section 6060.8 to the Business and Professions Code, relating to bar examinations of veterans.

Referred to Committee on Military Affairs.

**Assembly Bill No. 29:** By Messrs. McCollister, Dills, Evans, Gaffney, Hoffman, Weber, Beck, Brady, Burkhalter, Condon, Crichton, Dickey, Doyle, Luckel, Meyers, Morris, Mrs. Niehouse, Messrs. Porter, Stanley, and Yorty—An act to add Sections 16145 and 20345.5 to the Education Code, relating to membership in, and the payment of fees of, student body organizations established in junior colleges and state colleges.

Referred to Committee on Military Affairs.

**Assembly Bill No. 30:** By Messrs. McCollister, Dills, Evans, Stewart, Hoffman, Erwin, Babbage, Beck, Brady, Brown, Burke, Burkhalter, Butters, Clarke, Cloyd, Coats, Collier, Sam L. Collins, Condon, Conrad, Cooke, Crichton, Dickey, Doyle, Dunn, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hawkins, Kilpatrick, Lincoln, Lindsay, Lowrey, Luckel, McMillan, Meyers, Morris, Mrs. Niehouse, Messrs. Porter, Reagan, Sherwin, Smith, Stanley, Thompson, Tomlinson, Waters, Weber, and Yorty—An act to amend Section 699 5 of the Military and Veterans Code, and to ratify actions of the Department of Veterans Affairs, relating to assistance to veterans and their dependents.

Referred to Committee on Military Affairs.

**Assembly Bill No. 31:** By Messrs. McCollister, Dills, Evans, Stewart, Hoffman, Erwin, Babbage, Beck, Brady, Brown, Burke, Burkhalter, Butters, Clarke, Cloyd, Coats, Collier, Sam L. Collins, Condon, Conrad, Cooke, Crichton, Dickey, Doyle, Dunn, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hawkins, Kilpatrick, Lincoln, Lindsay, Lowrey, Luckel, McMillan, Meyers, Morris, Mrs. Niehouse, Messrs. Porter, Reagan, Sherwin, Smith, Stanley, Thompson, Tomlinson, Waters, Weber, and Yorty—An act to amend Section 890 of the Military and Veterans Code, relating to educational assistance for dependents of veterans.

Referred to Committee on Military Affairs.

**Assembly Bill No. 32:** By Messrs. McCollister, Dills, Evans, Gaffney, Hoffman, Weber, Beck, Burkhalter, Clarke, Condon, Crichton, Dickey, Doyle, Luckel, Meyers, Morris, Mrs. Niehouse, Messrs. Porter, Stanley, and Yorty—An act to amend Section 699 5 of the Military and Veterans Code, relating to assistance to veterans and their dependents.

Referred to Committee on Military Affairs.

**Assembly Bill No. 33:** By Messrs. McCollister, Dills, Evans, Hoffman, Weber, Gaffney, Beck, Brady, Burkhalter, Clarke, Crichton, Dickey, Doyle, Luckel, Meyers, Morris, Mrs. Niehouse, Messrs. Porter, Stanley, Tomlinson, and Yorty—An act making an appropriation for the organization and maintenance of the California Defense and Security Corps or any other authorized militia organized to replace the National Guard of this State while said guard is in active federal service, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Military Affairs.

**Assembly Bill No. 34:** By Messrs. McCollister, Dills, Evans, Gaffney, Hoffman, Weber, Beck, Brady, Burkhalter, Crichton, Dickey, Doyle, Luckel, Meyers, Morris, Mrs. Niehouse, Messrs. Porter, Stanley, Tomlinson, and Yorty—An act to amend the title to Chapter 3, Part 2, Division 2, to amend Sections 51, 120, 422, 551, 552, 553, 554, 555, 557, 560, 561, 562, and to add 566 and 643 1 to the Military and Veterans Code, relating to the creation, organization and administration of a Security and Reserve Force, the rules and regulations for government of such forces and reserves, the pay and allowances of said forces, the appointment of armory boards, federal service, Uniform Code of Military Justice, workmen's compensation, employment of members of National Guard with said forces, restoration of state duty after federal service, disposition of National Guard funds, termination of commissions and discharge of members of said forces, unemployment insurance, decorations, wearing of the uniform and composition of office of the Adjutant General, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Military Affairs.

**Assembly Bill No. 35:** By Messrs. Brown, McCollister, Hoffman, Dickey, Beck, Brady, Burkhalter, Clarke, Condon, Crichton, Dills, Doyle, Gaffney, Luckel, Meyers, Morris, Tomlinson, and Yorty—An act to amend Sections 395 and 395.1 of the Military and Veterans Code, relating to rights of public officers and employees to return to office or employment after military service, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Military Affairs.

**Assembly Bill No. 36:** By Messrs. Lindsay and Gaffney—An act relating to civil defense, making an appropriation to the Division of Forestry, Department of Natural Resources, for fire prevention and suppression, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Ways and Means.

**Assembly Bill No. 37:** By Messrs. Lindsay, Lowrey, Sherwin, Erwin, Moss, and Weber—An act to add Article 2 5, comprising Sections 21000 to 21002, inclusive, to Chapter 8 of Part 3 of Division 5 of Title 2 of the Government Code, relating to the State Employees' Retirement System in respect to state employment of persons who have attained the age of compulsory retirement and declaring the urgency thereof, to take effect immediately.

Referred to Committee on Civil Service and State Personnel.

**Assembly Bill No. 38:** By Messrs. Lindsay, Lowrey, Sherwin, Weber, Erwin, Gaffney, and Moss—An act to add Section 4126.6 to the Public Resources Code, relating to the closure to entry of lands during the existence of an emergency resulting in an extreme fire hazard from incendiary or other causes, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Conservation, Planning, and Public Works.

#### COMMUNICATIONS

By the Chief Clerk:

A communication from Elizabeth DeWolf of Sugarloaf, California, relative to domestic water supplies not under public control, was received, and ordered referred to the Joint Interim Committee on Water Problems.

By the Chief Clerk:

A communication from Bernard Gotthardt of San Francisco, relative to civil liberties, was received, and ordered filed with the Secretary of State.

By the Chief Clerk:

A communication from Arthur W. Langley, City Clerk, enclosing a resolution by the City Council of the City of Monterey Park, urging legislation enabling cities to accept Federal Social Security Act benefits for eligible employees, was received, and ordered referred to the Committee on Social Welfare.

By the Chief Clerk:

A communication from John A. Millsap of Los Angeles and Raven Stone of San Marino, relative to grievances, was received, and ordered filed with the Secretary of State.

By the Chief Clerk:

The following communication was received, read, and ordered printed in the Journal:

STATE OF CALIFORNIA, DIVISION OF BEACHES AND PARKS  
DEPARTMENT OF NATURAL RESOURCES  
SACRAMENTO, January 11, 1950

*Hon. Arthur A. Ohnimus*  
*Chief Clerk of the Assembly*  
*State Capitol, Sacramento, California*

DEAR MR. OHNIMUS: In accordance with Chapter 839, Statutes of 1949, the Division of Beaches and Parks, Department of Natural Resources, has prepared the report requested on the Overland Emigrant Trail and herewith submits same to the Assembly for consideration with the budget for the Fiscal Year 1950-51 estimates of cost for acquisition and development, including marking of the trail.

Very truly yours,

J. H. COVINGTON  
Executive Secretary

Above transmitted report ordered referred to the Committee on Conservation, Planning, and Public Works.

By the Chief Clerk:

The following communications were received, read, and ordered printed in the Journal:

ASSISTANT POSTMASTER GENERAL  
WASHINGTON, D. C., April 26, 1950

*Mr. Arthur A. Ohnimus, Chief Clerk  
Assembly, California Legislature  
Sacramento 14, California*

DEAR MR. OHNIMUS: I have your letter of April 19th wherein you acquaint me with House Resolution No. 116 adopted by the California Assembly on April 14th. Naturally I was most pleased with the letter and the resolution.

May I ask you to express my deep appreciation to Assemblymen Lincoln and Rumford for their courtesy in offering this resolution in my behalf.

This letter will also serve as a receipt of the resolution made in my behalf.

Very truly yours,

OSBORNE A. PEARSON

By the Chief Clerk:

GIRL SCOUTS OF THE UNITED STATES OF AMERICA  
NEW YORK, NEW YORK, May 1, 1950

*Mr. Arthur A. Ohnimus, Chief Clerk  
State Capitol, Sacramento 14, California*

DEAR MR. OHNIMUS: The Girl Scout organization has been deeply gratified by House Resolution No. 17 commending the founding of the Girl Scouts of the U. S. A. At the meeting of the National Executive Committee on April 27th, after the resolution had been read to the group, it was voted to send a letter of thanks to all the Members of the Legislature who voted for its adoption.

I have been asked to secure from you the list of names of the people who should receive our thanks. If you are not the proper person to supply this information to me would you be so good as to refer it to the person who should handle this request.

The Executive Committee asked me to thank you again for sending us the copy of the resolution.

Sincerely yours,

MRS. MARSHALL SIMPSON, Director  
Girl Scout News Bureau, Public Information Division

By the Chief Clerk:

OAKLAND, CALIFORNIA, May 5, 1950

*Mr. Arthur A. Ohnimus  
Chief Clerk of the Assembly  
State Capitol, Sacramento 14, California*

DEAR MR. OHNIMUS: Father is still unable to answer his correspondence and so has asked me to thank you and the Members of the Assembly for your kind letter of April 15th. May I also express my personal appreciation for this thoughtful gesture?

While still confined to the house, father has shown sufficient recent improvement to give us hope that he will once again be out and about before too many days have passed.

Sincerely,

JOHN A. PETTIS, JR.

By the Chief Clerk:

CITY OF POMONA  
POMONA, CALIFORNIA, May 10, 1950

*Mr. Arthur A. Ohnimus,  
Chief Clerk of the Assembly  
California Legislature, Sacramento, California*

DEAR MR. OHNIMUS: On behalf of the City Council, I acknowledge with appreciation the copy of "House Resolution No. 70," relative to railroad grade separations which you recently mailed to the City of Pomona.

The passage of this resolution by the Assembly is deeply appreciated by the City Council and the people of Pomona. Grade separations for the safety of the travelling public are exceedingly important to all the people and a sound grade separation policy will be of great benefit to the entire State.

Very truly yours,

ALAN G. ORSBORN, Mayor

By the Chief Clerk:

SAN DIEGO, CALIFORNIA, May 12, 1950

Mr. Arthur A. Ohninus  
Chief Clerk, California Legislature  
Sacramento 14, California

DEAR FRIEND: In behalf of my family and myself, I wish to thank you for the several copies of "Resolution relating to the passing of William John Burwell, by Honorable Frank Luckel of the Seventy-Eighth District" and will see that the various members of the family each receive a copy.

Thankfully yours,

MRS. ERNEST R. CHILDS

By the Chief Clerk:

ANNAPOLIS, MARYLAND, April 15, 1950

Mr. Arthur A. Ohninus, Chief Clerk  
California Legislature  
State Capitol, Sacramento 14, California

DEAR SIR: This will acknowledge with deep appreciation receipt of the illuminated copy of House Resolution No. 9 of March 6, 1950 in respect to the memory of my late uncle Frank S. Glass.

It was with great pride and some consolation that I received this document for, although I had known in general terms of Mr. Glass' work, I little realized with what esteem he had been held by the Members of the Legislature

Very sincerely,

HENRY G. MUNSON  
Commander, U. S. Navy

By the Chief Clerk:

PACOIMA, CALIFORNIA, September 14, 1950

Mr. Arthur A. Ohninus  
State Capitol  
Sacramento, 14, California

DEAR MR. OHNIMUS: Receipt of an illuminated copy of House Resolution No. 9, adopted by the California Assembly on March 6, 1950, in respect to the memory of Frank S. Glass is acknowledged with thanks.

This copy will always be one of the prized possessions of Mrs. Manfull and myself, and the thought which prompted the sending of this to us is highly appreciated.

Yours very truly,

C. W. MANFULL

By Speaker Collins:

SAN FRANCISCO, CALIFORNIA, September 19, 1950

Honorable Samuel L. Collins  
Speaker of the Assembly  
State Capitol, Sacramento, California

DEAR MR. COLLINS: My family joins me in expressing to you and the Members of the Assembly our grateful appreciation for your kindness in passing the resolution upon the death of my father, Milton Marks. I would appreciate it if you would convey to the Members of the Assembly our thanks for their kindness in passing this resolution.

Very sincerely yours,

MILTON MARKS, JR.

By the Chief Clerk:

STATE OF CALIFORNIA  
DEPARTMENT OF PUBLIC WORKS  
SACRAMENTO, CALIFORNIA, June 29, 1950

Hon. Arthur A. Ohninus  
Chief Clerk, State Assembly  
State Capitol, Sacramento, California

DEAR MR. OHNIMUS: By Assembly Concurrent Resolution No. 10, introduced by Mr. Davis, the Department of Public Works, Division of Highways, was requested

to make a preliminary survey, cost estimate, and determination of rights of way status for a convenient access highway from U. S. Sign Route No. 395 north of Doyle to the Sierra Ordnance Depot.

In accordance with this request, there are enclosed six copies of a report prepared by the Division of Highways.

Very truly yours,

C. H. PURCELL  
Director of Public Works

Enclosures

Above transmitted reports ordered referred to the Committee on Highways, Streets, and Bridges.

By the Chief Clerk:

The following communication was received, read, and ordered printed in the Journal:

PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA  
SAN FRANCISCO 2, CALIFORNIA, August 22, 1950

*Hon. Arthur A. Ohnimus, Chief Clerk  
California State Assembly  
State Capitol, Sacramento, California*

DEAR SIR: The Public Utilities Commission of the State of California is submitting to you herewith 10 copies of Decision No. 44673, issued August 15, 1950, in Case No. 5136, resulting from the commission's investigation into matters affecting safety in the use of passenger stages and auto trucks upon the highways in California.

We particularly request you to call to the attention of the Assembly paragraph 4 of the order in this decision, which contains this commission's recommendations to the Legislature concerning highway safety.

The commission is sending to each Member of the State Assembly a printed copy of the decision for his information.

Very truly yours,

RICHARD E. MITTELSTAEDT  
JUSTUS F. CRAEMER  
IRA H. ROWELL  
HAROLD P. HULS  
KENNETH POTTER

Above transmitted reports ordered referred to the Committee on Public Utilities and Corporations.

By the Chief Clerk:

A communication from Mrs. L. L. Hambleton of Los Angeles, relative to curtailment of postal services, was received, and ordered filed with the Secretary of State.

By the Chief Clerk:

A communication from G. N. Cook, Assistant Secretary, California Highway Commission, relative to the naming of the "Jerrold L. Seawell Underpass" in Roseville, was received, and ordered filed with the Secretary of State.

By the Chief Clerk:

A communication from N. J. Menard, Secretary, enclosing a resolution by the District Attorneys' Association of California commending the Commission for the Study of Organized Crime, and expressing appreciation to the Governor and to the Legislature for creating the commission, was received, and ordered filed with the Secretary of State.

By the Chief Clerk:

A communication from Lt. Col. C. C. Haug, District Engineer, Sacramento District, Army Corps of Engineers, giving notice of a public hearing held July 18, 1950, relative to flood protection for the area affected by the Caliente Creek Stream Group, was received, and ordered filed with the Secretary of State.

By the Chief Clerk:

A communication from Walter C. Peterson, City Clerk, enclosing a report adopted by the Los Angeles City Council, relative to construction of grade crossings on Glendale and Los Feliz Boulevards, was received, and ordered referred to the Committee on Highways, Streets, and Bridges.

By the Chief Clerk:

A communication from Paul E. Cosgrove, Secretary-Treasurer, enclosing a resolution by the Ship Clerks' Association, Local 34, urging promotion of trade between the West Coast and China, was received, and ordered referred to the Committee on Transportation and Commerce.

By the Chief Clerk:

A communication from Congressman Walter S. Baring of Nevada, relative to the construction of a highway from U. S. 395 near Mammoth Lakes to a connection with U. S. 99 in California near Madera pursuant to Assembly Joint Resolution No. 15 of the 1950 First Extraordinary Session, was received, and ordered referred to the Committee on Highways, Streets and Bridges.

By the Chief Clerk:

A communication from Albert M. Day, Director of the Fish and Wildlife Service, United States Department of the Interior, relative to Assembly Joint Resolution No. 14 of the 1950 First Extraordinary Session which urged a continuous waterfowl season for certain California counties, was received, and ordered referred to the Committee on Fish and Game.

By the Chief Clerk:

The following communications were received, read, and ordered printed in the Journal:

STATE OF CALIFORNIA  
DEPARTMENT OF PUBLIC HEALTH  
SAN FRANCISCO, CALIFORNIA, April 20, 1950

*Mr. Arthur A. Ohnimus, Chief Clerk  
Assembly California Legislature  
State Capitol, Sacramento 14, California*

DEAR MR OHNIMUS: We have your letter of April 12, 1950, and the enclosed House Resolution No 55 which was adopted on April 10, 1950, pertaining to studying and analyzing all the facts relating to, bearing upon or affecting the regulations of the shipment of eggs into California from other states. This we observe refers to eggs in the shell.

We call your attention to Chapter 8, Article 1 to Article 3, inclusive, of the Agricultural Code, pertaining to laws and regulations on eggs in the shell which are enforced by the State Department of Agriculture.



Since the Legislative Committee on Agriculture and Livestock has requested us to obtain the above mentioned information we wish to assure the committee that we will place at their disposal every assistance that we can, and that we will work with the State Department of Agriculture gathering any data that we are able to obtain.

Very truly yours,

WILTON L. HALVERSON, M. D., Director  
State Department of Public Health

By the Chief Clerk:

UNITED STATES SENATE  
WASHINGTON, D. C., April 22, 1950

Hon. Arthur A. Ohnimus  
Chief Clerk of the Assembly  
State Capitol, Sacramento, California

DEAR ARTHUR: I took the liberty of sending to Veterans Administration House Resolution No. 4 relative to distribution of contact offices in the United States, and particularly in California. Enclosed is a copy of the report which I received. I thought you might wish to pass it along to the appropriate committee.

Sincerely yours,

WILLIAM F. KNOWLAND

Above transmitted report ordered referred to the Committee on Military Affairs.

By the Chief Clerk:

The following communication was received, read, and ordered printed in the Journal:

UNITED STATES SENATE  
WASHINGTON, D. C., April 29, 1950

Hon. Arthur A. Ohnimus  
Chief Clerk, State Assembly  
Sacramento, California

DEAR MR. OHNIMUS: With reference to Assembly Joint Resolution No. 12, I believe you may be interested in the enclosed copy of a letter which I received from the White House regarding the possibility of closing the Birmingham Veterans Hospital at Van Nuys.

I am also enclosing a copy of a bill which I introduced in the Senate some time ago, proposing the transfer of the Corona Naval Hospital to Veterans Administration.

The future operation of the Long Beach Naval Hospital is still under study in Congress and I am following the matter closely.

You may be assured that the hospital situation, from the military and from the veteran's standpoint, will continue to have my careful attention.

Sincerely yours,

WILLIAM F. KNOWLAND

Above transmitted communication and copy of S. 2588 ordered referred to the Committee on Military Affairs.

By the Chief Clerk:

The following communications were received, read, and ordered printed in the Journal:

CONTROLLER OF THE STATE OF CALIFORNIA  
SACRAMENTO, CALIFORNIA, April 24, 1950

Hon. Arthur A. Ohnimus  
Chief Clerk, State Assembly  
State Capitol, Sacramento 14, California

DEAR SIR: This will acknowledge your letter of April 19th enclosing a copy of Assembly Concurrent Resolution No. 28 adopted April 14th by the Legislature, First Extraordinary Session, 1950.

Enclosed is a copy of the instruction given to the staff of this office in accordance therewith.

Very truly yours,

THOMAS H. KUCHEL, State Controller  
By RALPH I. MCCARTHY, Administrative Adviser

OFFICE OF STATE CONTROLLER  
SACRAMENTO, April 21, 1950

To: All Division Chiefs  
FROM: Thomas H. Kuchel  
RE: Proposed Legislation for 1951 Session.

S. C. R. No. 6 and A. C. R. No. 28 enacted at the First Extraordinary Session, 1950, directs all state departments and officials to make early preparation of their recommendations to the 1951 Legislature and submit them to the appropriate legislative interim committees in ample time for adequate investigation prior to the convening of the session next January. This procedure is desired by the Legislature in order to afford adequate study and materially lessen the volume of work to be done during the session. The congestion due to the great volume of bills introduced will be aggravated at the next session because of the new 120-calendar day limitation. A. C. R. No. 28 further directs that the administrative officer of each state agency having bills at the session submit evidence during the first week after the constitutional recess and request early hearing by the committees.

Also, Rule No. 37 of the Standing Rules of the Assembly was amended in 1949 to provide that no bill may be introduced in the Assembly at the request of or on behalf of any state officer or department *after the end of the second week of the session* (prior to the constitutional recess) without the consent of the Assembly (two-thirds of all members elected).

Accordingly, will each division chief contemplating proposed legislation, see to it that the bills are drafted and submitted to Bert Foster, Administrative Deputy, as soon as practicable, not later than October 1, 1950. After discussing the proposed bills with me, Mr. Foster will supervise the reference of such bills as may be approved to the appropriate committees in accordance with the desire of the Legislature.

By the Chief Clerk:

STATE OF CALIFORNIA  
DIVISION OF BUILDING AND LOAN  
SAN FRANCISCO, CALIFORNIA, April 25, 1950

Mr. Arthur A. Ohnimus, Chief Clerk of the Assembly  
California Legislature  
State Capitol, Sacramento 14, California

DEAR MR. OHNIMUS: Please accept my thanks for your letter of April 19th, enclosing copy of Assembly Concurrent Resolution No. 28, adopted by the Legislature on April 14, 1950. This resolution is being made a part of our records, and at the forthcoming Convention of the California Savings and Loan League at Pasadena, I will direct the attention of its Legislative Committee to the resolution; at the same time making its contents known to the Assistant Commissioner, and will be myself governed accordingly.

With kindest regards, I am  
Very truly yours

F. C. MORTIMER  
Building and Loan Commissioner  
State of California

By the Chief Clerk:

A communication from O. W. Clark, Deputy Administrator, Veterans Administration, Washington, D. C., relative to the distribution of Veterans Administration Offices in California, and throughout the United States, was received, and ordered referred to the Committee on Military Affairs.

By the Chief Clerk:

A communication from Mrs. Andrew Lewis, President of the Canoga Park Elementary Parent-Teachers Association, relative to utilization of excess foods for underprivileged children, was received, and ordered referred to the Committee on Social Welfare.

# **A PRELIMINARY REPORT ON UNEMPLOYMENT AND UNEMPLOYMENT INSURANCE AND ITS ADMINISTRATION**

by the

**ASSEMBLY INTERIM COMMITTEE ON FINANCE AND INSURANCE**

**Pursuant to House Resolution No. 239  
(1949 Session)**

**CALIFORNIA LEGISLATURE**

**Third Extraordinary Session 1950**

**MEMBERS OF THE COMMITTEE**

RICHARD J. DOLWIG	HAROLD K. LEVERING
JULIAN BLCK	GLENARD P. LIPSCOMB
BERNARD R. BRADY	THOMAS A. MALONEY
THOMAS J. DOYLE	CHARLES W. MEYERS
FRANCIS DUNN, JR.	G. DELBERT MORRIS
DONALD L. GRUNSKY	ROBERT L. CONDON

HARRY HOWARD, *Executive Secretary*

## **LETTER OF TRANSMITTAL**

MR. SPEAKER: Pursuant to the mandate of House Resolution 239, Regular Session of the California Legislature 1949, material thus far compiled by the chairman and the committee staff on the matter of unemployment, unemployment insurance and its administration is, in this preliminary report, presented for consideration of the members of the committee and the Legislature.

Six summarizations have been made of comprehensive studies conducted in related phases of this problem, which is commanding such wide public interest, and make up this preliminary report

- (a) Senate Committee's Report on Employment Stabilization;
- (b) Interstate Conference of Employment Security Agencies;
- (c) Governor's Conference on Employment;
- (d) Factors Affecting the Solvency of the Unemployment Fund;
- (e) Functions of State Department of Employment;
- (f) Employer Educational Campaign by State Department of Employment.

A state-wide survey has been conducted among employers, employed persons, unemployed persons and employees of the State Department of Employment to determine the understanding of and the attitude toward the functions and administration of the Employment Act. This survey is now being analyzed and the study thereon will form a portion of a later report of this committee.

In anticipation of the findings of this survey the material herein presented forms a background which should prove useful to legislators and the interested public.

(Signed)

ERNEST R. GEDDES, Chairman  
*Assembly Interim Committee on  
Finance and Insurance*

**SUMMARY OF THE SENATE COMMITTEE'S REPORT  
ON EMPLOYMENT STABILIZATION  
(S. R. No. 104, 1947)**

*Compiled by*  
**S. J. BARRICK**  
*Research Consultant*

•

*for the*  
**ASSEMBLY INTERIM COMMITTEE ON FINANCE AND INSURANCE**

## PREFACE

This summary of the Senate Committee Report on Employment Stabilization (sometimes called the Kraft Committee Report) has been prepared as an informational memorandum for the use of the Assembly Interim Committee on Finance and Insurance. The sequence of the findings and recommendations, as presented in this summary, is somewhat different from the presentation to be found in the report, although this is merely a rearrangement and not an alteration of the subject matter of the report. It should also be noted that this summary is in the form of a digest or condensation and is not a critical analysis or "book review."

A cursory examination of the contents of the Senate Committee Report will show that it contains comparatively brief statements on a wide variety of phases of the employment stabilization program and that the committee emphasizes that the report of its activities "**should be considered only as a starting point for a more fundamental study of the whole problem and its relation to other social security legislation.**" For this reason, the attention of the reader is directed to the many findings which are recommended by the committee for further study.

The material included in the seven appendixes of the report has not been included (except by reference) in this summary inasmuch as these are technical staff reports. These are:

- Appendix A—Federal Basis and Budgetary System.
- Appendix B—Status of the Fund.
- Appendix C—Fraud and Its Investigation.
- Appendix D—Appeals.
- Appendix E—Administrative Expenditure and Costs.
- Appendix F—Auditing.
- Appendix G—Public Opinion Survey.

### Introduction and Basic Principles

**(Pages 9-13)**—The introduction to the Kraft Committee Report explains the problems leading to the creation of the committee, the objective of S. R. No. 104, approach to the problem, and principal staff activities.

**(Page 9)**—Senate Resolution No. 104 which created the Kraft Committee was predicated upon complaints to the Legislative Budget Committee that: (1) insurance benefits were paid to people who were not, or ought not to be, entitled to them; and (2) the Department of Employment did not protect properly the funds entrusted to it. The scope of S. R. No. 104, however, was very broad and the committee was directed to investigate a wide range of subjects and to "recommend needed revision of any and all laws in any way bearing upon or related to the subject of this resolution."

**(Pages 12-13)**—In its first approach to its problems, the committee found that the California employment stabilization program had become "remarkably complicated" and that it was necessary to employ a staff of trained technicians to assist the committee in its investigation. The plan of work developed by the committee was (1) a quick general survey by the staff of the employment stabilization program to discover which of its elements seemed to offer the greatest chance for improvements,

and (2) that the staff would give preference to difficulties which would require legislative action for correction.

(Page 13)—The committee, in concluding its introductory section, emphasizes that this report of its activities “**should be considered only as a starting point for a more fundamental study of the whole problem and its relation to other social security legislation.**”

#### BASIC PRINCIPLES

(Pages 15-23)—The Kraft Committee, early in its deliberations, found that there was a great amount of confusion as to the purpose and objectives of the employment stabilization program. The purpose of this section, therefore, was to define the objectives and to state the principles used as a guide in making recommendations for legislative changes.

(Page 16)—The committee report states that the employment stabilization program is designed to prevent widespread and long continuing unemployment, and not to cure it when it occurs. The program is set up to serve this purpose in three principle phases to serve the people and the economy of California. These are:

1. **The employment service** designed to reduce lag between jobs by finding jobs for the unemployed and workers for employers, and to keep track of what kinds of skills are available among the unemployed;
2. **The unemployment insurance system**, designed to provide partial compensation for lost wages to regular members of the working force who have lost their job through no choice or fault of their own; and
3. **The disability insurance system**, designed to provide partial compensation for lost wages to regular members of the working force who are not able to work because of sickness or injury which is not connected with their employment and so is not covered by workmen's compensation benefits.

(Pages 16-17)—Since disability insurance was not specifically stressed in S. R. No. 104, the Kraft Committee devoted most of its attention to the problems of the employment service, unemployment insurance, and administration. The three functions of the employment service set forth in this section of the report were: (1) to keep the average lag between jobs in frictional unemployment to a minimum—to help the worker back to full pay, to protect the unemployment fund from excessive drain and to prevent frictional unemployment from generating an interacting spiral of progressively spreading unemployment and reduced purchasing power; (2) to test the good faith of claimants for unemployment insurance when they say they want to work, are able to work, and are available for work by the offer of a suitable job, and (3) to be able to provide an analysis of the number of workers, by classes of skills, among the unemployed, adequate to plan which kinds of public works projects will put the most to work, if another depression should require additional public assistance.

(Pages 18-21)—The unemployment insurance program, according to this section of the committee report, “**should truly be an insurance**

and not a relief program." The report states that the purpose of the principle of "disqualification" is to protect the unemployment fund by preventing abuses such as using benefits for "vacation pay" or voluntary unemployment. A second purpose of disqualification is to protect the fund from uninsurable risks who defraud or attempt to defraud the fund. The report also states unemployment insurance is designed to be a form of "preventive medicine" instead of a "cure" for mass unemployment.

**(Pages 21-22)**—While recognizing the national aspects of employment stabilization, this committee believes firmly that the national interest is best served by permitting each state to experiment with and develop its individual solutions to its own particular problems, insofar as the results are not clearly harmful to the interests of the other states or the Nation as a whole. The report also states the belief of the committee that the unemployment fund and the administrative budget should be considered as a whole in evaluating the effect of provisions of law or regulations and budgetary practices.

#### PRINCIPLES FOR DRAFTING LEGISLATION

**(Page 23)**—In drafting bills to bring about its recommended changes in the California employment stabilization program, the Senate Committee has been guided by the following general principles.

(a) Whenever there has been enough experience to permit it, to reduce the area of interpretation of law and of administrative discretion by more specific language in the act, to get rid of the phrase "good cause" by saying what the Legislature means shall be a good cause, and where practical, to get rid of the phrase "if so found by the commission (or director, or department)" to make a finding of fact a question of fact.

(b) In drafting substantive changes, to try also to group related provisions together in logical order, to inject throughout the act clarifying statements of legislative intent placed with the provisions to which they apply, and to take out obsolete provisions.

(c) To put the word "director" or "department" in the place of "commission" where that is what the act means. (See present act, Section 75, paragraph 3)

(d) Wherever there has been a judicial decision which is now the law or a tested regulation which has the effect of law and which makes a material change in, or elaboration or classification of, the present language of the act, to amend the act to give effect to such decisions or regulations so that a layman can find out what the law is by reading the act.

(e) To keep new material as nearly as possible in layman's language which anyone who can read eighth-grade English can understand.

#### FINDINGS AND RECOMMENDATIONS

**(Pages 25-123)**—Part II of the Kraft Committee Report discusses the findings and conclusions of the committee about the employment stabilization program and Part III presents the committee's recommendations. The first eight of the thirty-one (31) numbered findings in Part II are related in sequence to the summary of recitals in S. R. No. 104 and the other twenty-three (23) are related or additional findings.

The fifty-four (54) recommendations in Part III are based upon the findings in Part II, but are not in the same sequence as the findings. This summary of the Kraft Committee findings and recommendations uses a slightly different sequence of findings and recommendation. The sequence used in this summary is that of the subject matter of the findings together with the recommendations relating to the subject findings. The general headings and numbered findings are as follows:

<i>Subject</i>	<i>Findings</i>
GENERAL CONCLUSIONS	1, 2, 12, 30, 31.
EMPLOYMENT SERVICE	13.
BENEFITS	14, 15.
TAX CONTRIBUTIONS	16, 17, 18, 19, 20.
DISABILITY BENEFITS	21.
APPEALS	3, 20, 27.
ADMINISTRATION	4-11 incl., 22, 23, 24, 25, 28, and 29.

#### GENERAL CONCLUSIONS

The general conclusions of the Kraft Committee summarized in this section are related to its findings of the purpose, general results, and need for further study of the employment stabilization program. These general conclusions are set forth in numbered findings, 1, 2, 12, 30, and 31, and are summarized in that order.

#### Fraud or Improper Payments

(Page 25)—1. Many persons are obtaining unemployment insurance benefits by fraud, and many others are being paid, either through interpretation of the law by the department contrary to legislative intent or in accordance with present law, who ought not to be paid.

Many allegations of fraudulent claims for unemployment benefits were made to the committee and the committee and its staff devoted considerable time to the investigation of these charges. In addition to benefits obtained by fraud, the committee found that payments were also being made under interpretations contrary to legislative intent, and that some legal payments were made which, according to the committee, should be illegal.

The committee found that the six most prevalent fraudulent practices were as follows:

#### (Pages 29-30)—

1. The claimant used the name and social security number of someone else, or works under more than one name to establish several wage credits.
2. The claimant certifies that he has not been working, when he has.
3. The claimant says he has lost employment by being laid off, when he has actually quit or been fired for misconduct.
4. The claimant avoids work by claiming his usual occupation is in work which he is not able to perform, or is not available in his locality.
5. The claimant says he is available for work, when he is not.
6. The claimant pretends to apply for a job, but conducts the the interview in a way designed to discourage a prospective employer.



The principal recommendation for correcting fraud situations was that the Federal Government (which provides the funds for administering the state act) should allow additional funds for the investigation activities of the Department of Employment. Other recommendations proposed changes in the eligibility sections of the act and further restriction on voluntary work leaves and discharge for misconduct.

(Pages 31-34)—In addition to fraud, the committee found that benefit payments were being made on the basis of departmental misinterpretation of the act or, what the committee termed, "interpretation contrary to legislative intent." The eight controversial interpretations in this connection were:

1. Interpretation of "suitable employment."
2. Subjective discretion involved in the department definition of a compelling reason for quitting a job as one which the examiner would consider compelling if he were the claimant.
3. Interpretation of "misconduct connected with work."
4. Vague basis for regulation permitting the back-dating of claims.
5. Procedure for protests of claimant's eligibility.
6. Preferred treatment for belligerent or troublesome claimant.
7. Unofficial interpretations, policies and practices.
8. Poor training and ineffective supervision of local office personnel.

(Pages 34-37)—Twelve specific changes in the act were proposed by the committee to discontinue certain types of benefit payments which are now provided as follows:

1. Unemployment due to seasonal labor when such seasonal employment is all that is desired.
2. Removal of residence to localities where no work exists.
3. Provision in law that expectant mother should be presumed to be unable for work after seven months of pregnancy and until sometime after the end of pregnancy.
4. Intermittent work as such should not be unemployment subject to benefits unless total wages are less than a specified amount.
5. Term of unemployment attributable to trade dispute to be subject to objective test specified by law.
6. Detachment from labor market because of marriage or change of residence to be with spouse.
7. Voluntary substitution of temporary for permanent employment without disqualification.
8. Discretionary application of 2-5 week penalties.
9. Disqualification for refusal of a particular offer should be continuous.
10. Removal of disqualification by acceptance of employment.
11. Definitions of voluntary unemployment as insurable instead of uninsurable risks.
12. Disqualification to be extended for one year for fraud or attempted fraud.

### Stabilization Objectives

(Page 38)—2. **The Unemployment Insurance Act, as it now operates, instead of stabilizing employment, frequently creates unemployment.**

(Pages 38-40)—The committee found that additional unemployment has been created principally because of two circumstances: (1) payments of benefits under interpretation of suitable work or availability, which are contrary to legislative intent; and (2) because of the availability of unemployment insurance benefits, workers in intermittent or seasonal occupations will no longer move about to follow their work or find other work. Employers were also criticized for encouraging this misuse of unemployment insurance benefits for the purposes of subsidizing wages and a stand-by labor pool. No specific recommendation was made for a solution of this problem, other than some change in eligibility provisions inasmuch as this is one of the problems which the committee recommend for further study.

A third possible cause of additional unemployment was found by the committee to be the unfavorable competitive factor of a disproportionate tax resulting from excessive benefit payments. This was regarded as a future possibility although fairly imminent, in view of the probable increase in tax rates in 1950.

### Complex Legal Provisions

(Page 61)—12 **The California Unemployment Insurance Act has become, over the years, a patchwork which is no longer properly titled, contains many confusing obsolete provisions, is without logical sequence or grouping and is needlessly unreadable. Whether or not the act is amended in substance, it should be redrawn to make it a layman's law.**

The principal remedy for this situation recommended by the committee was further study and reference to the proposed "California Commission on Social Security Problems" also recommended by the committee. The objectives of a revision of the Unemployment Insurance Act were stated by the committee as follows:

"The entire act should be rewritten by someone who is an expert in the preparation of educational text from a public or industrial relations point of view, with the advice and assistance of competent legal counsel. He should put this act into logical sequence, group together or cross-reference its related provisions, get rid of obsolete provisions, include in it the effect of judicial decisions, and tested regulation where necessary to full understanding of the law, and put it all into precise but simple language that a person who can read eighth-grade English can understand. It is possible to be precise in simple language. It is just harder and takes longer than our customary "legal jargon."

### Public Opinion

(Page 100)—30 **From an independent public opinion survey made specifically for this committee it appears that a majority of California's voters agree with this committee's findings in specific respects with regard to who should, and should not, be entitled to benefits under the Unemployment Insurance Act. On the other hand, this same survey shows a lack of use of the facilities of the employment service and a lack of understanding of the over-all employment stabilization program in certain important respects.**

(Pages 225-229)—The questions and percentage answers in the survey conducted specifically for the committee by the John B. Knight Company were as follows:

**Have you heard of Unemployment Insurance?**

Yes .....	98.7%
No .....	1.3

**Have you or any member of your immediate family ever received any money from the California Fund (Unemployment Insurance)?**

You (respondent) .....	17.9%
Member of immediate family .....	11.8
Both .....	5.5
Neither .....	62.5
Don't know .....	4.3

**Who pays for California Unemployment Insurance?**

Employee only .....	6.7%
Employer only .....	5.7
Both .....	81.3
Don't know .....	6.3

**About what is the maximum amount of money a week that an unemployed person can collect from the California Fund?**

\$0. —\$10.00 .....	.6%
11.00— 20.00 .....	20.3
21.00— 26.00 .....	56.2
27.00— 35.00 .....	4.1
Over 35.00 .....	1.2
Don't know .....	17.6

**What are the maximum number of weeks that unemployed persons can collect money from the California Fund?**

0-10 weeks .....	4.0%
11-20 weeks .....	23.2
21-26 weeks .....	36.0
27-35 weeks .....	4.4
Over 35 weeks .....	6.8
Don't know .....	25.6

**Have you ever gotten a job through a referral from the California Department of Employment?**

Yes .....	10.5%
No .....	89.5

**Need for Further Study**

(Page 101)—31. A further and more comprehensive study should be made of the whole employment stabilization program, its administration and its relation to other social security measures.

(Pages 101-104)—It was the belief of the committee that it had not been able to do much more than scratch the surface of a number of important questions related to the employment stabilization program

because of its limited appropriation and time. Specific problems not thoroughly investigated by the committee, but which, in its opinion, are urgently in need of thorough study are:

1. Federal-state relationships in connection with financing and administration, with particular attention to:
  - (a) Modification of federal legislation, procedures and practices; and
  - (b) The possibility of additional state financing of administrative costs in order to protect the Unemployment Fund.
2. A more intensive and thorough investigation of the extent of the unnecessary drain on the Unemployment Fund due to improper payment of unemployment insurance benefits.
3. Exploration of the integration of the activities of the Department of Employment itself as between top-management and those on the firing line and the activities of the employment service and unemployment insurance employee.

NOTE: The organization and functions of the department have been reorganized since the publication of the Kraft Committee report.

4. Further study of the whole question of benefits including such points as:
  - (a) Should benefit payments be extended to other groups not now covered, and if so, to what groups and how?
  - (b) What kinds of workers are now being paid?
  - (c) Are benefits in general too high or too low?
  - (d) Are the present methods of computing the rate and amount of benefit payments the most equitable and most efficient which could be devised?
5. A thorough study of the complicated question of taxation in its relation to the solvency of the fund and its effect on California employers.
6. Study of unemployment insurance tax administration with relation to the needless duplication, overlapping, and lack of coordination in the administration of such basically comparable state taxes as the sales tax, unemployment tax, and the personal income tax.
7. Further detailed study of many of the committee's findings such as possible substitutes for the present system of wage records and more efficient use of existing field audit personnel.
8. Study of the possibilities of pre-planning worthwhile public works projects or other forms of public assistance to the unemployed in the case that this "preventive medicine" against mass unemployment should not work.

#### EMPLOYMENT SERVICE

(Page 63)—13. The Employment Service suffers first and most whenever the department is overloaded or short of money. It should be considered the most important phase of employment stabilization. To

do its job effectively, it should be put in a position to be reasonably competitive with private employment agencies. Declarations of legislative opinion and intent, and prescription of certain standards and practices relative to employment service, if put into this act, should help to overcome its present handicaps.

#### BENEFITS

(Page 64)—14. The present maximum weekly benefit amount payable under unemployment insurance is not high enough to accomplish the purposes of the system at the present average wage level. If the recommended increased restrictions on eligibility are adopted, the maximum weekly amount can be raised to \$30 without increasing total payments from the Unemployment Fund.

This finding is based upon adherence to the principle that one of the purposes of unemployment insurance is to prevent mass unemployment by bolstering the purchasing power of the unemployed. The committee propose to do this by increasing the amount of the weekly benefits, reducing the time for which benefits may be paid, and restricting the present eligibility provisions of the act.

(Page 67)—15. The whole present concept of determining a claimant's weekly benefit amount and maximum total benefit amount discriminates unfairly against the steady worker in favor of the intermittent worker, does not measure actual loss of annual wages and should be completely restudied.

The illustration used by the committee to show the inequity of the present benefit determination is that a person working for only three months and earning \$1,300 can draw benefits of \$25 a week, for twenty-six (26) weeks or one-half of his total earnings, whereas another worker with the same total earnings but who worked steady for that amount is entitled to benefits of \$17 a week for twenty-six (26) weeks, or thirty-four (34) percent of his total earnings compared with the fifty (50) percent for the seasonal worker. Limitations of time and appropriation necessary for a detailed study of this phase of unemployment insurance prompted the committee to recommend that this be included in the list of problems requiring further study.

#### TAX CONTRIBUTIONS

Committee findings 16, 17, 18, 19, and 20, relate to the employer's tax contributions and charges to employers' accounts.

(Page 69)—16. Provisions of the present act, with respect to employer tax contributions to the unemployment fund, are not well designed to prevent the fund from rising, under favorable circumstances, to above the amount required to provide a sound reserve against the maximum probable drain before readjustment of the tax, or to replenish the fund, when it falls below such amount, without unnecessarily violent changes in rates.

Inasmuch as the text of the report discussing this finding is a technical explanation of experience rating and the tax factors affecting the solvency of the Unemployment Insurance Fund, no attempt is

made to summarize this portion of the report since it, itself, is a comparatively brief discussion of an extremely complex problem. The committee discussion of this point is as follows:

"Under the present act, the Department of Employment keeps track of the amount of tax contributions to the unemployment fund paid by each employer, and the amounts of unemployment insurance benefits paid to his former employees which are chargeable to his account under the act, which record is known as the employer's "reserve account." The excess of an employer's total of tax contributions over the total of such benefits chargeable to him is called his "net balance of reserve." However, if benefits chargeable to his so-called "reserve account" are greater in total than his total contributions to the unemployment fund, he is then said to have a "negative net balance of reserve." The act specifically says, however, the record of an employer's "reserve account" shall be only for the purpose of computing his tax contribution rate and shall not in any case give that employer or any of his present or former employees any prior right to any money in the unemployment fund.

#### *Present Tax Provisions*

"There are under the present act, three different sets of provisions for employer tax contributions under different circumstances, with the possibility of some overlapping of tests of which shall be effective. The first of these, and the one now effective, is that when, at the first of any calendar year, the amount in the unemployment fund, excluding any amount available for transfer to the disability fund, is at least equal to  $7\frac{1}{2}$  percent of total taxable wages subject to the act during the twelve month period ended the previous June 30, the experience-rating tax schedule now most favorable to employers shall be effective that calendar year.

"This schedule, now effective, provides for a maximum tax rate, or "general rate," of 2.7 percent for employers whose respective reserve accounts have not been subject to benefit charges for the three-year period ended on such previous June 30, or whose net balance of reserve on such June 30 was less than 6 percent of his "average base payroll," which is his average annual taxable payroll for the three calendar years next preceding such June 30. It further provides for a progressive reduction in tax rates for employers with such "reserve ratios" of 6 percent or more, in steps of 0.2 percent for each  $\frac{1}{2}$  percent increase in reserve ratio, until the tax rate becomes zero for those with a reserve ratio of  $12\frac{1}{2}$  percent or more.

(Page 70)—"The second of these is that, when, on the first of a calendar year, such fund balance is less than such  $7\frac{1}{2}$  percent of such total of taxable payrolls, the second experience-rating tax schedule less favorable to employers shall be effective for that calendar year. The provisions of and relative to this second schedule are the same as the first except that the maximum "general" rate applies to employers with such a reserve ratio of less than  $7\frac{1}{2}$  percent, and the rates which apply to employers with a reserve ratio of  $7\frac{1}{2}$  percent or more are progressively reduced from the 2.7 percent general rate to

2.5 percent, and then in 0.5 percent steps to a minimum of 1.0 percent as their reserve ratios increase in varied steps to 11 percent or more.

"These two sets of taxing provisions are based on employer experience in the creation of unemployment, both to induce employers to stabilize employment to the best of their abilities and partially to place the cost of unemployment on those industries which create the unemployment. They are together what is sometimes popularly called the "merit rating" system.

"The third taxing formula is that provided in Section 41.3 of the act under which the commission may suspend all reduced rates under either of the first two experience rating schedules and return all subject employers to the maximum or "general" rate of 2.7 percent whenever the balance in the fund is less than  $1\frac{1}{2}$  times the total unemployment insurance benefits paid in the preceding calendar year. This is an emergency formula. Its use would not necessarily continue for a full calendar year. It would be discontinued at the end of the first calendar quarter in which the fund balance should again be at least equal to  $1\frac{1}{2}$  times the payments in the calendar year which precedes it.

**(Page 71)**—*Solvency of the Unemployment Fund*

"It appears, from what officers of the department have said, that historically the present solvency test of  $7\frac{1}{2}$  percent of subject payrolls was based on the general concept that this fund is an insurance reserve to provide against the maximum potential shock drain from benefit payments until liability for such payments should fall from loss of wage credits, and the taxing formula could be adjusted, to bring revenues back above payments. The  $7\frac{1}{2}$  percent figure appears to have been derived from a rule-of-thumb formula that in the worst period of unemployment we have known, in the early 1930's, approximately one-third of the labor force was out of work, and that our unemployment insurance system is designed to pay unemployed members of the labor force roughly about half their normal wages for half a year, which works out that the maximum shock liability would be one-twelfth, or  $8\frac{1}{3}$  percent of taxable wages against which there would be a benefit liability. This was reduced to  $7\frac{1}{2}$  percent because there would be, in the year of such a shock drain, continuing revenue from taxes on wages paid the two-thirds of the working force still at work.

"No real actuarial study of the solvency test of the fund has ever been made. In fact, actuaries have said that it is not a proper actuarial subject because there is not enough precise information on enough experience on which to base the use of sound actuarial methods.

"However, in the opinion of this committee,  $7\frac{1}{2}$  percent of total taxable wages is more than is necessary under the present act or any revisions proposed by this report. A cursory study of our last major depression shows that we did not reach the lowest level of employment all at once, so that, if this act had then been in effect, the drop in employment from any one year to the next year would not have

been nearly as large as one-third. The liability for benefits in any one year would not then have been as much as one-twelfth of the previous year's taxable wages.

"From this, it is believed that the present  $7\frac{1}{2}$  percent test figure could be regarded as a proper maximum amount above which the fund should not be permitted to rise. It appears safe to permit the fund to drop below  $7\frac{1}{2}$  percent if a taxing formula is devised which will tend to return it to such  $7\frac{1}{2}$  percent soon enough after the drop.

#### *Faults of the Present Taxing System*

(Page 72)—"One fault of the present taxing provisions is that the signal for change from the first to the second experience-rating schedule may not come soon enough to reflect current circumstances. What appears a worse fault is that when the signal comes for change either from the first to the second schedule or to the emergency flat rate, the change in rates may be unnecessarily drastic, may substantially over-correct the deficiency and throws the full burden of the increase onto those who have been responsible for so little unemployment that they have enjoyed a reduced rate.

"A third fault is that, in accordance with provisions of the present act, a very large proportion of benefits now paid are not now being charged to the reserve account of any employer who has a net balance of reserve. At the request of the committee's staff, the department has estimated such payments from a representative sampling of actual claims paid as compared with its forecast of the total amount of benefits which will be paid in the twelve months to end June 30, 1949. The results are as follows:

FORECAST OF BENEFIT PAYMENTS AND CHARGE-BACKS IN THE  
FISCAL YEAR ENDING JUNE 30, 1949

	Amount (000 omitted)	Percent
Total benefit payments.....	\$209,959	100 %
Not charged to any employer's reserve		
Over 18 times weekly benefit amount.....	\$30,099	14.34%
After voluntary quit.....	2,646	1.26
Miscellaneous .....	294	.14
Total not charged back.....	\$33,039	15.74%
Charged to reserves with negative balance.....	42,244	20.12
Charged to reserves with net balance.....	134,676	64.14

"From this, it can be seen that, with about 16 percent of benefit payments not charged to any employer's reserve account and another 20 percent not charged to any employer who has any net balance of reserve, a total of 36 percent of payments is not reflected under either experience-rating schedule in any way which would adjust anyone's tax rate to cover these payments. Although all payments are pooled payments in the sense that the unemployment fund is a pooled fund and that an employer's reserve is merely a record of experience, for tax computation only, which in no way entitles him or any of his employees to any prior right to anything in the fund, these payments which are not charged to anyone or are charged to employers with a negative balance of reserve, are herein called, for convenience, "pooled payments."



(Page 73)—“Under the experience-rating system, if every payment were charged to someone with a net balance of reserve, theoretically, up to a certain ratio of unemployed, the tax rates would be adjusted eventually to provide revenue necessary to cover, or more than cover, the benefits cost of the unemployment previously experienced. However, with this 36 percent of pooled payments, the system does not work that way but has been acting as a depressant on the fund which, if the rate of decrease in the fund balance experienced in the first quarter of 1949 were to continue, would bring the second and less favorable experience-rating schedule into effect for the year 1950 and could, if the commission so elected, put all subject employers on the flat 2.7 percent general rate before the end of the first quarter of 1950. The status of the fund and the computations on which this conditional forecast is made are given in detail in Appendix B.

“This present method of adjusting the tax rates applicable appear much more violent than need be in most circumstances. The rate of employers who have ample reserve balances, and who so have the best records for maintaining stable employment, could be increased first from zero to 1 percent, and then their rate could again be jumped to 2.7 percent, even before they had made one quarterly return at the 1 percent rate. The same sort of thing applies in lesser degree to the rates of employers not entitled to a zero rate but entitled to a rate of less than 2.7 percent. Employers who had not been in the system for the three years required as the minimum experience on which to base a reduced rate and employers with the poorest records for stabilizing employment—those having a 2.7 percent rate—would not have any rate increase, although the drain on the fund which would cause such radical changes would probably be attributable principally to their operations.

“Furthermore, the added revenue provided by these radical changes of rates affecting only part of the employers could and probably would be greater than necessary in the particular circumstance. For instance, an added 0.3 percent flat-rate tax on all covered wages would have been more than enough to make up the net decrease in the fund in 1948.

(Page 74)—“On the other hand, the first experience-rating schedule now in effect, could, in highly favorable employment circumstances, cause the fund to rise substantially above the present  $7\frac{1}{2}$  percent test point for solvency, which would be unnecessary for any purpose of the present act. Theoretically, if there were no unemployment and the number and wages of the employed were to remain constant, under this schedule the fund would eventually be  $12\frac{1}{2}$  percent of annual covered wages before contributions stopped.

“This will not happen, of course. But, if the second experience-rating schedule were repealed, and in its stead, a flat-rate tax were laid in addition to the present experience-rated tax to recover in the current year any amount by which the fund had fallen below the  $7\frac{1}{2}$  percent test point in the previous year, it would appear desirable also to make the experience-rating schedule now in effect less likely

to produce unneeded revenue in more favorable employment circumstances by reducing by 1 percent of the base payroll the reserve-ratio bracket now required for each step of rate reduction.

“These faults in the taxing system are proposed to be corrected by repealing the second experience-rating schedule and providing in its stead that there shall be a flat-rate tax on all covered wages of not to exceed 1.3 percent, as an addition to the rates imposed by the experience-rating schedule now effective, for any calendar year when, and to the extent that would have been necessary in the previous year to recover the amount by which, the fund at the end of the previous year was below  $7\frac{1}{2}$  percent of taxable payrolls in the year ended the preceding September. This additional tax would relate the taxing system more closely to the current circumstances. By computing the rate of this part of tax at the next 0.1 percent above the exact rate so necessary, rate changes would not be more violent than the condition would require.

“This conditional added tax would also, in effect, cover the present gap caused by the 36 percent of benefit payments which are now “pooled payments,” for which reason it is called the “pooled-payments part” of the tax, and would place part of the common burden of pooled payments on those employers who are now on the general rate of 2.7 percent and who so now have little or no direct financial interest in the propriety of payments. At the same time, the desirable incentive to those who stabilize employment would be retained. These changes, together with repeal of Section 38 as being obsolete in total, are proposed by Points 24 and 25 of Part III.

(Page 75)—“It should be noted that it is proposed that the part of employers’ tax payments which would represent a pooled-payments part of their total tax would not be credited to their respective reserve accounts. Nor should it be, because, if it were, it would so change reserve ratios as to depress further and progressively the revenues from the experience-rated part of the tax which had proved already to be insufficient to the total need. The result of crediting this pooled-payments part to employers’ reserves would be to further reduce experience-rated rates and further increase the pooled-payments rate, which could lead to a continuous pooled-payments rate of 1.3 percent, with the incentives of the experience-rating system largely lost.”

(Page 75)—17. The 0.2 percent steps in tax rates, provided by the experience rating schedule now in effect, cause unfair differences in cost between employers with only slight differences in experience and are an incentive to employers to protest benefits without sufficient reasons, which is grossly unfair to qualified claimants. Both faults would be corrected if an employer could make a retroactive voluntary contribution, after receiving notice of his reserve balance and rate, sufficient to reduce his tax to the next lower rate.

(Page 77)—18. In exempting employers’ reserve accounts from charges for benefits paid claimants after their disqualification, there is no basis for treating disqualifications for having quit voluntarily any differently from those for having been fired for misconduct. If a claimant has voluntarily quit, or has been fired for misconduct by any

employer in his base-period year who was not his last subject employer, the amount of his benefits which would otherwise be chargeable to the reserve of that particular employer should not be charged to the reserve of any employer.

(Page 79)—19. If a claimant has had more than one subject employer in his base period, it would be a more realistic measure of responsibility for his unemployment if benefits paid him were charged back to his base-period employers in inverse chronological order of his employment with each, instead of pro rata per benefit payment.

(Page 80)—20. The present provision on charge-backs of benefits to joint ventures needs elaboration, particularly to provide a way to distribute any net balance of reserves, whether debit or credit, to the individual reserve accounts of participants after the joint venture terminates.

#### DISABILITY BENEFITS

As noted previously, the committee considered that the subject of disability insurance was outside the scope of its objectives. The committee, however, did discuss the relationship of disability insurance to unemployment insurance and stated that, "The only feature which the disability and unemployment insurance phases appear necessarily to have in common is that they are both intended to compensate for a part of the loss of only those persons who have demonstrated their recent and regular attachment to the working force. Earnings tests of such attachment which are sound for one should also then be sound for the other." This was the basis for the following finding:

(Page 81)—21. There is no evident logical reason why benefits available under the disability insurance phase of the employment stabilization program should be the same as benefits under the unemployment phase, or why the obtaining of any amount of benefits under one should preclude the obtaining of any part of benefits otherwise payable under the other if the periods for which benefits are paid are not concurrent. Only the earnings test of regular attachment to the working force should be in common.

#### APPEALS

Numbered findings 3, 26, and 27 are related to appeals, procedures and practices. Findings 3 and 26, discuss the organization of the appeals functions which have since been organized as a separate division as recommended.

(Page 40)—3. The internal appeals machinery of the Department of Employment is now adequate to the average load, but is subject to extended delays in decisions caused by heavy intermittent overloads.

(Page 93)—26. The Appeals Board and the referee section are, in effect, a specialized judicial system and, as such, should be in a separate Appeals Division, without administrative responsibilities beyond its own operations and free of any administrative control by the rest of the department which could tend in any way to influence its decisions. There should be adequate provision for its own internal administration and to insure consistent decisions.

(Page 96)—27. A decision of a referee, which is not reviewed by the Appeals Board, should be binding on the Department of Employment. A decision of the Appeals Board should be binding on the department unless it is reversed by a judicial tribunal. However, the director should be permitted to appeal such decision, whether to the Appeals Board or from the Appeals Board to a judicial tribunal.

#### ADMINISTRATION

Approximately half of the committee's findings were related to administrative practices and procedures. The lack of effective state control of administration due to the "power of the purse" inherent in the use of federal funds only for administrative expenditures came in for considerable discussion by the committee and its numbered findings, 8, 9, 10, and 11 relate to this phase of administration.

(Page 51)—9. A one-hundred (100) percent return of federal collections of unemployment tax from California employers would not be enough to cover proper administration under present circumstances. It could be made more than enough if the State law were changed to permit savings in nonessentials and those savings could be applied to essentials. However, unless there is a change in present federal budgetary practices, a saving cannot be put to other use in a later budget request, and there would be no continuing special benefit to Californians from reducing nonessential costs.

(Page 54)—10. It is not in the best interests of the Nation that an individual state should have as little control over its own employment service and unemployment insurance programs as it has under present laws. Such federal controls as are necessary should be more specifically stated in law, and present discretionary power of the Federal Security Administrator should be reduced. The present scattered provisions of federal law affecting employment security should be consolidated into not more than two acts.

(Page 59)—11. The present full federal financing of administration of state programs is not desirable. The full financing of its own programs by each state, which would result from a one-hundred (100) percent offset of the federal 3 percent tax, is probably not now politically feasible. The present 0.3 percent not subject to offset should be divided between the Federal Government and the states, and administration should be financed partly from federal grant and partly from state appropriation, with provisions for earlier determination of the amounts granted and an emergency fund.

(Page 49)—8. The Federal Government has not been granting to California enough money for proper and efficient administration of its employment stabilization program. Congress should provide for an immediate emergency supplemental grant to California of \$2,387,000 for the current fiscal year ending June 30, 1949.

This finding, No. 8, was separated from its chronological order inasmuch as it related to a temporary and specific situation which was corrected by an additional federal allotment. Findings 4, 5, 6, 7, 22, 23, 24, 25, 28, and 29, relate to other phases of administration and are presented below in chronological order.

(Page 42)—4. The Fraud Investigation Section of the Department of Employment is understaffed and overloaded.

(Page 43)—5. The cost of administration of the Department of Employment has increased to about four times what it was in 1940, but most of this increase appears to be traceable to expanded coverage of workers and employers because of changes in the law, and to added costs from increases in state pay scales and in the general price level.

(Page 47)—6. Despite many allegations, no provable instance has been found where the Civil Service System has been manipulated to defeat the intent of the merit system. Many complaints appear to be due to misinformation or misunderstanding of the system. However, certain results of the present operation of civil service may be unnecessary obstructions to efficient administration.

(Page 49)—7. The former looseness in the handling of trust fund money in the hands of the Department of Employment for benefit payments has been corrected by a new system, and the question of security of funds is no longer a problem.

(Page 83)—22. Better and more extensive measures to insure full collection of tax contributions are needed.

(Page 86)—23. Under the present Section 75, the Employment Stabilization Commission is no longer an administrative body. Its basic structure, as now provided in the act, is not well suited to its remaining functions, and it is reported not to function as a commission even in these. It should either be reconstructed as a sort of "little legislature" to perform more adequately its most important remaining functions of adopting regulations and of changing rates and suspending payments in emergencies, or it should be eliminated and its remaining functions transferred to the director.

(Page 89)—24. The administrative structure provided in the present act makes no apparent sense whatsoever and has resulted in a distortion of top level organization. It stands in the way of a sound combination of line and functional authority and the rational grouping of related functions within the same unit of organization.

NOTE: The reorganization of October, 1949, has eliminated some of the causes for this finding.

(Page 92)—25. The salaries of the appointive officials of the Department of Employment are no longer commensurate with the importance of their responsibilities, and are not equal to salaries of others in the state service with comparable or lesser responsibilities.

NOTE: The 1949 amendments to the act increased these salaries.

(Page 97)—28. It should be a responsibility of the Department of Employment to inform the public of the basic operation of our employment stabilization system. Certain requirements should be put into the law, because the department is not now so informing the public.

NOTE: The department now has well organized facilities for such services.

(Page 99)—29. The whole question of reimbursement, including proportionate overhead, of the State or other state agencies for services performed for the Department of Employment, or for the State, in respect to the department, either for convenience and economy or in accordance with the requirements of other state laws, should be stated in the Unemployment Insurance Act to give the federal people less excuse for failure to apply existing federal laws in relation to existing state laws.

**Summarization of Thirteenth Annual Meeting of the Interstate  
Conference of Employment Security Agencies**

Hotel Roosevelt  
New York, N. Y.  
September 26-29, 1949

Attended by  
**ERNEST R. GEDDES, CHAIRMAN**  
for the

**ASSEMBLY INTERIM COMMITTEE ON FINANCE AND INSURANCE**

NOTE: The writer attended the above referred to conference in person and attended the various sessions. The speakers were asked for copies of their remarks which they have kindly furnished. These documents are too lengthy to be quoted in their entirety here, and we have, therefore, epitomized them by actual quotations from the authors' own words. Thus the idea expressed is that of the author of the original document, and not that of the present writer.

ERNEST R. GEDDES

**Conclusions Concerning Interstate Conference of  
Employment Security Agencies**

September 26-29, 1949, Hotel Roosevelt, New York City

1. In all addresses and committee reports there is a tenuous line of acknowledgment that "there is something wrong with Unemployment Insurance" as it is generally understood today.

2. There is a general acknowledgment that job analysis, job counseling, placement and follow-up are relegated as minor functions and to minor functionaries as against the paying out of unemployment claims. However, there is a rather hopeless attitude or lack of plan to change this condition.

3. Blame for criticism and inadequacies in its present functioning is placed on:

(a) Disparity in laws, rules, regulations and procedures of various states;

(b) Lack of sufficient funds for proper administration;

(c) Insufficient investigation of claims;

(d) Inability to provide placement for any considerable number of the unemployed;

(e) Absence of planned sales program in either the unemployed or prospective employer markets.

4. There is an advocacy of fringe treatment of the problems presented, but without any definitive approach to basic issues.

5. There is a strong belief, particularly among those connected with the federal authority, that the solution to most, if not all, these problems lies in complete nationalization of the program, liberalization of benefits and requirements for qualification thereunder, all carefully covered with a gentle disclaimer of such intent.

**Summarization of Thirteenth Annual Meeting of the Interstate Conference of Employment Security Agencies, September 26-29, 1949, Hotel Roosevelt in New York City**

MILTON O. LOYSEN, Executive Director, Division of Placement and Unemployment Insurance, New York State Department of Labor and President of the Conference, established the theme guiding the thinking of most of the program speakers during the sessions. The salient points made by him were as follows:

**"What's Wrong With Unemployment Insurance?"**

\* \* \* In general there has seemed to be an inclination to believe the worst about unemployment insurance \* \* \* Even the people who are receiving unemployment insurance are not sure they are in respectable company. There is an uneasy feeling that fraud is widespread, that the system is being taken by chiselers right and left.

\* \* \* The need for better claims control and better placement service is the very core of our case for reform ~ \* ~ operating a system that deals with millions of individuals each year. \* \* \* Better control methods must constantly be sought. \* \* \* In the meantime we have the important reality of a reliable unemployment insurance system. \* \* \* Its importance to the whole Nation has been re-emphasized in recent months. \* \* \* It is no exaggeration to say that unemployment benefits of more than a billion and a quarter dollars, cushioning purchasing power since the first of the year, have been a key factor in keeping recession from becoming depression.

\* \* \* In the past 11 years the panic has largely been taken out of unemployment. Unemployment insurance has freed jobless people psychologically. \* \* \*

\* \* \* Yet it has been evident this year that after 11 years of experience with unemployment insurance, Americans have a nagging feeling that there's something wrong with this program and that some overhauling is in order. They are absolutely right. ~ \* ~

I am certain that there is a considerable amount of chiseling \* \* \* but I do not think that problem is anywhere nearly large enough to account altogether for the doubts in the public mind. \* \* \*

I believe a good deal of public scepticism has to be traced to unreasonable emotion. \* \* \* Everyone is for unemployment insurance in theory. \* \* \* But \* \* \* nobody likes it for himself. People want to rely on themselves, not on government. ~ \* ~ So when \* \* ~ abuse comes to light the reaction is violent and out of proportion.

\* \* \* Why are there unemployment insurance claims in an era of 60,000,000 jobs? \* \* \* Only recently we have had any answers to these questions. \* \* \* Today, because of unemployment insurance, we not only can measure the problem statistically, but we can see its meaning.

\* \* \* For the first time, \* \* \* we can define and evaluate unemployment. \* \* \* We have discovered that when production is booming and employment is at an all-time high, the labor market is most dynamic too, and frictional unemployment is also at its highest \* \* \* Too few understand that the people who are collecting unemployment insurance today are not the same people who were on the rolls last week \* \* \* Until this is understood most people will never be able to think of unemployment insurance as justified in any time but economic crisis. \* \* \*

The basic federal law is sound, and generally the state laws that delineate the rules of the game are good. But administration of the laws at this juncture is unsound and inefficient, as the average businessman understands efficiency, because the administration is cheap in the worst sense of the term.

\* \* \* The federal agency has let its ivory-tower experting over-emphasize the purchasing power of unemployment funds \* \* \* We all recognize the value of unemployment insurance as a support to purchasing power when unemployment strikes, but we also know that without public confidence in the integrity of the system it cannot survive. Strong pressures \* \* \* are \* \* \* being applied in almost every state to add harshly restrictive provisions to state unemployment insurance laws \* \* \*

The Social Security Administration has for many years deplored the growing restrictions enacted in the state laws, and as to that I say the Federal Government has gotten stuck in its own flypaper.

The leakage from state benefit funds which results from lax controls never is reflected in any way in the Treasury balance, and at a time when the public demands reduction in government expenditures Congress may well feel completely justified in reducing state grants.

So long as the federal authorities do not have to worry about raising the funds to pay the cost of unemployment, there is not likely to be full cooperation with the states in assuring administrative funds enough to control benefit payments in a discriminating manner to suit local situations. \* \* \* From where we sit, there seems to be little desire on the part of the federal agencies for the states to look too closely into the reasons for an individual's unemployment, or to insure that claimants meet all the rules laid down by the state. \* \* \*

There is little wonder that this condition has gone on for so long. The laws and regulations are highly complex, so public understanding is scant. Business conditions have been extremely good since the system started; payrolls have increased tremendously; employment was never higher; and while the incidents that shock people's sense of moral values are irritating they don't amount to enough in any one case to provide the steam for a concerted drive to eliminate the basic trouble. \* \* \*

The specific areas that need attention are, first, expansion of investigating facilities to track down outright fraud, chiefly on the part of persons who are simultaneously working and collecting unemployment insurance; second, expansion of the employment service, so that people anxious to work can be offered jobs instead of benefits, and finally, expansion of our claims examining staff to allow interviewing time enough to discover disqualifying conditions that may exist, and to weed out the fakers. \* \* \* A primary problem is to identify and root out these contemptible free-riders who help to bring the whole system into disrepute; to discover their intent and get rid of them before they have a chance to impose on businessmen or dip their irresponsible fingers into the benefit fund. \* \* \* We need as much cooperation as employers, organized labor and the general public can give us. \* \* \*

It is gratifying that one seldom hears the system is inefficient in making benefit payments promptly. \* \* \* But it is not enough to be able to make payments promptly in line with federal standards. Only proper claims must be paid. \* \* \*



The present financing system is creaking, antiquated and wholly unadapted to the demands of a program that is as unpredictable, as dynamic, and as fluctuating as the weather. \* \* \* There is agreement it is time for a change. The only point at issue is what the change shall be.

Federal Social Security administrators have urged \* \* \* nationalization of the employment security systems. \* \* \* Many others feel that federalization would bring serious disadvantages \* \* \*

Nationalization proposals in the past have all contemplated flat and uniform tax rates and a single pooled fund. The proposals have failed to recognize the real and justifiable demand for equitable assessments of the costs of unemployment in keeping with American business and financial standards in other insurance fields. \* \* \*

It is the opinion of the majority of state administrators that the answer is neither federalization nor exclusive state control. The best answer lies between the two extremes in a federal-state relationship in which each state makes its own decision as to the adequacy of administration over and above the required minimum set by the Federal Government.

\* \* \* A plan which is now embodied in H. R. 3955, introduced at this session by Representative Walter A. Lynch of New York. The elements of the plan are these—to continue the present system so far as it goes \* \* \* continue the responsibility of Congress to make annual appropriations; continue the present method of distributing basic grants to the states. \* \* \* What is new in the plan is this. The revenue collected by the Federal Government under the Unemployment Tax Act would be segregated in a special account in the treasury instead of being merged with other public monies in the general fund as at present. \* \* \* This revision of federal and state laws will place the states in a position for the first time to put down abuses they are now helpless to control, and will make local governments clearly responsible. The closer the responsibility to the people who pay and are served, the better chance this kind of program has of doing a good job. \* \* \*

### **The Future of Employment Security**

Address by ROBERT C. GOODWIN, Director,  
Bureau of Employment Security, U. S. Department of Labor

\* \* \* A public opinion poll of a few months ago showed clearly that jobs and job security were number one among all subjects that command our interest. \* \* \*

\* \* \* How well equipped is the employment service to place a worker in another job—the right kind of job—when he loses his present one? Is unemployment insurance reasonably adequate to tide the worker over between jobs? Are we assuming our responsibility and making the most of our opportunities to take the leadership in marshalling all forces—business, labor and the community—to combat unemployment on the broadest possible base? \* \* \*

\* \* \* Essential as they are, unemployment benefits are a poor substitute for the earnings from a steady job. \* \* \*

\* \* \* Only a fraction of job hirings are being made through public employment offices. \* \* \* Hostile statements have placed it as low as 5 or 10 percent. \* \* \* But whatever the percentage is, there is large room for improvement.

\* \* \* In the mind of the public, the effectiveness of the employment service is judged by the number of placements it makes. \* \* \*

\* \* \* We must examine carefully what service we are giving the employer. \* \* \* He will not use it unless he finds that he can get better qualified workers and get them more promptly through the public employment service than from other sources. \* \* \*

Employment counseling and testing is a comparatively recent service \* \* \* relatively more progress has been made in the development of tools in the form of tests and labor market information for counseling than in the selection and training of counselors. \* \* \* Our counseling service will only be as good as the persons performing it.

\* \* \* The individual's problem is not solved when through counseling a satisfactory vocational choice has been made. There must be more thorough follow-up through our regular placement channels to assure that sound vocational decisions result in suitable placement.

\* \* \* In the next two years, the greatest number of veterans educated under provisions of the GI Bill will enter the labor market and will need our services.

\* \* \* The age group of 45 and over includes about 4,000,000 veterans, or 20 percent of our male population in this age group. During the \* \* \* war and postwar years, the problem of the older worker receded to the background, but it is again emerging as job openings become scarcer.

Young people coming out of school with no experience are also finding increasing difficulty in finding jobs for which they are fitted.

The same is even more true of handicapped workers. \* \* \* This calls for intensification of our efforts to secure jobs for these hard-to-place groups.

\* \* \* We have witnessed wholesale diversions of employment service staff from job finding, counseling, and job development as claims volumes increased. \* \* \* We cannot permit this practice to go on. The solution of the problem does not lie exclusively in ever-increasing appropriations. We must show administrative ingenuity and the will to see that an adequate employment service is maintained, even when we are confronted with difficult unemployment insurance claims problems. \* \* \* It is imperative that the State administrators prepare plans along the lines recently requested by the bureau, to meet increased claims loads without diverting employment service personnel or curtailing employment service functions. \* \* \*

\* \* \* We must not only administer the employment service and unemployment insurance, but assume leadership in the development of employment opportunities through community organization. \* \* \* Practically all the state unemployment insurance laws contain a broad mandate to state administrators to take all appropriate steps to reduce and prevent unemployment; to recommend, advise and assist local governments in dealing with problems of business depression and unemployment; and to promote the re-employment of unemployed workers throughout the State in every way that may be feasible. Such provisions until recently have received relatively little attention; it is time that we took those responsibilities seriously.

\* \* \* Unemployment insurance is not protecting the worker or maintaining purchasing power as adequately as it might well do; there

is such great diversity in the laws that it is confusing to the worker and expensive for the employer; and there are tendencies both in disqualifying provisions and financing that are seriously undermining the system.

\* \* \* Benefits are still generally inadequate \* \* \* I think that this group will agree that benefits should be large enough so that a worker can meet his non-deferrable expenses, such as food, rent, heat and light. For such expenses, studies indicate that a single individual needs at least half of his former wages, and individuals with dependents need somewhat more. As for duration of benefits, I think we would also agree that duration should be long enough to tide a worker over between jobs except in periods of serious and long drawn out unemployment. It appears that a benefit duration of at least 26 weeks in a benefit year is necessary to accomplish this and that such duration should be available to all claimants if their unemployment lasts that long. Thirteen states now provide 26 weeks maximum but only one state, New York, provides such potential duration for all claimants. \* \* \* Average benefits for the country as a whole are only a little over a third of average covered wages. \* \* \* exhaustions of benefits averaged 23 percent by June 30 for benefit years ending October 30. \* \* \*

When limitations in coverage are added to limitations in amount and duration of benefits, only about a sixth of the wage loss of all unemployed workers is being compensated. \* \* \*

The second general weakness in unemployment insurance in this country is the great diversity in the state laws. One of the purposes of the federal-state system, it is true, was to permit experimentation in the states, and to permit the several states to shape their laws to meet their peculiar needs. I am wondering, however, if we have not had enough experimentation to determine what provisions have worked best and to begin to make the best provisions more general. \* \* \* When two adjoining states differ in maximum benefits payable by as much as \$8 or in maximum duration by as much as 10 weeks, economic conditions in the two states cannot explain the difference. The present diversity in coverage and benefits is confusing and unsatisfactory to the worker who moves from one state to another. \* \* \* Differences in coverage and benefits, as well as in contribution rates, is also confusing and expensive to employers operating in more than one state. \* \* \* One of the justifications for a uniform federal tax was to avoid creating disadvantages in competition between employers in different states when they passed unemployment insurance laws. However, the great diversity in present contribution rates for employers with the same employment experience in different states has largely nullified this objective.

The third general weakness in our unemployment insurance program is the increasing severity of qualifying conditions and particularly disqualifying provisions in many states. In many cases this is largely nullifying the effect of liberalizations in benefit amount and duration and is in danger of undermining the system. There is a tendency to increase qualifying requirements as benefit amounts and duration are increased. In other cases, the requirements for maximum amount and duration of benefits are making it increasingly difficult for workers to receive such maxima. Much more serious is the increasing severity in disqualifications in many states both through legislation and administrative practices.

Definitions of voluntary leaving, discharge for misconduct, availability for work and suitable work are becoming so illiberal in many states that large numbers who are unemployed through no fault of their own are prevented from drawing benefits. \* \* \*

I would not wish to imply that we should relax our efforts to protect the fund against improper and illegal payments. Rather, we should intensify our efforts to uncover and prevent misrepresentations and fraud. \* \* \*

Although many states have made commendable progress in providing more adequate benefits, it appears that we cannot hope to secure adequate and satisfactory systems throughout the country without changes in federal legislation to provide minimum standards. \* \* \* I know some would say that if such benefit standards were put into the law it would be a step toward federalization of the system. \* \* \*

In the field of benefit financing, it is gratifying that the states are showing concern that their reserves be adequate. \* \* \* However, there are only a few of the states in which the financing of their systems through a depression would be a serious problem. \* \* \* A few states, however, with the best of planning may find it impossible to finance adequate benefits in a period of severe unemployment. \* \* \* I think, therefore, that we must give serious thought to the President's proposal in his Mid-Year Economic Report that a federal reinsurance fund be established to help states whose reserve funds become exhausted. \* \* \*

Other states, although they may be in no danger of exhaustion of reserves are already finding themselves in a position of having to increase contribution rates at the worst time: namely, when employers can least afford such increases. \* \* \*

\* \* \* It may be that ways can be devised for the states to revise their experience-rating systems to avoid increasing their rates at the wrong time. \* \* \* The Advisory Council to the Senate Committee on Finance proposed minimum contribution rates equally divided between employers and workers with states free to have experience rating above these minimum contributions in any way they please. Certainly it seems that some limits should be placed on experience rating so that we would not have a situation of states lowering their rates to a point where the rates would have to be drastically raised as soon as serious unemployment was encountered.

The funds made available for the administration of the employment security program have not, \* \* \* been enough to do as good a job as should be done. \* \* \* This program would have been more adequately financed if all moneys collected under the Unemployment Tax Act had been put aside in a fund to be used exclusively for employment security. \* \* \* In advocating the establishment of an employment security account, we must emphasize that appropriations for the employment security program should not be limited by the income from the unemployment tax. Furthermore, I do not believe that any such employment security account should be exhausted annually; rather, any current surplus should be kept in the account for future administrative costs or for reinsurance purposes. \* \* \*

I believe the Federal Government would be remiss in dealing with a problem which is so national in scope as job security, if it did not

take leadership in providing adequate protection against unemployment to all American workers and seeing that employment security makes the maximum contribution possible to our economic well-being. \* \* \*

\* \* \* The man who has lost his job or is in danger of losing one is not interested in the technical soundness of the benefit formula or in the complicated operations of an experience rating system. No amount of explanation of a finely drawn legal distinction which renders him ineligible for benefits will interest him if he feels entitled to such benefits. Workers, and by and large, the public, are going to judge the system by whether or not it finds suitable employment for people in need of a job or, in the absence of a job, supplies sufficient income to pay the rent and buy groceries for the worker and his dependents. \* \* \*

### **Report of Veterans' Affairs Committee**

By M. JOSEPH TIERNEY, Chairman

Beginning in December, 1948, the Veterans' Affairs Committee undertook the job of acquainting the national veterans organizations with the serious curtailment of Employment Service activities due to lack of funds. \* \* \*

These men were brought to understand that severe cuts in Employment Service staff made by the various state agencies, or the diversion of this staff to the Unemployment Compensation function, made it impossible to give veterans, particularly disabled veterans, the quality of services to which they are entitled. \* \* \*

The representatives \* \* \* unanimously agreed to support our need for deficiency financing for the fiscal year 1949 and to support us in an effort to secure adequate financing for the public employment service for the fiscal year 1950. \* \* \* The national veterans organizations also made strong endeavors to prevent the emasculation of the Veterans Employment Service program, and while this Service has been severely trimmed, an effort will be made in January to secure supplementary funds so that at least the present personnel strength may be maintained. \* \* \*

\* \* \* Some members of this committee felt that the public employment service should develop a more aggressive employer contact program and in the case of some state agencies, \* \* \* felt that the problem of understaffing continues to hinder the Employment Service in devoting the proper amount of effort to securing job openings for veterans. \* \* \*

\* \* \* The American Legion along with the other national veterans' organizations continue their position that they want an efficient public employment service adequately staffed to do a proper job in the counseling and placement of veterans.

### **Remarks of Ralph H. Lavers**

Assistant Director, National Economic Commission, American Legion

\* \* \* Title V of the G. I. Bill has almost become a thing of the past. \* \* \* It was charged that the Employment Service in many States was almost nonexistent, \* \* \* due to many unforeseen developments the employment service has suffered.

\* \* \* Using employment personnel to handle claims during heavy increases in the claims load. \* \* \*

Lack of employer contact, particularly with respect to smaller employers, has \* \* \* been noticed. \* \* \*

Many changes could be made in the Unemployment Insurance Program which would be for the welfare of the working public. Covering of additional groups by extending coverage to small employers, removal of exclusion of coverage to nonprofit groups, and the extension of the duration for payment of benefits.

\* \* \* Realizing that 18,000,000 veterans and their dependents make up about one-half our total population you will agree with me that those using the Employment Service and those who will file claims under the unemployment insurance benefits will come from this group. \* \* \*

### **Statement of Omar B. Ketchum**

Director, National Legislative Service

Veterans of Foreign Wars of the United States

\* \* \* Of immediate importance is the condition created by the grouping together within the Bureau of Employment Security both the Employment Service and the Unemployment Compensation Service.

\* \* \* The net results have not been too satisfactory.

\* \* \* I'm referring to the emphasis given to the unemployment compensation requirements at the expense of the Employment Service. The recent rise in unemployment throughout the country resulted in the assignment of an overwhelming majority of the personnel in local offices of the Employment Service to the Unemployment Compensation program. The inevitable result has been that very little attention has been given to the essential task of providing practical counseling and job development for those seeking jobs.

\* \* \* There can be no question that the unemployment compensation program is bolstered at the expense of the employment service.

\* \* \* There is evidence that only four employees out of a total staff of 100 in a certain local office of the combined Employment and Unemployment Compensation Services were assigned to the employment program. The other 96 were handling and distributing unemployment compensation payments.

\* \* \* \* \*  
This task of finding decent jobs for veterans is not easy. \* \* \* The answer lies within the faulty, calloused, and unappreciative structure of an economic system which raises our veterans to the lofty stature of "first in war" and then tears them down to the discarded, forgotten position of "last in peace."

\* \* \* "Veterans are the last to be hired and the first to be fired" in any postwar period. \* \* \*

The Veterans Preference Act of 1944 is being viciously attacked as an evil which is destroying the efficiency of the government. Those who deny that veterans have any right to preference in federal employment attempt to make their arguments more palatable by contending that the efficiency of the federal service is being sacrificed under the Veterans Preference Act. They allege that veterans could not qualify for federal employment without the preference points being added to their examination marks. \* \* \*

\* \* \* The record clearly shows that less than 4 percent of all veterans in the Federal Government actually needed their preference points added to their examination marks in order to make passing grades. \* \* \*

\* \* \* Consequently, we went on record to support legislation which would require the veteran to have at least 10 percent disability rating from the Veterans Administration before he is entitled to 10 points preference. If the veteran has less than a 10 percent disability, then he would receive only five points preference. \* \* \*

### **Address of Kenneth C. Bradley**

National Director of Employment, Disabled American Veterans

\* \* \* The most necessary division of our service is that dealing with private employers. \* \* \* We realize with you that in this field is found the great bulk of all work-opportunity. By reason of this, we are most vitally concerned when for any reason the employment service is impaired. \* \* \*

\* \* \* Some time ago, we circularized our field offices and proposed a program which would include their furnishing us with a list of prospective employers located within the field office area. The national office further agreed, on receiving this list, to forward with appropriate individual letters a copy of our cartoon pamphlet entitled, "Just A Minute, Mr. Employer." In the letter was contained an announcement that Mr. So-and-So, from the D. A. V., would be calling on him within a short time to further explain the advantages of hiring qualified disabled veterans. Before releasing the letter and literature, we assured ourselves that statements made therein would be carried out by the field representatives, and in several of our field offices, it began operating.

Our representative in Kansas City, Missouri, received the program very enthusiastically. In fact, he added impetus to the program by devising improvements on the plan, which included, first, the enlisting of personnel in the Kansas City Employment Service Office, and second, by purchasing through his local chapter small 3 x 5 plastic index boxes on which were pasted the printed address of both his office and that of the local employment representative. These plastic index boxes were handed to the employer on the initial visit. During the course of the interview, it was suggested to the employer that he use the box as a container for cards on which the names and qualifications of disabled veterans appeared, thus making a ready reference when and if vacancies in his establishment occurred. It is reported by the field officer that initial contact in many cases resulted in immediate placement of certain qualified disabled veterans made available from the list contained in the local employment service office. The surprising aftermath of the program in a majority of cases was that on second, third and even fifth return calls, the representative found the plastic box still on the desk of the employer, and better than that, it was being used from time to time by the employer to place orders. To date, some 50 disabled veterans have been placed in productive employment by this means. Bear in mind, the plan has been in operation less than six months. Publicity on the plan has been continually appearing in local leading newspapers, including

the "Kansas City Star." As a further result of the program, our representative informs us additional placements have been secured from these employers for positions which could not be filled by disabled veterans.

\* \* \* To one degree or another the plan can and will work in many localities. \* \* \*

We are well aware of the additional problems presented by budget difficulties, but are not too sure but that many offices have permitted this to curtail employment service, sometimes to the vanishing point when a little more practical thinking may well have saved the day, to some extent at least. \* \* \*

The job of the Employment Service is not easy \* \* \* resistance is usually based on a belief, \* \* \* that Employment Service has neither the means nor the will to do the best job. \* \* \* **PERFORMANCE.** Ground gained in the past, after years of build-up, can too easily be lost—often permanently, by an ever so slight upset in the orderly processes of your services. It is our fervent hope that breakdowns to date have not already caused irreparable damage.

### **Final Report of Legislative Committee to Executive Committee**

#### **1. Interstate Conference Plan for Administrative Financing. H. R. 3955—Lynch Bill.**

H. R. 3955, by Congressman Lynch of New York \* \* \* remains a primary conference objective. \* \* \* Justifies the statement that success may lie not too far away.

#### **2. Report of Advisory Council on Social Security to the Senate Finance Committee.**

\* \* \* The Legislative Committee feels that there is no question but that the recommendations made in the Stettinius Report will be the basis for continuous federal legislative efforts. \* \* \*

#### **3. Supplemental Appropriation Bill.**

\* \* \* It became apparent that this activity was of an immediate and continuing nature which could best be handled by \* \* \* (and in the) province of the Executive Committee and the President. \* \* \*

#### **4. Civil Service Retirement Rights for Employment Security Personnel.**

\* \* \* The latest reports with respect to the progress both of H. R. 3839 and S. 1275 indicate a very strong feeling on the part of the federal agencies which are concerned that no legislation should be passed which does not call for a reciprocal arrangement as between the various states and the Federal Government for employee retirement rights. \* \* \*

#### **5. Legislation With Respect to Reciprocal Coverage Arrangements.**

\* \* \* Recommended that the Unemployment Compensation Program Committee should be charged with the duty of pursuing this subject. \* \* \*

#### **6. Legislation With Respect to Interstate Payment of Benefits.**

\* \* \* Unless a smoothly working, fully cooperative system is developed and operated, the field presents a most excellent argument for those who would federalize the Employment Security



Program. \* \* \* Recommends that every effort be continued to the end that the payment of interstate benefits can no longer be mentioned as a flaw in the federal-state system.

**7. Recommendations for State Legislation.**

- A. Broader coverage.
- B. Automatic extension of coverage to conform to congressional extension.
- C. Maximum benefit amount.
- D. Duration.
- E. Maritime workers.
- F. Collection of contributions from employers who have left the State.
- G. "Localization" definition.
- H. Special administrative account.
- I. Wages "paid" instead of "payable."
- J. Sick-pay benefit legislation.
- K. State amendments necessary to take advantage of the provisions of the Interstate Conference Plan of Administrative Financing embodied in H. R. 3955, the Lynch Bill.

\* \* \* \* \*

**8. State Coverage of Seamen Employed on United States Vessels Operated Under General Agency Agreements.**

\* \* \* To amend Section 1606 of the Internal Revenue Code in such a way as to grant permission to the states to cover seamen on vessels under general agency agreements just as they are permitted to cover employees of national banks and other federal instrumentalities. Mr. Lynch, \* \* \* introduced H. R. 5622 \* \* \* designed to accomplish conference wishes. \* \* \*

**9. Equitable Division of Assets Between Federal and State Governments in Cases of Bankruptcy.**

\* \* \* The matter is, \* \* \* in the hands of the Ways and Means Committee Counsel, Mr. Charles W. Davis. \* \* \* A conference project which should be pursued to fruition.

**10. Repeal of Matching Provisions of the Wagner-Peyser Act.**

\* \* \* Suspended action with respect to passage of conference legislation \* \* \* because there is provision for suspension of the matching provisions until July, 1952, in the Appropriation Bill, H. R. 3333, and because the Administrative Financing Bill, H. R. 3955, also includes provision for the repeal of Wagner-Peyser matching requirements.

**11. Authority for Mutual Reimbursement for Services Rendered Between States and Bureau of OASI.**

\* \* \* OASI Bill, H. R. 2893, expressly permitted the Bureau of OASI to charge for its services. \* \* \* It has been established that authority exists under the present law which would permit the Bureau of OASI to reimburse the states for services performed. \* \* \*

## 12. Postponement of the Due-Date for Filing Returns Under the Federal Unemployment Tax Act.

\* \* \* Bureau of Internal Revenue opposed a change in due-date because of fear of loss of revenue, conflicts with its other peak work loads, and fear of the possibility of fraud on the part of employers who might alter 904-A's which the states send them.

\* \* \* Bureau expressed willingness to consider postponement of the date until April 30, but made such consideration contingent upon a guarantee of all of the states that they could meet this filing deadline. \* \* \* Unemployment Compensation Program Committee, directing, \* \* \* a poll of the states to obtain the information necessary to further action.

## 13. Definition of "Employment" Under H. J. Res. 296.

\* \* \* Course of action \* \* \* made unnecessary, \* \* \* OASI Bill, H. R. 6000 \* \* \* spell out the definition of "employment." \* \* \*

## Annual Report, 1949, Committee on Public Information, Research and Reporting

\* \* \* Committee became concerned with a study of field operations. \* \* \* It has sought to determine: "Where are we at?"

\* \* \* Undertook a survey of the states to develop information about the several informational programs and the character of their reception by the public and the newspapers. \* \* \* Only four states do not have organized information programs. In these four states responsibility \* \* \* is delegated to other departments, usually R & S.

\* \* \* Survey reveals that an excellent job has been done in all jurisdictions in purveying information to the meetings of press and radio. \* \* \* In column inches and in radio hours the constructive publicity has far outweighed that that was destructive. \* \* \* However, \* \* \* the destructive publicity has had greater impact.

\* \* \* Committee has sought \* \* \* to find \* \* \* causes for public suspicion of employment security programs. \* \* \* It is suggested that a small committee be assigned to the task of working out recommended terminology that might improve our public information program. \* \* \* "employment insurance," \* \* \* would be a fine substitution for the words "unemployment compensation" or even "unemployment insurance."

\* \* \* Public's attitude is often influenced by \* \* \* attitude of the press. \* \* \* This year, \* \* \* businessmen began to read in newspapers of the constructive economic benefits of employment insurance. \* \* \*

\* \* \* The survey revealed a striking similarity in a great majority of states in their approach to the common problem. \* \* \*

- (1) \* \* \* Putting more accent on statistics and general information. \* \* \*
- (2) \* \* \* Need of a high degree of cooperation between their information, research and statics functions. \* \* \*
- (3) \* \* \* Becoming aware of the importance of the information and reporting services fitting in at all levels of performance. \* \* \*

- (4) \* \* \* Encouraging decentralization of public information. \* \* \* Giving local office managers responsibility for divulging agency information of local concern \* \* \* has a salutary community effect, \* \* \* helps to build morale and enhances the dignity of the agency at all levels.

\* \* \* No public informational program can succeed unless it is based upon the bedrock of well prepared factual data. \* \* \* Several areas \* \* \* noted within which information \* \* \* should be developed. \* \* \*

#### I. Management, Supervision and Control

(a) **Measures of Work Loads.** \* \* \* Determine whether the program is well balanced or certain major elements are being neglected. \* \* \* criticism \* \* \* because employment service functions are being slighted in favor of claims-taking and benefit payment activities, \* \* \* when \* \* \* unemployment rises sharply, \* \* \* employment service should redouble its efforts to secure listings of job orders and to make placements. \* \* \*

(b) **Fiscal Management.** \* \* \* For estimating and predicting major work load items in connection with the budgetary process. \* \* \* Such data as current employment and unemployment series, labor turnover, claims receipts, the frequency and duration of spells of unemployment, are available for use and conversion into measures of work load items. \* \* \*

(c) **Basis for Revision of Procedures and Practices.** \* \* \* Data on time lapse in benefit determinations, payment of claims and status determinations, the volume of appeals received, the proportion of disqualifications reversed at the appeal level; \* \* \* will aid him in determining where deficiencies exist.

#### II. Appraisal of Program Content and Policy

\* \* \* The degree to which it measures up to objectives, \* \* \* changes \* \* \* being made in accordance with changing labor market conditions. \* \* \* In times of growing unemployment, claims must be taken and benefits paid; \* \* \* it is, \* \* \* unwise to lose sight, \* \* \* of the agency's responsibility in development of job openings for the unemployed, counseling, testing, employer service, and labor market information. \* \* \* Important in times of prosperity, \* \* \* even greater in times of recession. \* \* \*

#### III. Public Accountability for the Administration of Employment Security

\* \* \* Misinformation and lack of understanding \* \* \* of this program exist in the public mind.

\* \* \* Called "nothing but unemployment relief," "rocking chair money," and "a program which, if it has any worthwhile value, is suited only for periods when the nation is suffering from severe depression unemployment."

\* \* \* This adverse criticism and misunderstanding exists, because \* \* \* no well developed program of participation in public and private efforts to stabilize and maximize employment or in the dissemination of information which will give a full account of their stewardship. \* \* \* The public is entitled to know the extent and character of activities conducted under this program. \* \* \*

### Relationship Between Public Information Program and Research and Statistics Activities

#### I. Keeping the public informed on: \* \* \*

Changes in the unemployment insurance laws \* \* \*

Number and type of placements, claims filed, job applications, veterans served, etc.

Relationships between job opportunities and job payments. \* \* \*

Adequacy of unemployment insurance protection. \* \* \*

Availability of specific kinds of workers. \* \* \*

#### II. Keeping the public informed on the condition of the labor market.

\* \* \* Such as:

Trends of employment, unemployment, pay rolls.

Wage rates and structures.

Business and labor turnover.

Community services related to employment problems.

#### III. Recommendations.

##### (a) \* \* \* Adequate publication and information plan \* \* \* by:

1. A thorough and continuing evaluation of actual and potential consumer interests and needs. \* \* \*

2. Coordination \* \* \* in the preparation of final products in which consumer requirements dictate the participation. \* \* \*

3. Gearing public informational material into operations. \* \* \*

4. Current maintenance and periodic purging of various types of mailing lists. \* \* \*

5. Being objective in the dissemination of labor market information. \* \* \*

6. Putting all material in clear, concise, and interesting form. \* \* \*

7. Clearing all economic or operational data or conclusions with research and statistics. \* \* \*

### Report of Committee on Administrative Grants

By THOMAS J. DONAGHY, Chairman

#### Deficiency Appropriation—1948-49

\* \* \* Committee canvassed \* \* \* states to determine \* \* \* extent to which restricted allotments and increasing workloads were affecting operation, \* \* \* prepared and presented \* \* \* request for a deficiency appropriation.

#### Regular Appropriation—1949-50

\* \* \* In connection with the regular appropriation \* \* \* Congress \* \* \* for the first time has taken recognition of the impossibility of satisfactorily estimating workloads more than a year in advance and has provided a "contingency fund."

#### Study of Method of Allocating Funds to the States

\* \* \* Indicates that a majority of the states basically favor the present system involving the use of workloads, time factors and average hourly rates as distinguished from some more arbitrary formula. \* \* \* General objection to any plan which does not give maximum consideration to variations in state laws, regulations, policies and procedures.

**Recommendations**

\* \* \* No entirely satisfactory method of allocating funds can be developed under the present system of financing and \* \* \* primary objective \* \* \* should be to secure enactment of the Lynch Bill or a comparable measure. \* \* \*

**Report of Employment Service Program Committee**

By ERNEST C. MCCracken, Chairman

**Use of Time Factor Ranges in Budget Review**

\* \* \* Consideration \* \* \* given to \* \* \* development and conduct of a nation-wide program of public relations and employer relations contacts with larger employing establishments which are located in more than one state and with national trade associations. \* \* \*

\* \* \* To explain the total Employment Service Program and its various parts. \* \* \*

\* \* \* So that their attitudes, policies, pronouncements and activities will be favorable to the Employment Service.

\* \* \* Primarily a broad sales program applying employer relations and public relations principles. \* \* \*

**Report of the Farm Placement Subcommittee**

**Identifiable Program**

\* \* \* Farm placement program should be "identifiable" at the local, state, and national levels by clear-cut organization lines, \* \* \* The same identifiable signs, insignia, publicity material, policies, and procedures. \* \* \*

**Clearance of Farm Labor**

\* \* \* Clearance of farm labor \* \* \* a major area of weakness \* \* \* particularly \* \* \* migratory labor. \* \* \*

\* \* \* Budgetary recognition of this clearance activity in its proper proportion should be helpful in solving this difficult problem.

**Information on Migratory Labor Patterns**

\* \* \* Information regarding migratory labor \* \* \* inadequate as to quantity, composition, seasonal patterns, and routes of travel. \* \* \*

**Importation of Foreign Workers**

\* \* \* Recommends \* \* \* importation program be clarified, \* \* \* to \* \* \* eliminate misunderstanding in interpretations \* \* \* foreign labor importation program \* \* \* not intended to be a program for securing cheap or permanent labor tending \* \* \* but \* \* \* as a stop-gap for meeting emergency needs. \* \* \*

**Summary Comments on Farm Placement Questionnaire for Subcommittee of the Interstate Conference**

**Year-Round**

- I. A. All states take applications on year-round farm workers.
- B. Reports indicate that 15 states use special procedures adapted to their individual requirements.
- C. Orders for which local workers are not available are uniformly placed in intrastate and interstate clearance, whenever necessary.

- D. OA and IS procedures do not yet seem to be in general use by many of the states in connection with year-round farm jobs. Reports indicate that:
  - 18 states use job specifications;
  - 27 states employ the Industrial Service approach; and
  - 32 states use Employment Service tools and methods.
- E. Year-round farm jobs appear to be well publicized;
  - 45 states use newspapers;
  - 43 states use radio; and
  - 27 states include bulletins among the various media which are best adapted to their individual needs in recruiting qualified workers.
- F. All except four states indicate that job orders are developed for year-round workers.
- G. Progress was indicated in 24 states on programs designed to accept farm employment.

#### Seasonal

- II. A1-2. Adequate records appear to be maintained on seasonal workers, tailored by individual states to suffice their requirements.
- A-3. All the methods listed are used when necessary by most of the states to contact and place domestic workers in seasonal employment, viz. : radio, newspaper, handbills and posters, door-to-door canvass, churches and other.
- A-4. During peak season shortage periods, all methods appropriate to individual situations appear to be in general use by labor demand states to recruit students, housewives, and unemployed workers.
- B-1. Information stations or guidance facilities to notify migratory farm workers of job opportunities are maintained in only 15 states.
- B-2. Analyses of migratory movements are maintained, or contemplated, in the states which depend upon this labor resource. Considerable progress has been made this year.
- B-3. States report that migratory farm workers are directed to jobs by the following:
 

Local offices	-----	40 states
Farm offices	-----	18 states
Road blocks	-----	6 states
Mobile offices	-----	9 states
Field crews	-----	22 states
- B-4. Reports indicate that with few exceptions, the states plan for and participate in the movement of workers to new job locations when finished at specific farms.
- B-5. States appear to employ the particular method best suited to their needs and plan of operation for distributing the supply of migratory workers within work areas.
- B-6. State action to improve housing is reported by 30 states. Camps with mess halls for singles are operated in 21 states. Cold water is provided in the fields in 20 states, but the employers in only nine states furnish light field lunches at no cost to the workers..

- III. The distribution of agricultural job opportunity information to all local offices appears to be the policy in all states reporting.
- IV. Action is reported in only 22 states to improve housing, health, and safety facilities for agricultural workers in farm camps.
- V. Clearance orders for agricultural workers during peak labor demand periods are accepted and cleared both intrastate and interstate by all states reporting.
- VI. States report that farm placement service is provided by all full-time local offices; by seasonal and separate farm labor offices as needed; and by volunteer representatives and limited function offices during crop seasons. Details are shown on the master summary sheet
- VII. A total of 33 states issue farm bulletins as needed—daily, weekly, etc.—to distribute agricultural job information. Regional office summaries augment the state bulletins. Considerable progress has been observed this year in the distribution of crop and employment information.
- VIII. Each state appears to employ the method best suited to its facilities, labor market, and job requirements to recruit year-round and seasonal agricultural workers. All media known to the Employment Service are used in many states, and there does not appear to be any single nationwide “most effective method.”
- IX. States reporting a significant movement of urban workers to farm employment during 1949 are divided as follows:
 

To year-round jobs-----	19 states
To seasonal jobs-----	29 states
- X. Experience, actual need, and potential workload estimates appear to represent the principle criteria used by state agencies in distributing farm placement funds. Time studies are used in two states, and two others frankly admit they have none.

### Report of Unemployment Compensation Program Committee

By W. GARRETT JOHNSON, Chairman

#### Reciprocal Coverage Arrangements

\* \* \* Unable to resolve the difference between \* \* \* committee and the Bureau of Employment Security on draft statutory language, authorizing a reciprocal coverage arrangement \* \* \* recommended \* \* \* committee \* \* \* emphasize the importance of working out a uniform application of the employment definition by developing clarifying language; and with respect to cases which cannot be covered by the uniform definition, the reciprocal coverage agreement would provide for acceptance by all of the states involved and not provide for acceptance by the worker.

#### Uniform Interpretation of Uniform Definition of Employment

\* \* \* Urges that states with variations in their definition attempt to revise their statutes accordingly. \* \* \* Recommends \* \* \* Bureau of Employment Security \* \* \* explore the question of a uniform definition more thoroughly. \* \* \*

**Proposed Postponement of Due Date on Federal Unemployment Tax Returns**

\* \* \* Suggests that the federal law be amended, setting the due date at March 31st in lieu of January 31st. \* \* \*

**Ruling of Bureau of Internal Revenue on "Inspection of Returns, Forms SS-1a, Under the Federal Insurance Contribution Act by State Unemployment Compensation Commissions."**

\* \* \* Agreement was reached to interpret the Governor's application for permission to inspect the records to be valid for one year, subject to annual reapplication \* \* \*

**Claims Taking Methods—Test Office Operations**

\* \* \* Commands \* \* \* test office program \* \* \* and encourages all states to plan to initiate such test offices.

**Decentralization of Benefit Payments**

\* \* \* Subject \* \* \* very thoroughly presented \* \* \* and recommends further study of both the advantages and disadvantages of decentralization.

**Improvement of Benefit Formula and Administrative Methods—Elimination of Wage Records**

\* \* \* Concluded that experience indicates that attempts to simplify the benefit formula by using a scheduled "full-time weekly wage" would not be fruitful at this time, because a "full-time weekly wage" simply does not exist in many areas of employment. \* \* \*

\* \* \* Urges the states to continue studying the problem of benefit formula and wage reporting simplification. \* \* \*

**Definition of Employment**

By WILLIAM H. WANDEL, Bureau of Employment Security

\* \* \* There is ample evidence, \* \* \* that the uniform definition is not uniformly interpreted \* \* \* Diversity of interpretations can be minimized by \* \* \* dissemination of a statement of principles governing the application of the uniform definition \* \* \* training program for those directly concerned with the interpretation and application of the employment definition. \* \* \*

\* \* \* Reciprocal coverage arrangements are not necessary to solve duplicate coverage problems \* \* \* reciprocal coverage provisions have been broadened to provide continuity of coverage under one state law for such workers whose services for one employer might, in the course of a year or two, fall within the definition of employment in more than one state. \* \* \*

Among these difficulties has been that of determining whether any reciprocal coverage provision should apply to purely intrastate workers, or should be limited to those who perform services in more than one state. \* \* \* Present feeling \* \* \* is that the reciprocal coverage arrangement should not permit the transfer of coverage of workers who perform all of their services in one state

A second difficulty revolves around whether or not the positive consent or acquiescence of the individual whose coverage is transferred is essential to the validity of the transfer. \* \* \* The bureau therefore has since 1940 felt strongly that any application for transfer should be subject to the concurrence of the employee involved. \* \* \*



A third difficulty concerns whether or not a transfer can be effected through application by the employer and acceptance by the transferee state without the positive concurrence in the transfer by the transferring state. \* \* \* It would seem preferable to make binding on all states the decision of the elected state, if that decision is concurred in by the employee and the extent of such transfers is limited as prescribed in the agreement. \* \* \*

\* \* \* But I think that it will simply have to be accepted that completely satisfactory conditions cannot be achieved overnight but will come only through patient but persistent effort by all agencies concerned. \* \* \*

### **Report of the Interstate Benefits Committee**

By BRUCE PARKINSON, Chairman

\* \* \* As a result of \* \* \* deliberations they jointly made these recommendations:

#### **Initial Claims Taking**

Intensive interviews should be conducted, with special emphasis on obtaining and recording separation data and obvious questions of eligibility; \* \* \*

#### **Continued Claims Taking**

A reinterview should be conducted at time of filing second continued claim and not less frequently than at time of seventh and twelfth continued claim; \* \* \*

#### **Fact Finding and Reinterviewing**

Claims examiners should use standard guide questions for fact finding and reinterviewing; \* \* \* A continuous fraud program should be conducted with accompanying publicity, particularly in resort areas.

#### **Relationship Between Claims and Placement Functions**

Interstate claimants should be registered for work and their applications kept active in the same manner as for intrastate claimants; \* \* \*

#### **Management**

\* \* \* A continued training program should be maintained; \* \* \*

#### **Policy Considerations**

\* \* \* There should be no need for assigning liable state personnel to work in agent states; There is need for some special process for resort area claimants. \* \* \*

#### **Budget Aspects of Interstate Claims**

\* \* \* Personnel of interviewer caliber should be assigned to claims taking and of one grade higher for fact finding and reinterviewing.

### **Solvency of Fund**

By NATHAN MORRISON, Principal Actuary

Division of Placement and Unemployment Insurance, State of New York

The solvency of the state unemployment insurance reserve funds has been a major problem since the beginning of the program in this Country. \* \* \* Since it enters the picture whenever changes in the benefit structure and in the experience rating formula are under consideration in any state.

\* \* \* Any form of insurance is a social device for eliminating or reducing the cost to society of a certain type of risk.

\* \* \* "Social insurance," has been applied particularly to the efforts to protect the individual and his family from loss of income resulting from work accidents, sickness, old age, and unemployment.

The risk of unemployment occupies a special place among all the risks covered by insurance. It is the most unpredictable risk. \* \* \*

"In insurance against death, sickness, and old age, the actuary deals with contingencies which are generally not man-made, but which occur with a certain natural inevitableness. With unemployment, the story is different. Unemployment rests to an enormous degree upon what man does or fails to do in fields of science, economics, and sociology. To predict the outcome of man's creativeness in these three fields is impossible. Furthermore, to assign permanency to any of the causes of unemployment is to wander aimlessly in a rapidly changing society, for any known cause may quickly fade out and an entirely new, unsuspected source of unemployment may take its place."

\* \* \* Committee found that in the United States, neither exact unemployment rates nor exact data as to what proportion of the apparent unemployment would have been compensated by an unemployment insurance law, were available. It was necessary to estimate what had occurred in the past and then apply this material to the future. \* \* \* Finally estimated that 3 percent was the necessary pay roll tax to finance the moderate benefit formula which most states adopted in 1936 and 1937.

\* \* \* Data on employment and unemployment \* \* \* collected \* \* \* since 1938 give \* \* \* far more adequate basis for studying the risk of unemployment \* \* \* detailed statistics by industry and geographic area are a rich mine of information on the movements of our complex economy. \* \* \*

A second significant fact is the existence, at present, of 51 reserve funds totaling over seven billion dollars. The state unemployment insurance systems now have a sound, financial backing. \* \* \* Solvent and in a strong position to meet the demands of the next few years. \* \* \* Must \* \* \* recognize \* \* \* continuing responsibility for maintaining sound, and adequate reserves. \* \* \* essential to maintain a reserve large enough to meet reasonable contingencies of unemployment. \* \* \* Prudent to avoid piling up a huge, reserve fund that can serve no useful purpose. \* \* \* some general criteria can be established \* \* \* to evaluate the adequacy of fund. \* \* \* There may well be different answers arrived at in different states.

\* \* \* Another important problem, \* \* \* is \* \* \* coordinating the unemployment insurance tax with the business cycle so that the tax will not rise as business falls off, imposing the heaviest burden on the employer at the time he can least afford to pay. \* \* \* Sumner Slichter has suggested varying tax rates by having them rise and fall with the fall and rise of unemployment, thus having high taxes when unemployment is low and low taxes when there is considerable unemployment. \* \* \*

**SUMMARIZATION OF RECOMMENDATIONS OF THE  
GOVERNOR'S CONFERENCE ON EMPLOYMENT  
in Sacramento, December 5-6, 1949**

*Compiled by*  
**HARRY HOWARD**  
Executive Secretary  
*for the*

**ASSEMBLY INTERIM COMMITTEE ON FINANCE AND INSURANCE**

**Recommendation of the Governor's Conference on Employment  
Sacramento, December 5-6, 1949**

This conference was set up as follows:

**DIVISION I—SPECIAL PROBLEM GROUPS IN THE LABOR MARKET**

1. Youth
2. Workers Over 40
3. Minority Groups
4. Physically Handicapped

**DIVISION II—THE CONTRIBUTION OF LABOR AND MANAGEMENT  
TO THE CREATION AND MAINTENANCE OF JOBS**

5. Agriculture, Fishing and Food Processing
6. Manufacturing (Including Lumbering)
7. Construction (Public and Private)
8. Transportation, Communications, Utilities and Mineral Extraction
9. Trade, Finance and Service

**DIVISION III—COMMUNITY ACTION ON LOCAL AND STATE LEVELS**

10. Community Assistance to Private Industry in Creating and Maintaining Jobs and in Matching Jobs and Workers
11. Veterans—Community Responsibility for the Employment of Veterans
12. Women—Community Responsibility in Creating Self-Employment for Women
13. Industrial Climate

**DIVISION IV—THE ROLE OF GOVERNMENT IN THE CREATION OF  
NEW JOBS**

14. Public Works
15. Services to Trade and Industry
16. Regional and National Programs for Creation and Maintenance of Jobs

The recommendations formulated by each of these groups, were as follows:

**Division I—Special Problem Groups in the Labor Market**

**YOUTH**

1. That a coordinated and continuous research program be undertaken to discover job opportunities, to reveal unserved areas of economic need, and to make full information available to schools, employment agencies, and to youth themselves
2. This section endorses the need for expanding guidance and placement services for both in and out-of-school youth.
3. This section endorses the need for expanding occupational training programs for both in and out-of-school youth.
4. Work experience programs involving part-time work and part-time school should be expanded.
5. This section urges that copies of the final report of this conference be furnished to all secondary schools in the State in order that they may be fully informed of the findings and recommendations.

**WORKERS OVER FORTY**

1. In order to encourage the maximum employment of older persons, the following steps should be taken :

- (a) Classify all available jobs within a company and identify those jobs which can be adequately or better filled by older workers ;
- (b) Arrange and plan for an orderly shift of older workers to such jobs as each individual reaches the age or condition requiring such shifts. In certain trades or skills, no shift is necessary because persons can perform adequately until retirement ;
- (c) Government services should be made available to achieve these objectives. At the federal level, these services should stem from the Department of Labor, the Federal Security Agency, and the Veterans Administration. At the state level, the Department of Employment can make constructive contributions.

2. Financial penalties on employers who employ older workers should be eliminated through equalization of premium rates on various types of group insurance which are affected by age composition.

3. Federal old age and survivors insurance should be expanded substantially in respect to coverage and benefits. The recommendations for social security legislation contained in the reports of the advisory council on social security to the Senate Committee on Finance (80th Congress, 2d Session) offer a balanced program of revision. The most important provisions upon which the advisory council has made recommendations provide for: (1) the extension of coverage to all workers; (2) the liberalization of benefits; (3) the revision of unduly restrictive eligibility requirements for older workers; and (4) changing the contribution rate for employees and employers.

4. Education should be programmed on the facts relating to the employment of older workers in order to overcome the prejudices and misconceptions which now, in large measure, militate against the hiring or retention of older workers.

5. Vocational rehabilitation and adult education to refit older workers for other jobs which are within their capacity are programs which should be broadened and strengthened. The content of such programs should include personal analysis, physical correction, social adjustment, vocational counseling, retraining, and selective placement.

6. People approaching retirement should be provided with facilities to assist them in acquiring skills, hobbies, and recreational interests which will enable them either to be partially self-supporting in old age, or to enjoy full retirement. In addition to partial or full-time employment, and in anticipation of retirement, there is a continuing social responsibility to provide preparation for a satisfactory old age—in health, housing, recreation and community life.

7. The recruitment and hiring policies of governmental agencies, federal, state, and local, should give special consideration to older workers for certain carefully selected positions.

8. The State Department of Employment should be enabled and encouraged to improve its counseling and selective placement service for all workers, including groups with special problems such as the older worker.

9. There is need for extensive research :

- (a) To find more suitable objective criteria for determining retirement age ;
- (b) To determine an optimum work pace which will maintain maximum productivity over the entire work span of the worker ;
- (c) To evaluate the medical aspects of aging and the development of preventive medical care programs to maintain the over-all health of workers ;
- (d) To determine the facts and effects on employment of older workers of all present types of group insurance and merit rating systems.

#### MINORITY GROUPS

A. Fair employment practices legislation should be enacted at both the state and municipal levels of government.

(Specifically toward this end we respectfully request the Governor to secure the drafting and introduction of sound legislation of this type which can command the support of all responsible elements in the community.)

B. State agencies, such as the California State Department of Employment, the State Department of Industrial Relations, the State Personnel Board, and the State Department of Education should be encouraged to enforce existing public policy.

(The Governor is requested to use his executive powers to the fullest extent possible in stimulating the efforts of public agencies to promote fuller employment of minority workers.)

C. A commission or other similar body should be established to collect information on educational programs for fostering equal employment opportunity.

D. Present training and apprenticeship programs must be expanded and supplemented.

E. Trade unions and employers should be encouraged to widen the area of provisions in collective bargaining agreements designed to provide equal employment opportunities.

F. Measures for increasing the number of jobs generally available should be endorsed and supported.

(The recommendation of this section can be most effectively put into operation by including them in a broad program on full employment to be carried out by the Governor through executive action and by placing measures requiring legislative action before the Legislature at the earliest possible moment.)

#### PHYSICALLY HANDICAPPED

1. That employers, organized labor, veteran organizations, and public and private agencies concerned be urged to join in a program of public information concerning the need, the benefits, and the possibilities of full employment of the handicapped.

2. That specific information be addressed to employers, personnel directors, supervisors, and foremen as to the employability of the handicapped and the benefits to be derived from utilization of this potential source of skilled labor.

3. That employers: (1) adopt a clear policy toward the employment of the physically handicapped; (2) survey the requirements of each job in the plant or business; (3) determine carefully each applicant's skills and his physical capacities; (4) place the disabled on the correct job where his impairment does not constitute a handicap; (5) list job openings with the State Employment Service and refer unaccepted handicapped applicants to the State Bureau of Vocational Rehabilitation; and (6) inform other employers of their favorable experience with the handicapped.

4. That every community organize for promotion of the movement for full employment of its handicapped citizens, either through its "National Employ the Physically Handicapped Week" Committee or otherwise, and on a year-round basis.

5. That "National Employ the Physically Handicapped Week" as an annual intensive stimulus be changed from its present October date to a date in spring.

6. That the Governor's Committee on Employment of the Handicapped be enlarged to include representatives of management, of organized labor, and of veteran organizations in its active membership.

7. That Governor Warren's statement regarding re-employment of the handicapped in public service be made known to all county and municipal governments.

8. That financial support for state agencies dealing with the problem of employment of the handicapped be increased in order that they may provide more adequate rehabilitation services including vocational training, physical restoration, and placement.

9. That the Legislature give favorable consideration to encouraging the now partially self-supporting blind to become wholly self-supporting citizens in their respective communities by appropriate amendments to the Welfare and Institutions Code allowing the self-supporting blind persons to retain, without reduction of their state aid, their earnings up to \$1,000 per year, plus 50 cents of each earned dollar in excess of \$1,000.

10. That the Governor authorize a committee of qualified and interested officials and citizens to make an intensive study and survey of such state, county, and city statutes, ordinances, rules and regulations with reference to civil service, as constitute barriers to the employment of physically handicapped persons in civil service positions, and that such committee recommend such amendments as it may deem necessary to the end that adequate and effective facilities for the job placement of physically handicapped persons in public positions be assured.

## **Division II—The Contribution of Labor and Management to the Creation and Maintenance of Jobs**

### **AGRICULTURE, FISHING, AND FOOD PROCESSING**

#### **1. Canning and Food Processing**

The section recommends that the canning and food processing industry do everything possible, in cooperation with growers, to find crops or commodities that will enable their establishments to operate the year around, thus expanding their pay roll to thousands of people who would ordinarily be thrown out of work in off seasons. Growers are urged to cooperate.

**2. Increase in Products, Markets**

The section recommends that research be conducted to develop new products and methods of marketing present products. Funds from the Production and Marketing Act could be used for such purposes, as they have been applied in the meat packing industry.

**3. Leather Tanning Industry; Textile Industry**

The section recommends the development of a California leather tanning and processing industry, pointing out that a million and a half cattle are slaughtered in the State, but only 300,000 hides are tanned in California. The section points to the need for the development of a California textile industry to use the fiber products of our State within the State and the West.

**4. Pharmaceutical Industry**

The section recommends that chambers of commerce and governmental agencies assist in the development of branches of the pharmaceutical industry to produce such items as insulin and adrenalin from by-products of the meat packing industry, these by-products now being largely wasted.

**5. Reasonable Freight Rates**

The section recognizes and emphasizes the tremendous importance of reasonable freight rates in all phases of agricultural marketing, excessive freight rates serving to strangle the production facilities in California.

**6. The Fishing Industries**

The section recommends that greater attention be given by the fisheries industries and state and government agencies in protecting the water supplies for fish canneries and the fish spawning grounds, and remedying the pollution of rivers and bays that are the natural breeding places for shellfish.

**7. Research on Fish Packaging**

The section recommends that the fish canning industry, aided by various governmental agencies, conduct research to produce more modern packaging and marketing methods to expand the domestic market along the line of higher quality products.

**8. Assistance for Tuna Fishing Industry**

The section recommends that every reasonable assistance be extended to the fishing industry because the tuna industry in California alone employs about 10,000 people, most of them the year around. The employment of these people is jeopardized by the increasing importations of cheaply produced foreign canned tuna. As one of the leading fishing industry states of the Union, the problem of the welfare of this industry is directly connected with the continued employment of a large segment of our people.

**9. Suitable Federal Lands for Veterans**

The section recommends that suitable federal lands be made available to veterans for farm homesteading.

**10. Employment of Veterans on Farms**

The section recommends that farmers should follow the fine training given veterans in agricultural schools by employing such well-qualified veterans in suitable farm and allied work.

**11. Information on Veteran Labor**

The section recommends that all agencies involved, including the schools, the farm placement service, the agricultural extension service, cooperate with the farmers in making available information as to the veterans who are qualified and available after completing their farm education.

**12. Mexican Labor on the Farm**

The section suggests that the employment of Mexican nationals as a supplemental supply of California farm labor is presently required to fill stoop labor jobs and other difficult farm tasks. However, it is the sense of the section that California agriculture should reduce and eventually eliminate such supplemental supply when domestic labor is available and willing to undertake that work now being done by Mexican nationals.

**13. Adequate Tariff Protection**

The section recommends that if present levels of employment are to be maintained, adequate tariff protection is necessary to prevent the flooding of our domestic markets with goods produced under foreign living standards wholly incomparable to our own. In this connection, the section further recommends an early review of all tariff policies of our government by the Congress.

**14. Coordination in Employment**

The section recommends that there should be more effective coordination of employment in agriculture with employment in industry to improve the opportunities for work throughout the year. Encouragement should be given new manufacturing industries that can use the products of California farms to locate in those areas in which the products to be used are produced. Development of new crops can add materially to the opportunity for employment if favorable economic conditions are assured.

**15. Study of Soil Conservation**

The section commends to the appropriate legislative interim committees the continued study of soil conservation problems and practices looking to the full utilization and protection of our soil resources.

**16. Adequate Housing on the Farm**

The section recognizes the fact that adequate housing is necessary to the maintenance of a satisfactory farm work force and therefore the section believes that farm employers and employees alike should be encouraged to continue the building of good farm housing both on and off the farm.

**17. Specialized Farm Work**

The section recommends that, to meet the requirements of specialized farm work and increased mechanization, measures be undertaken by employers and by appropriate public agencies to assist farm workers in improving present skills and in learning new ones in order to maintain their continued employment in California's specialized agriculture.



**18. Maintenance of Farm Families**

The section recognizes that the permanent farm family and its year-round hired help constitute the bulk of the California farm work force. The maintenance of their economic well-being is essential to a sound agricultural economy and must be safeguarded if maximum employment for seasonal workers is to be assured.

**19. Federal Price Supports**

Since price supports for agricultural commodities are at present a part of federal policy, it is the sentiment of this meeting that such supports should be made available to all agricultural crops, including California specialty crops.

**20. Examination of Social Benefit Programs**

It is the sense of this section that the payments to citizens for relief, unemployment insurance, old age pensions, child care, and other social programs be examined in the light of their possible effect upon unemployment through the stimulation of migration to California of people who are attracted by such benefits in numbers beyond the capacity of the State to absorb them.

**MANUFACTURING**

1. The Unemployment Insurance Fund, though solvent, is being depleted at a rate which requires the most careful administration by the Department of Employment and intensification of cooperation by employers to the end that this fund may continue to be a valuable safeguard to the economy of the State. The statistics developed by the Department of Employment indicate that employment in the State of California currently is, for practical purposes, equal to employment a year ago and approximates the all-time high in the State. Eighty-eight percent of the hiring in the State is not done through the Department of Employment. This has the effect of making it easy for in-migrant workers to obtain employment while many formerly employed remain on the rolls of our Unemployment Insurance Fund.

It is important to realize that in-migration is largely made up of persons applying for employment and not principally seeking pensions and other social services.

2. It is recommended that vigorous economies be practiced in government to remedy California's adverse tax position. The services demanded of California Government by our citizens have created a tax burden upon individuals of high and low income and upon businesses, higher than that in most States with which our workers and their employers compete both locally and nationally. Adoption of this recommendation will remove a present deterrent to the expansion of existing businesses and to the establishment of new industries with attendant creation of new job opportunities.

3. We do not recommend lower labor rates for California workers; we do recommend the continuation of intensified cooperation between labor and management to make our labor more productive. The excellent cooperation existing between the collective bargaining agencies of labor and individual employers and their organizations is an inducement to industries to locate or expand in California. We recognize that generally labor rates in California are higher than in areas producing products with

which our manufacturers compete; however, increased productivity will make the unit labor costs more competitive. Labor working in those industries where productivity is measured and where incentives for production exist represent our best paid labor groups. Through the excellent understanding and cooperation between the California Division of Apprenticeship Standards and employers, a very large number of young workers are introduced into the skilled labor force under conditions and at wages satisfactory to labor organizations and employers. Apprenticeship training is an avenue of introducing young workers into the skilled labor pool in which there is only minor unemployment.

4. Research, development, and utilization of waste products are necessary in order that new sources of raw materials and lower costs thereof may reduce our competitive disadvantage with the resultant increase in jobs. Because California is located so far from sources of many raw materials, the costs frequently are greater than those of competitive manufacturers elsewhere.

5. This section urges our freight carriers to give attention to productivity of their labor just as alert manufacturers are doing, because over half the cost of freight transportation is labor. Freight rates to California's various markets are generally substantially higher than those paid by our competitors.

6. We have many wide-open markets in which the demand for California-made goods can be greatly increased through scientific planning and market research. In the past, frequently, California manufacturers have been careless in their marketing techniques. There have been many instances of outstanding marketing programs which prove that with raw materials available and more energetic and imaginative utilization of waste products into economical marketable form, California manufacturers' capacity for servicing its customers will result in an increase in employment in California manufacturing.

#### CONSTRUCTION

1. That Governor \* \* \* appoint a permanent state-wide committee on construction \* \* \* composed of representatives of management and labor from the various sections of the industry, together with consultants from those governmental agencies whose operations have a direct effect on construction employment and/or whose functions are of a fact-finding nature. \* \* \*

2. Local construction employment committees \* \* \* be set up in either counties, cities, or labor-market areas \* \* \* composed of representatives of labor, management, and governmental agencies. \* \* \* Local committees would gather information from trade associations, contractors, governmental subdivisions, etc., in their areas regarding private and public construction that is contemplated, and from labor unions as to the availability of labor. \* \* \* Also seek to maintain employment in the industry through action and cooperation on a community level. \* \* \*

3. \* \* \* That regional committees in northern, central and southern California also be established. \* \* \* Act as liaison between the local and state committees \* \* \* make possible better coordination and interchange of information between contiguous areas. \* \* \*

4. \* \* \* Local construction employment committees \* \* \* give consideration to (a) the broadening and extension of present social security laws so that older workers will be in a better position to retire and more job opportunities will be provided for younger men, and (b) the shortening of the work day and work week if there is general unemployment.

5. \* \* \* The section expressed the belief that facilities are available in California's governmental structure to gather information from private industry and from governmental agencies on (a) large private construction projects planned (residential, commercial, private utilities, etc.); (b) public works contemplated; (c) availability of private and public capital for construction; (d) availability of labor, broken down into labor market areas and occupational groups; and (e) any other factors which might affect employment in the industry on a local or state-wide basis. \* \* \*

6. Employment of force-account workers should be kept at a minimum necessary for maintenance, and should embrace only that number that can be kept regularly employed. \* \* \*

7. \* \* \* While idleness in prisons is to be deplored, and every effort should be made to find noncompetitive work for prisoners, the use of prison labor on public construction projects should be eliminated insofar as possible, \* \* \* prison labor should not be used in competition with free labor. \* \* \*

8. \* \* \* Architects, engineers, and other professional workers employed by the State and other governmental subdivisions should be restricted from practicing their professions privately outside regular working hours, thus competing with persons privately employed in these professions. \* \* \*

9. \* \* \* Urge additional cities and counties to establish redevelopment agencies. \* \* \* For a relatively small investment by the governmental agency, a much greater investment by private capital is made possible. \* \* \*

10. \* \* \* Local communities should explore fully all federal and state legislation providing aid for housing and other public works, which is now available under the Housing Act of 1949, the Hospital Construction Act, the Public Works Planning Act, and the various other aids to assist local government units in building schools, roads, and other public works projects. \* \* \*

11. \* \* \* That the present limitation on home and farm loans under the California Veterans' Welfare Act be increased to a sum commensurate with present building costs.

12. \* \* \* That every effort be made to encourage building materials manufacturers to locate in California; that performance specifications be substituted for brand names; and where all things are equal, that preference be given to California-made materials. \* \* \*

13. \* \* \* Recommended the passage of the Sparkman Bill by the United States Senate (a similar bill by Representative Spence having been passed at the last session by the House). The enactment of this legislation would stimulate private financing of additional middle-income home building, in that it authorizes 4 percent direct loans to veterans and makes possible easier financing of larger loans. \* \* \*

14. \* \* \* That employment would be increased if a definite statement were made regarding building costs, inasmuch as there are instances in which construction has been and is being deferred, \* \* \* in the hope that costs will go down in the near future. \* \* \*

15. \* \* \* That joint apprenticeship committees are doing an excellent job, so that California is first in the Nation, \* \* \* should be encouraged to make local surveys to determine whether they are training sufficient apprentices to replace skilled journeymen who leave the trades.

#### **TRANSPORTATION, COMMUNICATIONS, UTILITIES, AND MINERAL EXTRACTION**

##### **General Recommendations**

1. For creating a state advisory committee for the continuing study and development of programs designed to create and maintain employment. Among the subjects to be studied should be hours of employment, methods of attracting new industries to the State and of combatting the removal of industries from California.

2. For directing the California Department of Employment to keep such records as would identify those workers displaced from jobs because of technological changes and thereby facilitate the consideration and testing of their aptitudes and skills so that they may be referred to related fields or to existing agencies for retraining.

3. For an inventory by each industry and possibly each craft to determine whether present training programs are inadequate, satisfactory or excessive.

4. For an investigation of the entire tax program with special emphasis upon providing incentives commensurate with risk to encourage the establishment of new businesses and the development of natural resources and for a study of the extent to which California taxes, State and local, may discriminate against businesses already here.

5. For positive efforts which would combat the removal of vital defense industries from California to inland communities.

##### **Recommendations: Mining**

1. For creating an advisory committee to act in conjunction with the State Division of Mines in order to expand the program of investigating and coordinating the known and probable needs of industry and agriculture for metals and nonmetallies with the known and probable resources of the State. In this program, the division should encourage and make use of the research, both basic and applied, which can be accomplished by universities, private agencies and similar groups and the division should receive increased appropriation for personnel needed to amplify its program.

2. For making representatives for an early and definite solution to the problem of the ownership of the tidelands oil deposits.

##### **Recommendations: Transportation and Utilities**

1. Against the transfer of American vessels to foreign registry.

2. For the appropriation of funds in the amount already requested by the Maritime Commission for the repair of 134 merchant vessels in the government-owned reserve fleet.

3. For the revision of tolls at the Panama Canal to reflect more closely the costs of providing transit to commercial vessels.

4. For a firm policy directing the Military Sea Transport Service to employ the maximum extent possible privately-owned vessels of the American Merchant Marine.

5. For raising the level of imports from foreign countries in order to ease the world-wide dollar shortage provided that these countries remove those restrictions upon American shipping which prevent or restrict the carrying of these imports in American vessels.

6. For joint action with foreign governments to equalize the manning and safety regulations as between foreign and United States vessels.

7. For an adjustment of present subsidies to American shipbuilders to reflect the dollar devaluation.

8. For the establishment of an advisory committee to the maritime industry to be made up of representatives of management and labor from the maritime and other affected industries to pursue mutual problems and to encourage the increased use of California port facilities.

9. For such actions as will lead to an early resumption of those normal trade relations with all of the peoples of the Far East which are necessary for the maintenance and creation of jobs in the California maritime industry.

10. For the amendment of the Foreign Trade Zones Act so as to permit the exhibition of foreign trade wares in these zones.

11. For repeal of the excise tax on communications, passenger and freight charges which have no place in a peace-time economy and which are particularly discriminatory against California and other western states.

12. For endorsing the Western Transportation Conference in its efforts to increase the flow of traffic through California ports and for calling a conference which would study the entire rate structure of the transportation industry in an effort to increase trade and industry in the State.

#### TRADE, FINANCE, AND SERVICE

##### Tax Structure

The section agreed that the present tax structure contained impediments to full and expanded employment. The problem of providing full employment in California is accentuated by a prospective "in-migration" of some two million persons in the next decade in addition to the rapid growth of population by natural increase.

The section recommended, therefore, that the Governor establish a representative committee of inquiry to investigate the effect of taxes at all levels of government upon employment and the establishment of new enterprise as well as expansion of present services, and to report its findings and proposals for revision of the tax structure, whether federal, state, or local.

Consultants representing labor organizations, in agreeing to the foregoing recommendation, expressed the reservation that any suggestion for revision of the tax structure should contemplate a reduction of the tax burden upon wage and salaried employees, and filed with the chairman of the section a more complete statement of their views.

**Small Business**

The section also agreed that higher educational institutions should inaugurate programs of conferences exclusively designed to meet problems of the small businessman who does not have the opportunities of larger business for specialization among his personnel. There are presently available educational conferences of many kinds directed toward higher business standards; for the most part, these are designed chiefly for larger businesses. Similar conferences, it was urged, should be set up primarily for small business to improve business methods and reduce small business mortality.

It was pointed out to the section that extraordinary success had been attained in certain parts of the State through cooperative efforts of small business concerns to complement the staffs of several concerns through joint representation, for example, in selling. It was recommended that in trade and service, efforts should be made to establish integrated arrangements with such groups to the end that each might benefit and general employment might be expanded.

**Foreign Trade**

Because of the importance of foreign trade, the section recommended that a representative conference be called to examine present obstacles to the expansion of foreign trade and to determine the constructive steps that must be taken to regain prewar levels in foreign trade.

**Community Resources**

The section also recommended that each community in the State of California establish representative committees that would speak for all segments of the economy and which would make surveys of community resources and deficiencies—with the objective of securing as balanced a state economy as possible. The section further urged reexamination of local job-counselling service and further utilization of the program of the State Board of Education and other public and private agencies for distributive education for small businessmen.

**Sales Training**

The section also recommended that, irrespective of the size of the business establishment, new emphasis be given to the development of sales training methods in educational institutions. It was urged that stronger exploitation of sales training would stimulate sales generally and would, therefore, stimulate employment in all fields.

**Domestic Service**

The section agreed that because domestic employment had seriously lagged in relation to income, population growth, and other measures of expansion in California economy, improved resources should be provided for the training of persons desiring to enter domestic service, such training to be provided through established educational institutions such as trade schools.

The section likewise agreed that the whole area of training in all skills at all levels should be considered and that steps be taken to encourage individuals to enter such occupations as are now in short supply.

**Division III—Community Action on Local and State Levels****COMMUNITY ASSISTANCE TO PRIVATE INDUSTRY**

“That formal community organization, sponsored by local public leadership in cooperation with labor and management, be established to analyze community resources and needs, and to formulate and carry out plans to meet both current and potential employment requirements.”

“That the community, as a first step in assistance to private industry in creating and maintaining jobs, shall initiate a thorough examination of its resources to obtain facts about its facilities and potentials, and to determine what it has, what it needs and what it should do to adequately provide for its present and future employment requirements.”

“That California industry, business and agriculture assist in the orderly management of the community labor market by centralizing, to the maximum extent possible and practicable, orders for needed workers with the facilities of the State engaged in employment referral and placement, and that the State particularly emphasize the job finding phase of its responsibilities.”

“That each community be urged to analyze its need for vocational training of workers and to develop and extend, with the cooperation of the State, its community facilities for the necessary training or retraining of its labor supply.”

“That the Governor reactivate, and take necessary steps to finance, the Office of Planning and Research, and publicize its facilities, to thus provide the communities with the necessary economic data, information and services; and to aid them in meeting the objectives of creating and maintaining jobs and in matching jobs and workers.”

“That communities with common or complementary interests and problems join together in a common effort to develop natural resources, attract new industry, aid in local expansion, stimulate greater tourist and other trade, influence employment stabilization and assist in general regional promotion.”

**VETERANS—COMMUNITY RESPONSIBILITY FOR THE  
EMPLOYMENT OF VETERANS**

1. Full use of on-the-job and apprenticeship training program.
2. Wholehearted community action to bring new industry into the community and stimulate existing industry to expand.
3. Special assistance in job development and placement services for veterans physically handicapped as a result of their military service.
4. That the Bureau of Census be empowered to make a full and complete census to determine accurately the number of veterans residing in California.
5. That a coordinated state-wide effort be made to aid California's agricultural workers in achieving full employment, thereby supplanting the need for importing Mexican nationals.
6. That a state-wide committee be appointed to study ways and means to realize full benefits from the present job placement service for veterans. Whether this requires reorganizing the present veterans employment representative system in the Department of Employment, or whether it means strengthening the Department of Employment's work through creation of a veterans division is for the survey committee to recommend.

7. That the Veterans Employment Advisory Committee to the Director of the Department of Employment be afforded the same status as the State Farm Placement Advisory Committee.

#### **WOMEN—COMMUNITY RESPONSIBILITY IN SELF-EMPLOYMENT FOR WOMEN**

That a state committee be appointed by the Governor to explore, study, and recommend to communities of the State available resources and procedures through which communities may provide such advisory services; that this committee be a small working group broadly representative of California's citizens. That it should be the function of this committee: to advise local committees and assist in their establishment; to utilize such public and private agencies as now exist; to use all media of publicity to promote this program; and that experiments which have been conducted in this field should be considered as pilot studies for guidance of the group.

It is further recommended that local committees to facilitate this plan of action include such local groups as women's organizations, civic associations, labor, management, business, schools, and federal, state, and local government agencies, in order that they may participate in execution of the plans.

In discussing and agreeing on this proposal, members of the section felt the state committee could perform a valuable service in correlating information, channeling interchange of community experiences, and evaluating the success and shortcomings of experiments already conducted in employment, and survey also related training facilities available.

Pending recommendations of the state committee, community and state organizations should be encouraged, in the opinion of members of the section, to continue experiments in this line which may serve as pilot projects for evaluation by the state committee. Groups which have already pioneered in this field are to be commended for their activity, and should be encouraged to publicize and to continue such projects.

It is the feeling of members of this section that if such coordinated local advisory service is made available to the public, a great many women will be enabled to prepare for and engage in self-employment that would prove highly beneficial to the economic life of our State and that, in turn, would contribute to the desired increase in the gainfully employed labor force, both in the form of increased self-employment and, through business growth, by increased employment of others.

#### **INDUSTRIAL CLIMATE**

1. That the Governor appoint a state-wide standing committee of representative leaders of management and labor to study the history of successful industrial relations in the State, for the purpose of applying the benefits thereof to labor relations by making its findings available to community or regional groups.

2. That representative leaders of management and labor be urged to collaborate on a community or regional basis in management-labor



conferences, such conferences to convene at regular intervals to consider timely problems affecting the opportunities for employment in the area and in the State.

3. That all public officials (state, county, district, and municipal), when preparing, reviewing and approving their budgets, and the State Legislature when enacting new legislation involving the expenditure of tax moneys, carefully scrutinize each proposed item of expenditure to the end that greater efficiency in all government shall be attained and economies realized in the expenditure of tax funds.

4. That a bi-partisan commission be appointed to conduct a "Little Hoover Survey" covering state governmental operations.

5. That a study be made of unemployment insurance to determine whether improvements can be made in the administration of the act.

6. That the State Legislature review existing state marketing and fair and unfair trade practices acts and any other price fixing legislation to determine whether they operate in the public interest, thus furthering employment opportunities.

7. That representative leaders of management, labor and the public be urged to collaborate on a community or regional basis for the purpose of studying and working towards the solution of the problems enumerated under items (a) through (e), inclusive.

8. Unlawful monopolies instituted by any segment of society should be promptly investigated and prosecuted by the governmental agencies appropriately concerned.

9. Industries and individual businesses should study ways and means of better informing the communities in which they operate of their useful facilities, their products, and problems.

#### **Division IV—The Role of Government in the Creation of New Jobs**

##### **PUBLIC WORKS**

**I. The section considered the relation of public works to the labor market, and in that connection finds and recommends:**

1. There is opportunity and obligation for government—federal, state, and local—to stimulate and sustain the private economy by the construction of public works essential to the conduct of business and industry. Such projects as are urgently needed should be constructed as rapidly as possible.

2. Public works normally represent approximately one-third of the total volume of construction. In California the construction industry since the end of the war up through August, 1948, was fully employed but has declined appreciably since then. Public works are now making an effective direct and indirect contribution to employment in our State.

3. Any falling off of activity in the construction industry would justify the immediate expansion of public works. Careful selection of those types of projects which do directly stimulate and encourage expansion of the economy would, in the long run, be the greatest present contribution of public works to the field of employment.

4. Public works sustain enterprises and provide employment in industries and activities directly and indirectly related to construction, although public works do not provide over-all employment to the general

work force, and an expanded public works program cannot be expected to meet a widespread unemployment situation as a single means of solving unemployment.

**II. The section considered the desirability of timing public works—reserving them for periods of less than full employment in the construction industry.**

1. It was recognized that many projects are urgently needed either for the public health and welfare, or for the expansion of business and industry. It was agreed that such urgently needed projects should be constructed as rapidly as possible.

2. The section recommends that other desirable and necessary public works which are not urgent should be deferred until their construction will contribute to full employment in the construction industry and thus help to sustain the economy. Some types of projects are very flexible and responsive to employment needs. In the case of public schools, for example, where a substantial amount of financing is available, plans for many years in advance can be made and actual construction time to stabilize the construction employment situation.

3. Advance planning and engineering on deferable public construction is necessary if these projects are to contribute to the relief of an unemployment situation.

4. It is recommended that Governor Warren arrange to have a state-wide survey made of the status and amount of public works project plans in order that there may be available:

- a. A list of urgently needed projects together with data regarding the status of engineering plans and financing.
- b. A list of desirable public works which could be deferred and the progress of planning and financing of such projects.

**III. The section gave extended consideration to financing of public works.**

1. It was agreed that the present traditional state and local methods of financing public works are inadequate to the present and future requirements of California and its political subdivisions. It is recommended:

- a. That, in order to conserve the present public works financing resources of state and local government for essential nonrevenue public works, every effort be made to put all suitable projects on a self-liquidating basis. To do this, the Legislature should be urged to give immediate consideration to ways and means of making revenue bond financing fully effective in the cities and counties of California.

2. It is recommended that the Governor and the Legislature give special consideration to the problem of financing critically needed local public works where costs are so great that the normal methods of local financing are not adequate.

**SERVICES TO TRADE AND INDUSTRY**

What can the state employment service do to stimulate the creation of business and jobs?

Employers should be required to place all job offers not filled through unions with the service, to bring about more prompt placing and filling of jobs and consequent curtailment of employment and benefit payments. (There was some objection to this recommendation on the ground that employers are already sufficiently regimented in their hiring )

Existing merit rating should be eliminated or put on realistic, industry-wide basis.

There should be more complete and thorough classifications of workers, to get best qualified person for the particular job.

More effort should be put into keeping employer groups well informed regarding the operation of the service, possibly through job-relation officers to "sell" the service at the community level.

Employers should be educated to refrain from making discriminatory requests based on age, race, creed, etc., on the ground that such practice closes off a large field of excellent workers and is a poor long-run business policy.

Stronger liaison should be encouraged between employment service and business and industry at community level.

Representatives from cities and counties should meet immediately with the proper state personnel to determine the location of approaches for the new Bay crossing.

State-wide assistance should be provided at the local level for advertising campaigns to acquaint business and industry with locally available facilities such as plant sites, markets, labor supply, transportation, etc.

Factories, although built to the specifications of a particular industry or business, should be so designed as to be easily convertible to the uses of other businesses in case of the failure of the original tenant.

A state governmental agency should be established comparable to the federal R. F. C.

Governmental aid should be provided to establish a World Trade Center Authority at Los Angeles, similar to that in San Francisco.

A tax moratorium should be provided for new industries (such as Apparel City) during the early stages of operation.

Among the things government can do at the community level to increase the success of business and industry, is the creation of facility-services to industry at the community level. Those looking to California for business opportunities want to know about the domestic water supply and how much water will cost, whether there is adequate transportation, sewage disposal, schools, hospitals, residential areas, police protection, fire protection, garbage service, etc., essential for the purposes of industry.

Domestic water is a definite problem in the State, especially from the standpoint of future growth and prosperity. Taxes, as compared with the tax structure of some years ago, are exorbitantly high, with the Federal Government skinning off a large portion of local-level income. So long as the tax structure remains as it is and the Federal Government takes as large a portion as it now takes, we have the right, with basic problems such as the domestic water supply, to go back to the

Federal Government and demand the expenditure of government money to create an adequate domestic water supply with industrial rates compatible with industrial operation in the community. The water problem is one of life or death to the community, and we cannot secure necessary water on our own abilities alone. Where water supply is adequate the price is frequently too high. We should appeal to the Federal Government and be specific in our requests for aid we need and are entitled to receive.

There is a clear indication of the need for leadership in the field of research in creating cooperation and collaboration between government, business, and industry, in order to determine what research facilities are available in the State and how existing facilities can be contacted by businesses and industries. We should perhaps explore the field of leadership which can be developed by business and industry. The State Chamber of Commerce, local chambers, etc., will be interested in some instrumentality to attain greater support for existing research agencies.

There is a great need for accurate, prompt statistical information, which is often not available or accessible; individual business and industry, in most cases, is unable to do its own research due to cost, time, and personnel factors.

Business and industry in the State should be willing to contribute toward the establishment of such an instrumentality and to use all of their resources to support such collaboration with government.

Farmers should help themselves through marketing agreements rather than rely upon federal price "props." There is need for prompt, accessible information concerning available markets, etc.; for more cooperation among farmers themselves to stop harmful "racing" for first markets with immature produce, spoiling later market for mature produce.

There is a need for associations to create new markets and for package standardization and labeling.

In the field of garment production and marketing, special leadership is needed at the state level to bring about practical working relationships among the members of the industry, the various segments of our economy which have such a vital interest in seeing to the proper growth of the apparel industry in California, and the representatives of government at all community levels. It was recommended that the Governor call a meeting in Sacramento of representatives of all the segments of the apparel and allied industries from the various production centers in the State of California, and the representatives of industries vitally affected by a large, successful California apparel industry and governmental representatives at all levels of government. This meeting should be conducted in the same open manner as the Governor's Conference on Employment was conducted, with consultants and leaders to be appointed prior to such a meeting, and perhaps three impartial representatives of leading citizens outside of the apparel industry with one chairman and two co-chairmen also to be appointed prior to this meeting. The purpose of such a meeting would be to form a strong, over-all state

group to promote the efficient California apparel industry, regardless of location within the State. The apparel industry could be the number one industry in number of employees and also in sales volume in the State of California, as it is in New York State.

There is a need of competent leadership in development of closer collaboration between industry and government at all levels in the promotion of market facilities and greater consumption.

#### REGIONAL AND NATIONAL PROGRAMS FOR CREATION AND MAINTENANCE OF JOBS

The panel agreed, almost unanimously, to the following recommendations:

1. That a broadly representative state agency be delegated responsibility for the collection, interpretation, and dissemination of information related to California's economy. This agency should also be responsible for promotion, coordination, and assistance in local or area full employment programs.

2. That broadly representative organizations be set up within communities to make use of this information and to apply it to help increase employment.

3. That the coverage, duration, and amount of unemployment insurance compensation be increased to improve the ability of the worker to adjust to changing job opportunities. (Representatives of business opposed this recommendation.)

4. That the State Employment Service be strengthened, and that greater cooperation be provided between the California service and those of other states to increase the mobility of labor.

5. That a vocational training program be expanded to increase the number of skills of workers.

As longer-run measures, the panel submitted the following recommendations:

1. That there be continuance and further development of existing programs aimed at expanding the resource base of this area, including the development of our power potential, water reserves, our recreational facilities and our land, mineral and forest resources, in order to encourage the growth of private job opportunities essential to maintain and support the present population and the increased population expected in the future in this State.

2. That the most efficient use be made of all resources, and particularly, that replaceable natural resources be "farmed" rather than "mined."

3. That policies be followed that increase trade between communities in the State, between this State and others, and between nations.

4. That in the event of a major increase in unemployment, integrated state-federal programs should be initiated to meet the problem.

## SUMMARY OF FACTORS AFFECTING THE SOLVENCY OF THE UNEMPLOYMENT FUND

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### Summary

The increase in contribution rates for the Unemployment Fund for the calendar year 1950 from the schedule in effect in 1948 and 1949 focuses attention upon the factors affecting the solvency of the Unemployment Fund and the provisions of Section 39 of the California Unemployment Insurance Act which excludes over \$110,000,000 from available fund balances in the determination of the applicable schedule of contribution rates.

The trend of revenues and expenditures reflecting the operations of the Unemployment Fund shows the accumulation of a large reserve balance reaching a peak in 1945. Unemployment Fund revenues decreased in 1946 as a result of the transfer of employees contributions from a source of revenue for the Unemployment Fund to the Disability Fund. Revenues were further decreased in 1948 and 1949 as a result of a lower schedule of contribution rates. Benefit payments increased in 1946 as a result of the end of war employment, decreased some in 1947 and then increased beginning in 1948 with a sharp increase in 1949 with expenditures exceeding revenues by more than \$119,000,000 for that year.

A number of changes have been made in the Unemployment Insurance Act since its enactment in 1935. The principal changes affecting the solvency of the Unemployment Fund have been those relating to the benefit structure, coverage, contribution rates, and disability benefits. The general effect of these changes has been to increase and extend benefits and decrease revenue available for potential benefits.

The average number of workers in employment covered by the act increased from 1,000,000 in 1936 to over 2,500,000 in 1948 which exceeded the wartime peak of a little over 2,250,000. The average number of claimants receiving weekly benefits increased from 4.1 percent of the number in covered employment in 1938 to 6.7 percent in 1940 and then decreased sharply to 0.4 percent in 1943. During 1949, the number of claimants increased to 8.8 percent of the number of workers covered by the act. Both the number of workers and the number of claimants show marked seasonal variations during the calendar year.

The trend of benefit payments for 1948 and 1949 resulting from increases in the amount of weekly benefits and duration of benefits effective January 1, 1948, indicate a heavy drain on the Unemployment Fund reserves in the event of a recession in employment of any magnitude.

### Determination of Contribution Rates

The announcement by the Department of Employment that employer's contribution rates would be increased beginning January 1, 1950, focuses attention on the factors affecting the solvency of the Unemployment Fund. This action was taken in accordance with the provisions of Section 39 of the California Unemployment Insurance Act as amended by Chapter 277, Statutes 1947 which provides for two schedules of contribution rates. The lower schedule provides for 14 rates less than the basic 2.7 percent with a minimum rate of zero. This is the schedule of rates in effect for the calendar years 1948 and 1949. The higher schedule provides for four rates less than the basic 2.7 percent with a minimum rate of 1 percent. This is the schedule in effect prior to 1947 and is the schedule now effective for the calendar year 1950.

A third schedule of contribution rates is provided for by Section 41.3 of the act, added by Chapter 940, Statutes 1941, which authorizes the application of the basic rate of 2.7 percent for all employers whenever the amount on hand in the Unemployment Fund is less than one and one-half times the amount of benefits paid during the preceding calendar year. The three schedules of contribution rates thus provided by the Unemployment Insurance Act are shown in Table 1 as follows:

Table 1—Unemployment Compensation Contribution Rates

<i>Ratio of employers reserve balance to average base pay roll</i>	<i>Lowest tax rate <sup>1</sup></i>	<i>Intermediate tax rate <sup>2</sup></i>	<i>Highest tax rate <sup>3</sup></i>
Less than 6%-----	2.7	2.7	2.7
6 % but less than 6½%-----	2.5	2.7	2.7
6½% but less than 7 %-----	2.3	2.7	2.7
7 % but less than 7½%-----	2.1	2.7	2.7
7½% but less than 8 %-----	1.9	2.5	2.7
8 % but less than 8½%-----	1.7	2.5	2.7
8½% but less than 9 %-----	1.5	2.5	2.7
9 % but less than 9½%-----	1.3	2.0	2.7
9½% but less than 10 %-----	1.1	2.0	2.7
10 % but less than 10½%-----	.9	1.5	2.7
10½% but less than 11 %-----	.7	1.5	2.7
11 % but less than 11½%-----	.5	1.0	2.7
11½% but less than 12 %-----	.3	1.0	2.7
12 % but less than 12½%-----	.1	1.0	2.7
12½% or more-----	.0	1.0	2.7

<sup>1</sup> Schedule used in 1948 and 1949

<sup>2</sup> Schedule prior to 1947 and applicable whenever available fund balance is less than 7½ percent of total taxable pay roll for year ending previous June 30th

<sup>3</sup> May be used whenever balance is less than 1½ times amount paid for previous year

Section 39 as amended provides that the intermediate rate schedule with five experience rates shall apply to the employers contributions whenever the balance in the Unemployment Insurance Fund on January 1st of any calendar year (exclusive of any amounts available for transfer to the Disability Fund) is less than 7½ percent of the wages in employment subject to the act paid during the 12-month period ending June

30th, immediately preceding such January 1st. The computation resulting in the application of this schedule is as follows:

Total taxable wages July 1, 1948, to June 30, 1949.....	\$6,528,804,845
Amount required to equal $7\frac{1}{2}$ percent of taxable wages.....	489,660,363
Unemployment Fund balance December 31, 1949.....	590,339,577
Less amount available for disability benefits.....	110,397,311
Net balance of Unemployment Fund.....	\$479,942,266
Amount by which the Unemployment Fund balance fails to equal $7\frac{1}{2}$ percent of taxable wages for year ending June 30, 1949.....	\$9,718,097

Although the amount of the total taxable wages for the year ending June 30, 1949, was known at the time when the contribution rates for 1950 were fixed, the exact amount of the fund balance was not known and that amount was conservatively estimated to be \$482,946,996 whereas the actual balance to be used for fixing such rates pursuant to the provisions of Section 39 of the act was \$479,942,266 which was \$9,718,097 less than the amount required to equal  $7\frac{1}{2}$  percent of the total taxable wages for the year ending June 30, 1949. It should be noted, however, that an additional \$110,397,311 was available for unemployment benefits and also available for transfer for disability benefits. If this amount had not been specifically excluded from the contribution rate base, the total balance in the Unemployment Fund of \$590,339,577 as of December 31, 1949, would have exceeded the  $7\frac{1}{2}$  percent requirement by \$100,679,214 and the lower rate schedule would have prevailed for 1950.

### **Trend of Revenues and Expenditures**

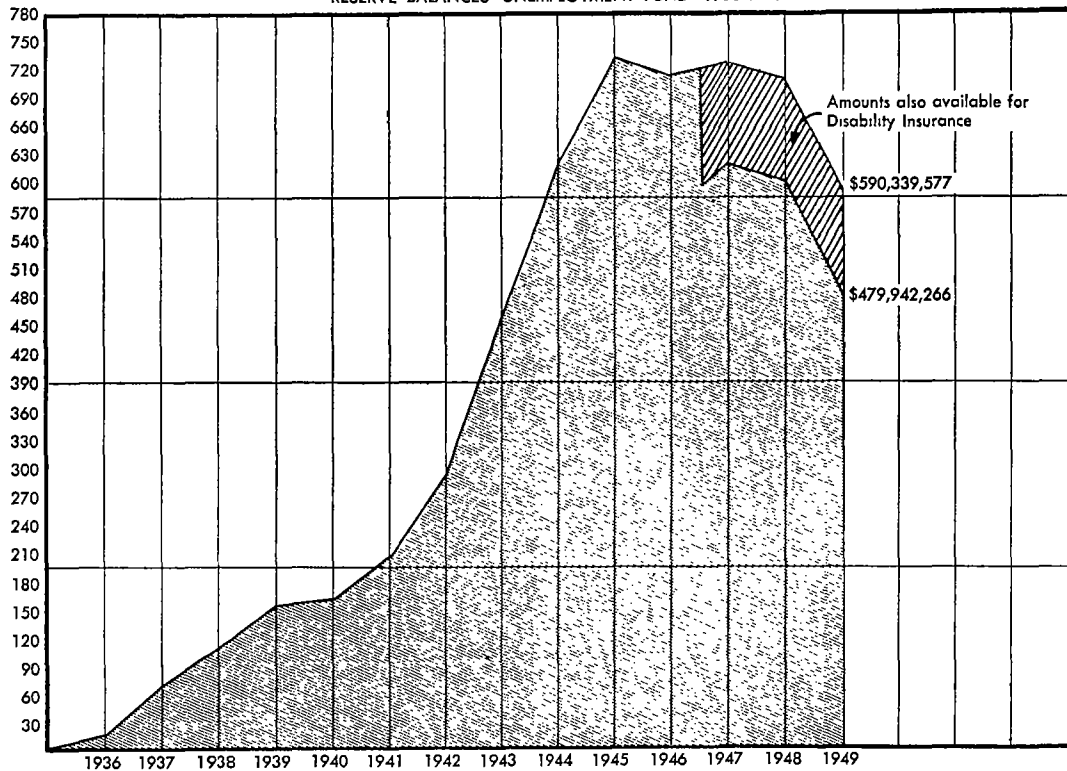
The ending balances in the Unemployment Fund by years are shown in Table 2, together with the total revenues and expenditures from 1936 to 1949. Chart 1 is a graphic presentation of the balances shown in Table 1. This chart also shows the balances available for both unemployment benefits and disability benefits. The trend of revenue and expenditures resulting in these fund balances is shown in Chart 2. The excess of revenue over expenditures during the war years resulted in the peak of fund balances in 1945. Benefit payments started increasing in 1944, accelerated rapidly in 1945 and 1946, decreased during 1947, and then began another increase in 1948 which exceeded revenues in 1949 by \$118,394,475.

The composition of revenues and expenditures are shown in Tables 3 and 4. Chart 3 compares the revenues and expenditures for each year from 1938 to 1949, inclusive. Total revenues exceeded total expenditures for each year from 1938 to and including 1945. Total expenditures exceeded revenues in 1946, were less than revenues in 1947, and exceeded revenues in 1948 and 1949.



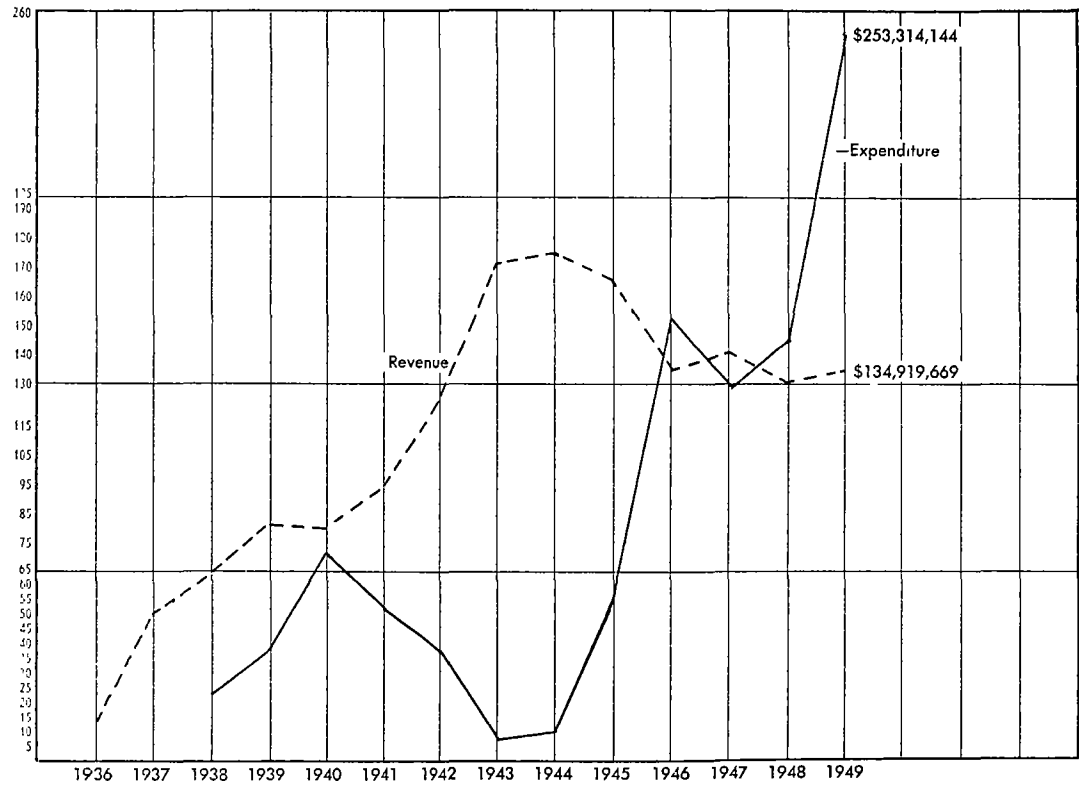
Millions  
of  
Dollars

CHART 1  
RESERVE BALANCES—UNEMPLOYMENT FUND 1936-1949



Millions  
of  
Dollars

CHART 2  
REVENUE AND EXPENDITURES—UNEMPLOYMENT FUND— 1936-1949



Millions  
of  
Dollars

CHART 3  
DISTRIBUTION OF REVENUE AND EXPENDITURES—UNEMPLOYMENT FUND: 1938-1949

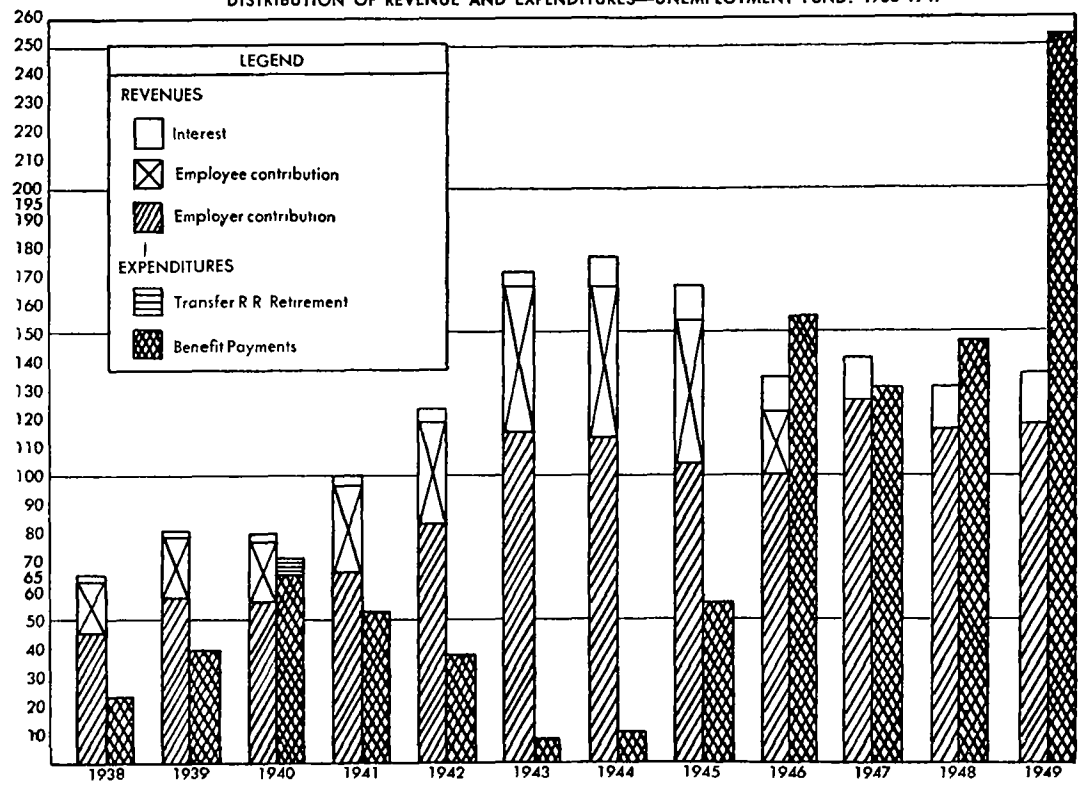


Table 2—Revenues, Expenditures and Ending Balances,  
Unemployment Fund: 1936-1949

Year	Total revenues	Total expenditures	Ending balance	Annual increase
1936 -----	\$13,859,782	--	\$13,859,782	\$13,859,782
1937 -----	52,058,054	--	65,917,836	52,058,054
1938 -----	65,551,701	\$23,714,811	107,754,726	41,836,890
1939 -----	81,660,825	38,546,838	150,868,713	43,113,987
1940 -----	80,662,773	72,775,141	158,756,345	7,887,632
1941 -----	95,977,582	52,265,823	202,368,104	43,611,759
1942 -----	124,196,318	37,380,998	289,183,424	86,815,320
1943 -----	172,439,459	7,711,832	453,911,051	164,727,627
1944 -----	176,573,618	10,060,482	620,424,187	166,513,136
1945 -----	166,822,841	55,288,794	731,958,234	111,534,047
1946 -----	135,982,193	154,823,105	713,117,322	—18,840,912
1947 -----	141,200,207	130,087,048	724,230,481	11,113,159
1948 -----	131,076,619	146,573,048	708,734,052	—15,496,429
1949 -----	134,919,669	253,314,144	590,339,577	—118,394,475
Totals ---	\$1,572,981,641	\$982,642,064	\$590,339,577	
Less balance also available for disability—			110,397,311	
Net balance for computing tax rates *-----			\$479,942,266	

SOURCE Records and reports of the Department of Employment  
\* Section 39 of the California Unemployment Insurance Act

Table 3—Sources of Revenue, Unemployment Fund: 1936-1949

Year	Employer contribution	Employee contribution	Interest on fund balance	Other revenue	Total
1936 -----	\$9,225,760	\$4,632,904	--	\$1,028	\$13,859,782
1937 -----	34,081,567	17,066,143	\$490,021	420,323	52,058,054
1938 -----	45,790,142	17,830,312	1,765,090	166,157	65,551,701
1939 -----	57,218,236	21,145,647	2,868,336	428,906	81,660,825
1940 -----	55,921,157	20,371,012	3,753,458	617,146	80,662,773
1941 -----	66,316,097	24,748,227	4,096,496	816,762	95,977,582
1942 -----	82,706,779	35,483,222	5,226,545	779,772	124,196,318
1943 -----	115,044,285	49,681,992	6,977,666	735,516	172,439,459
1944 -----	114,247,486	52,933,103	9,368,985	24,044	176,573,618
1945 -----	104,007,345	49,961,669	12,601,329	252,498	166,822,841
1946 -----	100,455,145	21,667,948	13,743,750	115,350	135,982,193
1947 -----	127,503,174	—231,986	13,827,177	101,842	141,200,207
1948 -----	116,237,240	—103,457	14,776,625	166,211	131,076,619
1949 -----	117,300,125	—20,559	17,415,231	224,872	134,919,669

SOURCE: Records and Reports of the Department of Employment

Table 4—Expenditures Unemployment Fund: 1936-1949

Year	Benefit payments	Uncollectible accounts	Miscellaneous	Total
1936 -----	--	--	--	--
1937 -----	--	--	--	--
1938 -----	\$23,714,811	--	--	\$23,714,811
1939 -----	38,546,838	--	--	38,546,838
1940 -----	64,969,575	\$1,787	<sup>1</sup> \$7,803,779	72,775,141
1941 -----	51,931,029	434,794	--	52,365,823
1942 -----	37,379,122	1,876	--	37,380,998
1943 -----	7,319,356	392,476	--	7,711,832
1944 -----	9,927,735	132,747	--	10,060,482
1945 -----	55,288,794	--	--	55,288,794
1946 -----	154,623,105	--	<sup>2</sup> 200,000	154,823,105
1947 -----	130,087,048	--	--	130,087,048
1948 -----	146,571,001	--	2,047	146,573,048
1949 -----	253,216,882	45	97,217	253,314,144

SOURCE Records and Reports of the Department of Employment

<sup>1</sup> Transfer to Railroad Unemployment Insurance System

<sup>2</sup> Transfer to Disability Fund Part of employee contributions for 1944 and 1945

The three main sources of revenue for the Unemployment Fund were employer contributions, employee contributions, and interest earned on fund balances. Employer contributions increased with some fluctuations from \$9,000,000 in 1936 to a high of \$127,500,000 in 1947. Decreases in 1948 and 1949 are due in part to the lower schedule of contribution rates in effect for those years.

Employee contributions reached a peak of approximately \$53,000,000 in 1944 and then decreased in 1945 as a result of decreased employment at the end of the war. Since the enactment of the disability benefit program in 1946, employee contributions go to the Disability Fund and are no longer a source of revenue for the Unemployment Fund. Interest earned on fund balance has increased from \$500,000 in 1937 to approximately \$17,500,000 in 1949. The importance of this item is shown by reference to Chart 3, which shows that the excess of revenue over benefit payments in 1947 was due to the amount of interest for that year.

### **Changes in the Unemployment Insurance Act**

Two of the revenue factors affecting the solvency of the Unemployment Fund, a lower schedule of contribution rates and the transfer of employee contributions to the Disability Fund, have been discussed briefly. These, however, are only two of a number of changes that have been made in the act since its enactment in 1935. Other important changes affecting the fund solvency are those relating to the unemployment insurance benefit structure, extent of coverage, and contribution rates.

#### **BENEFIT STRUCTURE**

The original act set out benefit rights **only** in general terms. A non-compensable waiting period of four weeks was provided for 1938 and three weeks thereafter. The waiting period was reduced to two weeks in 1939 and further reduced to one week effective September 15, 1945.

Compensation was to be "generally, for total unemployment, at a rate of 50 percent of the average weekly wage but not exceeding \$15 a week nor less than \$7." Two changes were made in the weekly benefit schedule in 1939. The second, effective December 31, 1939, established a new schedule of weekly benefits ranging from \$10 to \$18. The maximum weekly benefit amount was changed from \$18 to \$20 effective August 4, 1943, and again increased to the present maximum of \$25 effective January 1, 1948.

Duration of benefits originally ranged from 1 through 20 weeks in twelve (12) consecutive months, depending on duration of previous employment. The maximum potential duration was changed in 1937 to a series of seven schedules according to the number of quarters worked and gross taxable earnings in a two-year base period, longest potential duration to be the dividend of \$300 divided by the weekly benefit amount with minimum qualifying wage credits of \$156. In 1939, a schedule of maximum potential benefits was established according to taxable wages in a one-year base period ranging from \$50 to \$300. Effective December 31, 1939, a new schedule of maximum potential benefits was adopted ranging from \$163 or sixteen (16) weeks of benefits (whichever was smaller) to

\$468 with qualifying wage credits raised to \$300. The maximum potential duration was reduced from 26 weeks to 23.4 weeks in 1943 and returned to 26 times weekly benefit amount or one-half base period earnings, whichever is the smaller amount, in 1947. Maximum potential benefits were thus increased from \$468 to \$650.

### COVERAGE

The original act covered employment by employers of eight or more employees, with the exception of agriculture, domestic service, nonprofit organizations, water transportation, government employment, and some minor other activities. Coverage was extended in 1937 to employers having four or more employees on 20 different days in 20 different weeks of a year. A number of small industrial exemptions were added in 1939 and, effective June 30, 1939, interstate railroads were exempted to be covered by the Railroad Unemployment Insurance Act. Effective January 1, 1946, coverage was extended to all employers in the industries previously covered. This added about 160,000 employers with one to three employees.

### CONTRIBUTION RATES

The original act levied a tax of 0.9 percent of total wages on employers and 0.5 percent on employees effective January 1, 1936, and provided that the tax on employers would be 1.8 percent and 1.0 percent on employees effective January 1, 1937, and 2.7 percent on employers effective January 1, 1938, with merit rating and a minimum rate of 1.0 percent to be effective in 1941. The original act also contained a provision allowing tax exemption to employers with approved wage guarantee plans. This provision was never used and was repealed in 1943. The employee rate for 1937 was reduced to 0.9 percent of wages.

Effective January 1, 1940, taxable wages for the employer tax were defined as those not exceeding \$3,000 paid to a single worker by a single employer in a calendar year; and for the employee tax, \$3,000 earned in any single year. The lower schedule of contribution rates provided for by 1947 amendments to the act and effective for 1948 and 1949 provided greatly reduced rates for employers with good experience ratings as long as the balance in the Unemployment Fund (exclusive of amount also available for disability benefits) at the end of the calendar year equaled or exceeded  $7\frac{1}{2}$  percent of the taxable wages for the year ending on the preceding June 30th. The Department of Employment estimates that this lower schedule saved employers using the lower rates about \$18,000,000 in taxes in 1948 and another \$16,000,000 in 1949.

### DISABILITY BENEFITS

The addition of disability as a compensable hazard of employment in 1946 brought about several changes in the unemployment compensation program and, in effect, created two types of unemployment benefits. Disability benefits are paid to compensate wage losses owing to disability in the same amounts as benefits paid to compensate for wage loss due to other unemployment. Such benefits are financed entirely by wage earner contributions and such contributions are no longer sources of revenue for the Unemployment Fund.

The provisions of the 1946 amendments to the act whereby prior contributions of wage earners of more than \$100,000,000 were also made available for disability benefits affects the solvency of the Unemployment Fund in two ways. The first is the potential drain on the balances of the Disability Fund which might result from further benefit allowances such as the additional hospital benefits added by 1949 amendments. The second effect is the increased contribution rates resulting from the exclusion of this amount from the rate base established by Section 39 of the act as amended.

### Effect of Changes

The general effect of these changes has been to increase and extend benefits and decrease revenue available for **potential** benefits. The results of the operations of the employment stabilization program shown in Tables 3 and 4 and Charts 1, 2, and 3 reflect, to some extent, the effect of the changes in the act on the problems relating to the solvency of the Unemployment Fund.

The tremendous increase in the reserve balances resulting from increased employment brought about by defense and war expenditures was, in part, responsible for the liberalization of the act with respect to benefits and contribution rates. With the exception of 1940, the data in Tables 3 and 4 show that employer contributions had been more than adequate to meet the requirements of expenditures for benefit payments up to 1946 when the disability program was added and employee contributions transferred from a source of revenue for the Unemployment Fund to the Disability Fund. The increase in benefit payments of approximately \$100,000,000 in 1946, however, caused expenditures to exceed revenues in that year for the first time during the operation of the act.

The large reserves together with the ability of the employer contributions together with the interest on fund balances to meet expenditure requirements with the exception of the increase in payments in 1946 resulting from decreased employment at the end of the war, also led to demands for reduction of employer contribution rates at about the same time that employee contributions were withdrawn as a source of revenue of the Unemployment Fund. The estimate of the Department of Employment that the lower schedule of contribution rates saved employers about \$18,000,000 in taxes in 1948 is just a little more than the excess of expenditures over revenues for that year. This excess, however, did not have an adverse effect on the solvency of the fund since there was still a sufficient reserve balance to insure an adequate margin of safety at the end of 1948 to warrant continuation of the lower rates for 1949.

### Employment Trends

The increase in benefit payments in 1948 and 1949 and the consequent drain on the reserve balances is accounted for, in part, by the changes in the act increasing benefit amounts and duration of benefits discussed above. The relationship of the operations of the employment stabilization program and other factors affecting fund solvency require further consideration of the trends of the number of workers covered by the act and the number of claimants receiving benefits. Such data are shown in Table 5.

Contributions to the Unemployment Fund were first made in 1936 by employers with eight or more employees. The average number of workers increased 100,000 from 1,010,205 to 1,111,086 during the second year of the operation of the act in 1937. The increase of 169,817 in 1938 reflected the increase in coverage to employers with four or more employees which remained in effect through 1945.

**Table 5—Average Number of Workers in Covered Employment and Average Number of Weekly Benefits 1936-1949**

Year	Covered employment *		Weekly benefits †		Percentage of number of benefits to number in covered employees
	Average number	Annual increase	Average number	Annual increase	
1936 -----	1,010,205				
1937 -----	1,111,086	100,881			
1938 -----	1,280,903	169,817	52,273		4.1
1939 -----	1,269,097	—11,806	72,985	20,712	5.8
1940 -----	1,384,386	115,289	92,746	19,761	6.7
1941 -----	1,672,950	288,564	72,869	—19,877	4.4
1942 -----	1,981,973	309,023	40,400	—23,469	2.5
1943 -----	2,274,031	292,058	9,406	—39,994	0.4
1944 -----	2,237,632	—36,399	11,114	1,708	0.5
1945 -----	2,051,269	—186,363	55,884	44,770	2.7
1946 -----	2,323,564	272,295	157,237	101,353	6.7
1947 -----	2,459,596	136,032	133,724	—23,513	5.4
1948 -----	2,515,469	55,873	132,448	—1,276	5.3
1949 -----	2,425,000 (Est.)	—90,469	216,976	84,532	8.8

SOURCE Annual reports and records, Department of Employment (Annual Report 127 and Operating Stat 1938-47, Report 96A Gov Ref)  
(—) Indicates decrease

\* Data for covered employment are comparable for each year with the following qualifications

- Employment for 1936 and 1937 include data for employers of eight or more workers; for 1938 through 1945 for four or more workers, and for 1946 and subsequent years for one or more workers. About 170,000 workers were added to coverage in 1938 and about 271,000 in 1946.
- Interstate railroads data are not included after 1938 because of the transfer of this major industry group in 1939 to a federal unemployment insurance system under the Railroad Retirement Board. About 55,000 workers were dropped from state coverage in 1939.
- National banks data are included following their coverage by the act beginning January 1940. About 20,000 workers were added to coverage in 1940.
- Data for maritime workers in the water transportation and fishing major industry groups are included beginning with the last half of 1943. About 8,000 workers were added to coverage in 1943.
- A few slight changes in the coverage of employers and their employees have occurred during the years as a consequence of department and judicial interpretations.

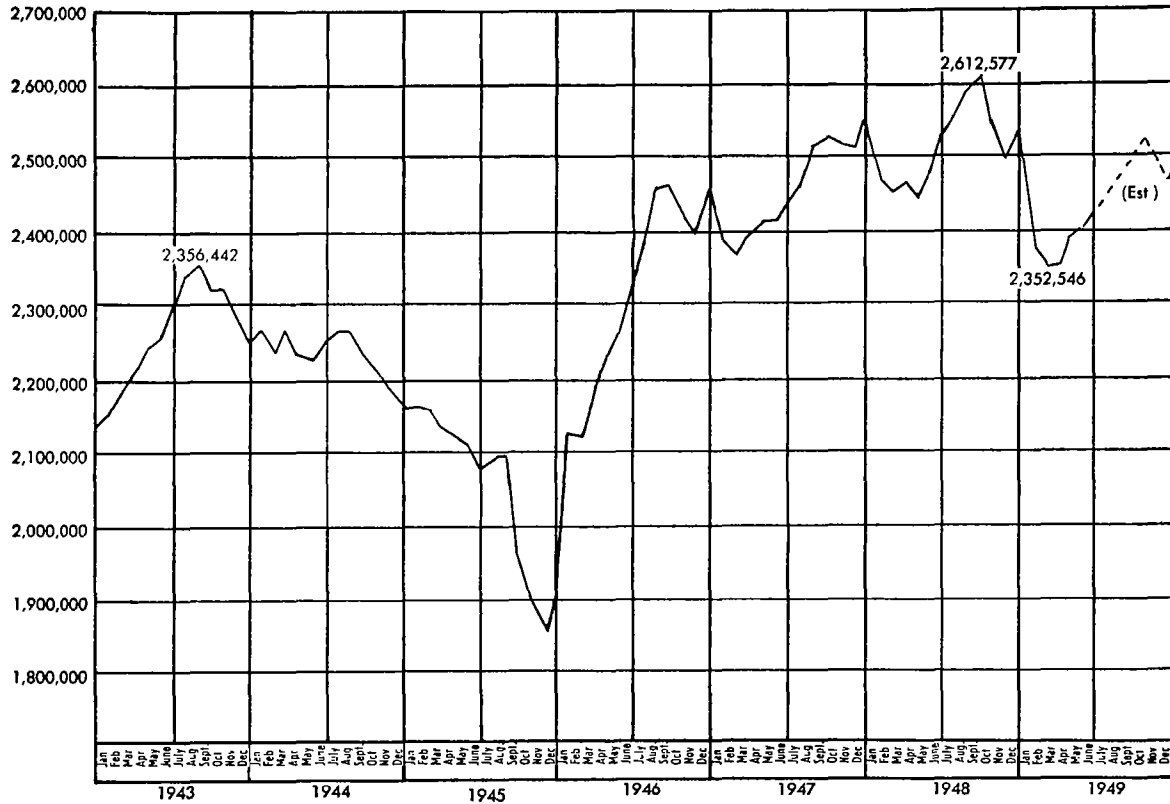
† Includes Intrastate, Interstate benefit plan California liable, interstate arrangement plan and combined wage plan California agent and combined wage plan for claims filed in California, California liable

The average number of workers in covered employment in 1939 decreased because of the removal of railroad workers for covered employment. The increase beginning in 1940 was a result of the increase in defense expenditures beginning that year and continuing with a substantial annual increase in the number of workers in covered employment reaching a wartime peak of 2,274,031 in 1943 or more than double the number covered at the inception of the act. The curtailment of war production activities beginning in 1944 caused a reduction of 36,000 in the average number of covered workers for that year and a further reduction of 186,000 in 1945 as a result of the cessation of hostilities.

The increase of 272,295 in the average number of workers in covered employment in 1946 was due almost entirely to the extension of coverage to employers with **one or more** employees. The increase of 136,000 in 1947 reflected the increase in normal business activity which began in that year. The average number of wage earners continued to increase in 1948 reaching the peak average of 2,515,469 although the rate



CHART 4  
NUMBER OF WORKERS IN COVERED EMPLOYMENT 1943-1949



of increase in 1948 was less than the rate of increase for 1947. Covered employment is estimated to have decreased approximately 90,000 to an estimated average number of covered wage-earners of 2,425,000 for 1949.

The weekly average number of claims paid represents the number of individuals receiving weekly benefits. This trend, in general, shows an inverse relationship to the number of workers in covered employment. The average of 52,273 weekly benefits in 1938, the first year benefits were payable under the act, was 4.1 percent of the average number in covered employment for that year. The average of approximately 73,000 weekly benefits paid in 1939 was 5.8 percent of the average number of covered workers for the same year. The annual increase in this average of 20,000 is not directly related to the 12,000 decrease in the average number of workers for that year because, as discussed below, there is great seasonal variation in both the number of weekly benefits paid and the number of workers in covered employment.

The peak of the number of weekly benefits for the pre-war period was an average of 92,746 for 1940. This was 6.7 percent of the average number in covered employment for that year. The average number of weekly benefits decreased from the prewar peak in 1940 to a low of 9,406 in 1943. Since this was the peak of war employment, the average number receiving weekly benefits was 0.4 percent of the average number of wage earners in covered employment. The average number of weekly benefits started to increase in 1944 and 1945 with a further increase of over 100,000 in 1946. The average of 157,237 for that year was 6.7 percent of the number of workers in covered employment. This percentage equaled that of 1940 which had been the previous peak of the average number receiving benefits. The number of beneficiaries declined in 1947 and 1948 and increased sharply in 1949. The average of 216,976 for 1949 was 8.8 percent of the estimated average number of workers in covered employment for that year. These data are shown graphically in Chart 4.

### Seasonal Variations

As indicated above, the average number of workers in covered employment for any year does not give an accurate picture of employment during the year. The data in Table 5 shows that the wartime peak of covered employment was reached in 1943 and that the extension in coverage in 1946 and increased employment in 1947 and 1948 increased covered employment to a peak in 1948 far above the wartime peak of 1943. The data for the number of workers in covered employment by months for the years 1943-1949 shows the variations that occurred during these years.

Chart 4 shows that the wartime peak of covered employment was reached in August, 1943, with 2,356,442 workers in employment covered by the act. This number declined gradually until the sharp drop in August, 1945, resulting from the cessation of hostilities. This sharp decline continued until December of that year where a seasonal increase is noted for that month. The increase in covered employment of some 270,000 in January, 1946, was due to the extension of coverage from employers of four or more employees to employers of one or more employees.

**Table 6—Number of Workers in Employment Covered by the California Unemployment Insurance Act 1943-1949\***

<i>Month</i>	<i>1943</i>	<i>1944</i>	<i>1945</i>	<i>1946</i>	<i>1947</i>	<i>1948</i>	<i>1949</i>
Jan. ----	2,152,556	2,269,473	2,168,704	2,137,388	2,387,633	2,466,000	2,379,345
Feb. ----	2,186,658	2,241,116	2,160,707	2,128,831	2,368,448	2,456,529	2,352,546
March ---	2,219,463	2,267,318	2,138,103	2,194,198	2,390,221	2,465,034	2,354,919
April ---	2,246,223	2,239,034	2,128,174	2,235,434	2,412,293	2,451,015	2,388,864
May ----	2,262,113	2,232,345	2,111,099	2,269,624	2,421,922	2,482,224	2,402,196
June ----	2,302,026	2,250,258	2,088,570	2,318,666	2,441,605	2,528,545	2,426,297
July ----	2,344,852	2,269,122	2,095,183	2,386,739	2,460,882	2,559,647	--
Aug. ----	2,356,442	2,268,731	2,097,956	2,464,219	2,523,762	2,589,765	--
Sept. ----	2,327,706	2,237,876	1,962,817	2,465,651	2,529,139	2,612,577	--
Oct. ----	2,322,541	2,217,107	1,904,564	2,421,653	2,524,861	2,548,307	--
Nov. ----	2,308,202	2,193,122	1,863,772	2,406,398	2,512,747	2,498,806	--
Dec. ----	2,259,593	2,166,087	1,895,559	2,453,963	2,541,637	2,527,184	--
Average .	2,274,031	2,237,632	2,051,269	2,323,564	2,459,596	2,515,469	2,425,000 Est.

SOURCE Annual reports and records, Department of Employment, (Annual Report 127)

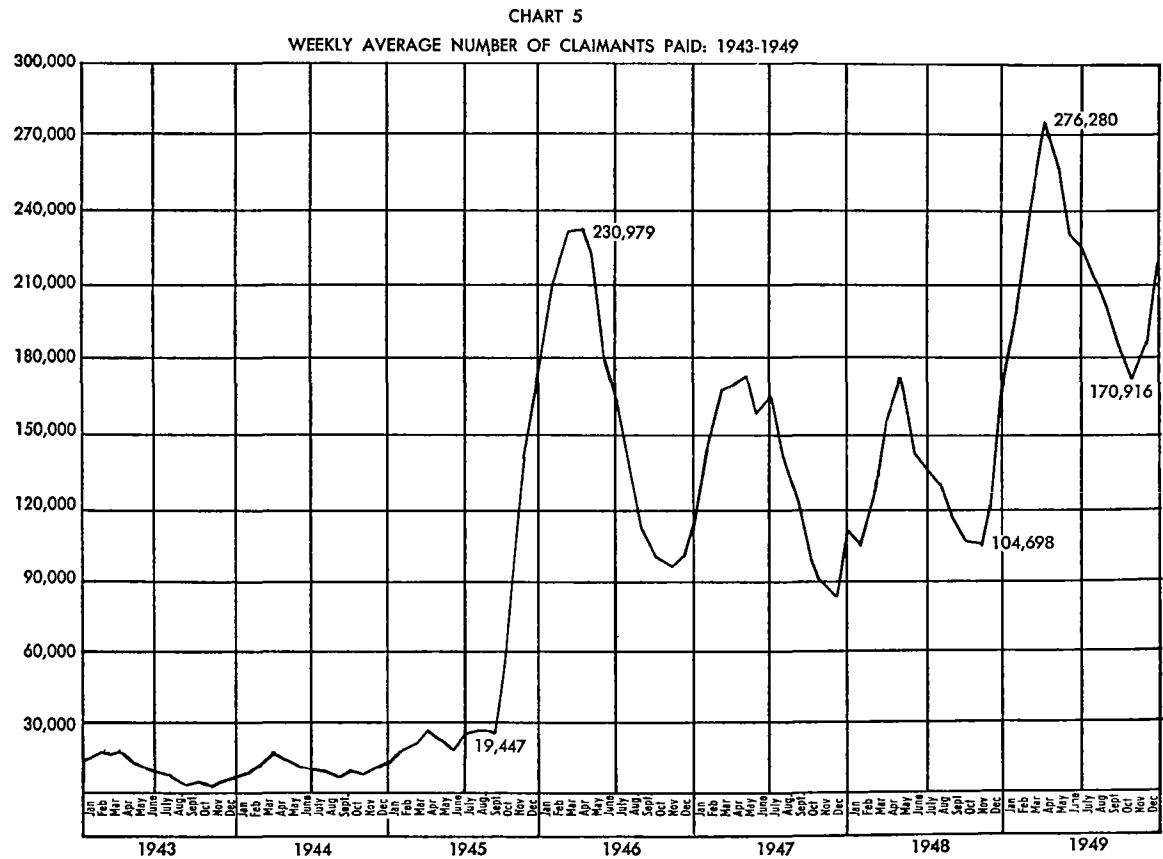
\* Employment through 1945 include data for employers of four or more workers, and for 1946 and subsequent years for one or more workers

The normal pattern of variations in covered employment in California is a decline in January and February, steady increases from February to October, some decrease in October and November, and a seasonal increase in December. Beginning in February, 1946, this pattern is shown for the years 1946-1949. Although the normal pattern of seasonal variations is the same for these years, important differences occur in the peaks and valleys shown on the chart for these years. The first variation noted is the sharp increase in the number of workers from 2,128,831 in February, 1946, to 2,465,651 in September of that year. This reflects the increased business activity in the first year following the war.

Employment increased gradually in 1947 and reached a peak of 2,612,577 in September, 1948. With the exception of a seasonal increase in December, 1948, covered employment decreased from the September peak to 2,352,546 in February, 1949. This decrease of 260,031 was much larger than the seasonal decline in either 1947 or 1948.

Data for the weekly average number of claimants paid by months are shown in Table 7 for the years 1943-1949, and shown graphically in Chart No. 5. These data show seasonal variation as do those for covered employment although, in general, the trend of the average number of claimants is in inverse relationship to the trend of covered employment. One important exception is the sharp peak of 230,979 in March, 1946, as a result of the sharp decline in covered employment in 1945.

The seasonal variations follow the same pattern for the balance of 1946 through 1949. The trend for 1949, however, shows a high peak in the weekly average number of benefits of 276,280 in March, 1949. This is a sharp increase of 171,582 from the 1948 low average of 104,698. The average number of weekly benefits decreased approximately 105,000 from the March peak to 170,916 for October, 1949, and then increased in November and December of that year.



**Table 7—Weekly Average Number of All Claimants Paid: 1943-1949\***

<i>Month</i>	<i>1943</i>	<i>1944</i>	<i>1945</i>	<i>1946</i>	<i>1947</i>	<i>1948</i>	<i>1949</i>
Jan. -----	13,655	8,568	16,902	209,883	143,010	105,377	201,725
Feb. -----	16,344	11,880	21,296	229,573	166,683	127,263	240,152
March -----	17,458	17,772	25,265	230,979	167,894	155,443	276,280
April -----	12,796	14,569	22,561	221,562	172,072	171,673	255,981
May -----	11,100	12,215	19,447	180,609	154,697	141,705	231,701
June -----	9,537	12,131	23,614	161,897	160,700	147,090	226,342
July -----	7,092	8,707	24,395	132,951	138,742	128,377	210,676
Aug. -----	4,931	7,488	25,385	111,482	122,524	116,384	200,950
Sept. -----	4,623	8,850	59,467	101,181	99,728	106,926	181,785
Oct. -----	4,233	8,042	116,723	97,139	90,010	104,698	170,916
Nov. -----	4,843	10,524	140,747	99,610	82,726	119,298	186,715
Dec. -----	6,748	12,522	173,874	115,544	108,998	161,463	219,324
Average ---	9,406	11,114	55,884	157,237	133,724	132,448	216,976

SOURCE: Annual reports and records, Department of Employment (Operating Stat. 1938-47; Report 96A—Gov. Report)

\* Includes intrastate, interstate benefit plan California liable, interstate arrangement plan, and combined wage plan California agent and combined wage plan for claims filed in California, California liable

**Table 8—Amount of Benefit Payments Unemployment Insurance  
1948 and 1949**

<i>Month</i>	<i>1948</i>	<i>1949</i>
Jan. -----	\$8,722,721	\$18,935,457
Feb. -----	9,888,908	21,531,267
March -----	14,406,618	28,477,873
April -----	15,616,579	24,067,150
May -----	12,471,000	22,767,680
June -----	13,667,849	22,156,549
July -----	12,042,511	19,699,233
Aug. -----	11,031,132	20,604,850
Sept. -----	10,200,721	17,897,935
Oct. -----	9,637,037	16,136,811
Nov. -----	11,563,354	18,461,224
Dec. -----	16,486,589	21,655,295
* Totals -----	\$145,735,119	\$252,391,324

SOURCE: Annual reports and records, Department of Employment

\* These totals do not agree with the totals shown in Table 4 inasmuch as the data in Table 4 are from the accounting records which reflect the necessary adjustments not shown in the above data

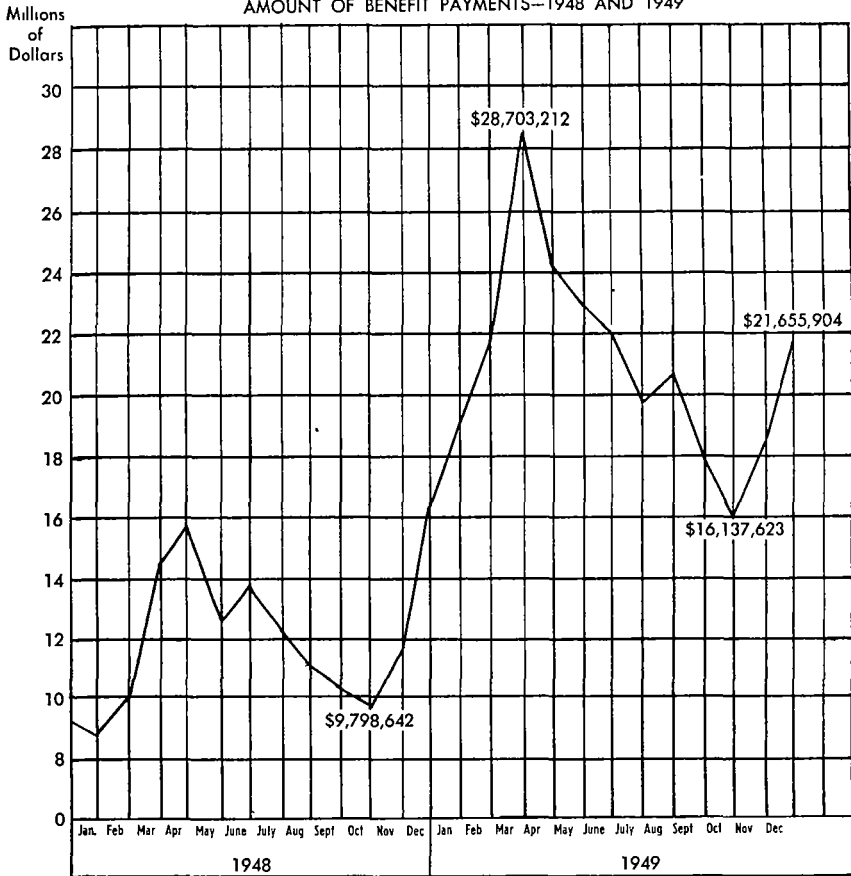
### Benefit Payments

The annual trend of the amount of benefit payments from 1938 through 1949 has been shown in Table 4 and Chart No. 5. Chart No. 6, based on Table 8, shows the monthly variations in the amount of benefit payments for 1948 and 1949. Although the seasonal variations are approximately the same for both years, the amounts paid in 1949 greatly exceed those paid in 1948; the low amount for any month in 1949 of \$16,000,000 being about the same as the highest monthly amount for 1948.

The high monthly benefit payments of \$28,477,873 in March, 1949, is \$18,840,836 in excess of the \$9,637,037 benefits paid for October, 1948. As shown in Table 7, this represents an increase of 105,364 claimants for the same period.

In contrast with these data, Table 7, and Chart No. 5 also show the increase in the number of claimants from May, 1945, to March, 1946, was 211,532 or twice the increase from October, 1948, to March, 1949. Records of the Department of Employment, however, show that the increase in

CHART 6  
AMOUNT OF BENEFIT PAYMENTS--1948 AND 1949



amount of benefit payments was only \$16,853,174 for the 211,532 increase in number of payments. This is only slightly less than the \$18,840,836 increase for the increase of 105,364 claimants from October, 1948, to March, 1949.

The similarity of amounts paid for an increase of 105,000 claimants in 1948-49 and the 211,000 increase in 1945-46 is accounted for in large part by the increase in the maximum potential benefits. In 1945-46, the maximum weekly benefit amount was \$20. This was increased to \$25 effective January 1, 1948. Maximum potential benefits for a benefit year were also increased from \$468 to \$650.

Any sharp increase in the number of claimants since 1948, therefore, costs more in benefit payments than a similar increase would have cost prior to 1948. A recession in employment of any magnitude, therefore, will greatly affect the solvency of the Employment Fund.

## **FUNCTIONS OF THE CALIFORNIA DEPARTMENT OF EMPLOYMENT**

*Compiled by*  
**S. J. BARRICK**  
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*for the*

### **ASSEMBLY INTERIM COMMITTEE ON FINANCE AND INSURANCE**

The primary function of the Department of Employment is the administration of the provisions of the Unemployment Insurance Act. Prior to 1946 this act provided a system of unemployment benefits paid for by contributions from both employers and employees together with a system of public employment offices.

The administration of the system of disability insurance is a function added by the legislation enacted by the First Extraordinary Session of the Legislature in 1946. This legislation provided that the unemployment insurance benefits were to be financed by the employers contributions and that the employee's contributions were to be used to finance a system of disability benefits. These benefits were increased by a 1949 amendment to the act which added a system of hospital benefits.

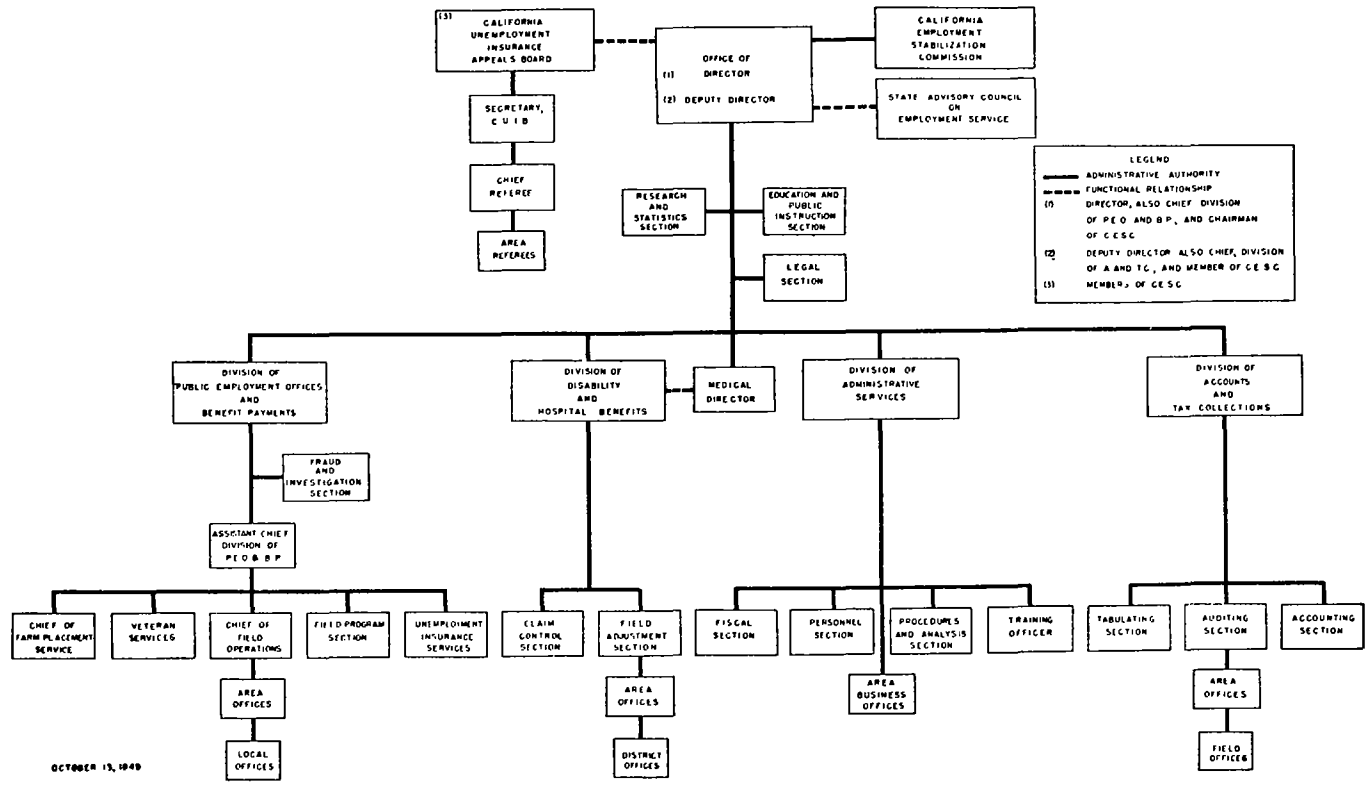
In addition to the functions prescribed by the Unemployment Insurance Act as amended, the Department of Employment also has contracts with the Federal Government and other states which have increased the functions performed by the department. Another increment of functions was added by cooperative agreements with other California state agencies.

In 1944, the department entered into an agreement with the Federal Government to act as agent for the reviewing and payment of claims for servicemen's readjustment allowances. This function, although somewhat temporary, has increased the work of the department as well as an increase in the opportunity to be of service to a large segment of the population and necessitated the establishment of special advisory services for servicemen.

At the close of World War II, the department also entered into an agreement with the Federal Government to act as agent in paying reconversion unemployment insurance benefits to merchant seamen not covered by any state unemployment insurance law. This function is also somewhat temporary and will terminate when such benefits have been exhausted.

Another function closely related to the payment of unemployment insurance benefits under the provisions of the California Unemployment Insurance Act is that of paying benefits to persons with wage credits earned in other states. This function is performed under the term of agreements with most of the other states known as the combined wage plan.

CHART 1  
STATE OF CALIFORNIA  
DEPARTMENT OF EMPLOYMENT



OCTOBER 15, 1949



Since January 1, 1948, the department has administered the farm placement program formerly operated by the University of California Extension Service. In administering this program, the department has established a number of farm labor offices and set up both county and state advisory councils among the farm groups.

One of the cooperative agreements with other state agencies is that with the State Personnel Board whereby the department conducts clerical examinations for entrance into the state civil service at the junior and intermediate clerk levels. This arrangement enables applicants to file for and take such examinations locally and expedites the examination procedure for these positions.

Another cooperative agreement is that with the Bureau of Vocational Rehabilitation of the State Department of Education. This agreement provides for effective placement of handicapped persons by the department in cooperation with the bureau. The facilities of the bureau are used in training and vocational guidance which aids in the placement of handicapped persons.

### **Organization Structure**

The structural organization for the performance of these functions at the present time is shown in Chart No. 1. The effective date of the form of organization shown in this chart is October, 1949, and reflects the results of an administration reorganization as of that date affecting the duties of the director and deputy director.

In addition to the Department of Employment as a separate entity, the California Unemployment Insurance Act provides for other administrative and advisory agencies as follows: The California Employment Stabilization Commission, the State Advisory Council in Employment Service, and the California Unemployment Insurance Appeals Board.

### **The Department of Employment**

The administration of the Department of Employment by a director appointed by and serving at the pleasure of the Governor, dates from an amendment to the Unemployment Insurance Act enacted in 1947. From 1943 to 1947, the act was administered by a full-time Employment Stabilization Commission of five members appointed by the Governor. Prior to 1943, the act was administered by a part-time Employment Commission of five members appointed by the Governor. The commission appointed an executive officer who acted as secretary of the commission and Director of the Department of Employment.

The 1943 amendments established the Unemployment Insurance Appeals Board of three members and two operating divisions: (1) Division of Public Employment Offices and Benefit Payments; and (2) Division of Accounts and Tax Collections. The Employment Stabilization Commission established by this legislation consisted of the members of the Appeals Board and the chiefs of the two operating divisions. This legislation also provided that the members of the Appeals Board were to be appointed for a term of four years and that the chiefs of the divisions of Employment Offices and Benefit Payments, and Accounts and Tax Collections should serve at the pleasure of the Governor.

The 1947 amendment provided that the director of the department appointed by the Governor must be selected from the membership of the Employment Stabilization Commission and that the director thus appointed shall act as the chairman of the commission. The director appointed pursuant to the provisions of this legislation was the Chief of the Division of Employment Offices and Benefit Payments. The commission thus organized with the director as chairman, as provided by law, selected the Chief of the Division of Accounts and Tax Collections as vice chairman.

Section 75 of the Unemployment Insurance Act as amended by Chapter 1166, Statutes 1947, provided in part that the director shall exercise all powers and jurisdiction, assume and discharge all responsibilities and carry out and effect all purposes vested by law, except for certain reservation in the commission. The intent of this legislation to centralize the administration of the act in a director appointed by the Governor was not completely effective inasmuch as the administration of the Division of Accounts and Tax Collections remained with the chief of that division appointed by the Governor pursuant to the provisions of the 1943 legislation.

The reorganization effective in October, 1949, completes the centralization apparently intended by the 1947 amendments by providing that the Chief of the Division of Accounts and Tax Collectors shall be the deputy director of the department. This administrative reorganization was implemented by a 1949 amendment which provided that the chiefs of these two divisions should receive the same annual salary. It should be noted, however, that the centralization thus effected might not be maintained, if the director should be other than the Chief of the Division of Employment Offices and Benefit Payments, or the Chief of the Division of Accounts and Tax Collections.

### **The Office of the Director**

As shown by Chart No. 1, the office of the director consists of the Director, Deputy Director, Research and Statistics Section, Education and Public Instruction Section, and the Legal Section.

**The Director** is appointed by the Governor, subject to the approval of the Senate, from the membership of the California Employment Stabilization Commission. He is responsible for all phases of the administration of the California Unemployment Insurance Act except certain quasi-legislative and quasi-judicial functions which are the responsibilities of the Commission and the Appeals Board, respectively.

**The Deputy Director** is appointed by the Director and assists him in directing the activities of the department. The Deputy Director coordinates the activities of the department and makes policy and administrative determinations on matters not requiring the personal attention of the Director. He acts for the Director in his absence.

**The Research and Statistics Section** collects, compiles, analyzes and interprets data relating to employment, unemployment, disability insurance and servicemen's readjustment allowances in California such as: Employment trends, labor market conditions, workload estimates,

duration of benefit claims, solvency of the Unemployment Insurance Fund, and disabilities of workers.

NOTE: Inasmuch as funds for the activities of this as well as those of other sections of the department are provided by the Federal Government, the extent of these activities is determined by the amount of the funds allotted. At the present time, budgeted amounts, with few exceptions, are limited to the amounts necessary to prepare the reports required by the Federal Government. Disability insurance studies, of course, are not subject to this limitation.

**The Education and Public Instruction Section** informs employers and workers of their rights and responsibilities under the Unemployment Insurance Act and instructs the public concerning the act through news releases, radio programs, speeches and departmental publications; prepares replies to correspondence of a general informational character.

**The Legal Section** advises the California Stabilization Commission, the Director of Employment and all sections of the Department on legal problems, such as fiscal and personnel matters, legislation, rules and regulations, and tax and benefit problems arising in the administration of the Unemployment Insurance Act; represents the department before the Appeals Board and at referee hearings in significant cases involving contributions and benefit payments.

### **The Division of Public Employment Offices and Benefit Payments**

The Division of Public Employment Office and Benefit Payments is one of the operating divisions established by law and includes the office of the Chief of the Division, Assistant Chief, Fraud and Investigation Section, Farm Placement Section, Veteran Services, Field Operations, Field Program Section and Unemployment Insurance Services.

**The Chief** of the Division of Public Employment Offices and Benefit Payments is appointed by and serves at the pleasure of the Governor and is also a member of the Employment Stabilization Commission. He is responsible for all activities of the division and is directly in charge of the activities of the Fraud and Investigation Section.

The assistant chief assists the chief in the administration of the activities of this division, coordinates the inter-office clearance program for recruitment and placement of workers and directs all activities except those of the fraud and investigation which reports directly to the division chief.

**The Fraud and Investigation Section** investigates claims for unemployment and disability insurance for possible fraud and violation of the California Unemployment Insurance Act and the Servicemen's Readjustment Act of 1944; makes special criminal investigations and such other investigations as may be requested.

**The Farm Placement Section** plans, develops and coordinates a placement program for workers on farm and related agricultural activities; works with the Farm Placement Advisory Committee in the organization and development of the farm placement program; represents the department in working with representatives of federal and other state-wide agricultural agencies and groups; advises in the planning, development and collection of crop data, and labor market information; and during periods of peak agricultural operation, acts for the Chief of Field Operations in directing the recruitment and placement of workers in agriculture and related activities.

**Veterans Services** coordinate the veterans placement program of the department and provides liason with the State Department of Veteran's Affairs, Veterans Employment Service and similar agencies.

**The Chief of Field Operations** directs all area and local office operations of the division including the placement functions, employer service functions and benefit payment functions. He is also responsible for the effective application of all policies and programs in area and local offices and directs, advises and assists area managers in the discharge of their duties.

**The Field Program Section** develops plans, standards, procedures and training for, and evaluate, programs in local offices including:

- The placement and benefit payment processes.

- Special service to veterans.

- Employer relations and labor organization relations.

- Employment counseling.

- Selective placement of handicapped workers.

- Special service of youth.

- Occupational analysis and industrial services.

- Staff training.

- Organization and management.

- Special services to minority groups.

**Unemployment Insurance Services** indicated as a separate section on the organization chart is a catch-all for a variety of services related to the unemployment insurance program and not provided for in any other section of the division. Such services include investigations and determinations in matters involving trade disputes; review of eligibility determinations; reviews and digests of appeals board and referee decisions for issuance of significant benefit decisions to the field as guide material; investigations and clearance of delayed or blocked insurance claims; direction of traveling claim review teams; review of overpayments; review and reply to employer's protests of charges to reserve accounts; and processing and payment of claims filed under the interstate benefit payment plan.

### **Division of Accounts and Tax Collections**

**The Chief** of the Division of Accounts and Tax Collections is appointed by and serves at the pleasure of the Governor. He is also a member of the Employment Stabilization Commission and directs the activities of this division composed of a Tabulating Section, Accounting Section and Auditing Section.

**The Tabulating Section** establishes and maintains records of wages earned in employment covered by the act; computes maximum and weekly benefit awards and prepares prepunched documents on unemployment and disability insurance claims; records all payments on unemployment insurance and servicemen's readjustment allowance claims; records all employer and employee contributions and prepares annual proof of credit statements, statements of charges to employer reserve accounts and statements of employer tax rates; assists in certain fiscal operations, such as the department payroll, functional time reporting, stock requisition and control and equipment records; prepares required

statistical reports on unemployment insurance and servicemen's readjustment allowance claims and payments, and on employer contributions and covered workers.

**The Accounting Section** maintains records and documents relating to employers' accounts and claims for unemployment insurance, disability insurance, and servicemen's readjustment allowances; maintains employer reserve account records and calculates employer tax rates; receives and deposits cash collections for the department; checks contribution reports from employers; bills employers for underpayments and notifies them of overpayments; assigns employer account numbers and maintains a registration file; maintains a control of employers required to file reports; makes demands for delinquent returns; reconciles unemployment insurance, disability insurance, and servicemen's readjustment allowance, bank accounts; maintains files of paid checks and certifications.

**The Auditing Section** work program consists of activities performed by the central office and activities performed by district audit offices. The central office makes adjustments, assessments and refunds in respect to employer accounts based on correspondence and reports from field auditors as to both unemployment insurance and voluntary plan programs; issues opinions on the coverage of the act as it extends to employers and employees; reviews unpaid accounts and sends them to the field staff, when direct correspondence is not successful; reviews voluntary disability insurance plans and makes recommendations for approval.

**The District Audit Offices** make audits and investigations of employers' books and records; secure delinquent returns and money; investigate wage credit disputes; register and otherwise assist employers in meeting the requirements of the act; make special audits of employers covered by voluntary disability insurance plans.

### **Division of Disability and Hospital Benefits**

**The Chief of the Division of Disability and Hospital Benefits** directs the activities of the Claim Control Section and the Field Adjustment Section.

**The Claim Control Section** develops plans, standards and procedures for and evaluates all disability claim operations (including hospital and confinement benefits); reviews State First Claims for disability insurance to determine whether they meet minimum standards; reviews voluntary plan claim reports to determine whether they meet minimum standards; gathers and prepares data to be submitted with voluntary plan appeals; handles correspondence regarding state and voluntary plan inquires on benefits; and reviews state disqualifications and appeals.

**The Field Adjustment Section** under the direction of three area supervisors directs the activities of disability district offices. The supervisors are responsible for the effective application of all policies and procedure within their assigned geographic areas. Sixteen disability district offices determine eligibility of claimants for disability insurance; issue disability insurance; issue disability payments to eligible claimants; conduct correspondence with employers, claimants, doctors, institutions and other state or governmental agencies; and maintain all records of claimants for disability insurance.

**Medical Director.** The medical director directs the formulation of medical policies and standards for the disability insurance program and directs their application; guides the work of the staff engaged in examining and reporting upon the disability of claimants; advises the director and the staff of the department on medical problems; acts as a technical adviser to the California Unemployment Insurance Appeals Board; maintains contact with the local, state and national medical profession and health authorities, with respect to the coordination of their activities with those of the department.

### **Division of Administrative Services**

**The Chief** of the Division of Administrative Services is the comptroller for the department and directs the activities of the Fiscal Section, Personnel Section, Procedure and Analysis Section, Training Officer, Area Business Offices and the Internal Auditors.

**The Fiscal Section** plans and prepares departmental budget requests for unemployment insurance, employment service and disability insurance administration; prepares time and cost reports for accounting, budgeting and administrative purposes; maintains all accounts in Unemployment Administration Fund; maintains control accounts on the Unemployment Fund, Contingent Fund and the Disability Fund; maintains detail cash payment accounts; arranges for procurement of and makes payment for premises, supplies, equipment and services required by the department; pays employees for personal services and for travel; maintains a personnel roster and leave record for all employees of the department; operates central office ediphone, typing and duplicating pools, and mail control unit; and represents the department in contacts with the Department of Finance.

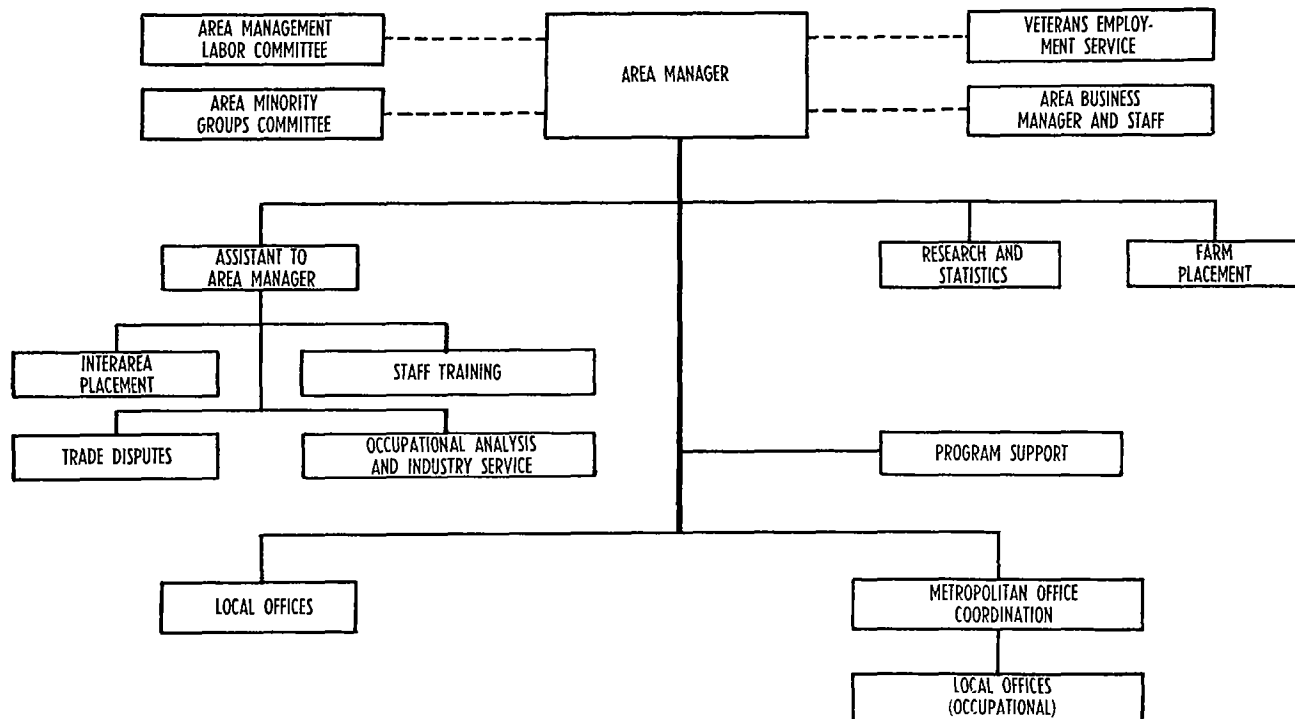
**The Personnel Section** develops personnel policies for the department; establishes and maintains a well-rounded personnel program; makes job-analysis and determines the proper classification of positions; prepares tentative class specifications for the approval of the State Personnel Board; counsels employees; selects eligible candidates for appointments; advises and assists department officers and supervisors on personnel matters; and represents the department in contacts with the State Personnel Board.

**The Procedures and Analysis Section** develops and improves departmental operating procedures; makes administrative analysis of the effectiveness of operations; revises and maintains departmental manuals; analyzes proposed new or revised forms; and reviews orders for printed or mimeographed forms.

**The Training Officer** plans, coordinates, and makes recommendations for departmental training programs and methods; appraises the conduct of employee training throughout the department; and consults with section heads and supervisors on training needs and assists them in planning and organizing their training programs.

**Area Business Offices** are attached to the four area offices of the department. These business offices advise the area and field office managers on fiscal and personnel management procedures; develop proposals for maintenance of equipment and changes in field office premises and improvements in physical facilities; negotiate with lessors on terms

CHART 2  
AREA OFFICE ORGANIZATION



of leases; secure bids from contractors; determine equipment needs for the area; authorize public utility installations; maintain personnel roster records for all positions in the area and process personnel documents; interview, select and assign eligible applicants for clerical positions.

**Internal Auditors**, not shown on the organization chart, audit financial operations and records in all field offices; verify cash balances; determine whether prescribed security measures are observed for the safety of cash; ascertain that prescribed local office cash payment procedures are being followed; and examine overpayment collection accounts and receipts.

### **Area Offices**

Four area administrative offices have been established by the department at Sacramento, Los Angeles, San Francisco and Santa Ana. These area offices supervise the activities of the local offices in these areas. The organization of an area office is shown in Chart No. 2.

**The Area Manager** supervises the activities of the staff of the area office and plans and directs the activities of the Employment Service, Unemployment Insurance and Farm Placement Offices in the area.

**Assistant to the Area Manager** performs general administration tasks relating to fiscal matters, premises and personnel; makes special studies and special reports; handles requests from local offices for assistance in general administrative matters; schedules and makes arrangements for special meetings and conferences; supervises certain area office staff activities, such as training, trade disputes, interarea placement, and occupational analysis and industry service; represents the area manager at special meetings and conferences, contacts with employees, other agencies, the central office, or other contacts as designated.

**Interarea Placement** coordinates direct recruitment negotiations between local offices; releases news and publicity relating to recruitment campaigns, provides technical assistance to local offices for solution of problems relating to interarea placement; contacts major employers, labor, civic and governmental groups on problems relating to interarea placement; and prepares special reports.

**The Staff Training Officer** assists in determining training needs; develops training materials; coordinates training program with the central office; schedules and conducts training sessions; and evaluates training programs.

**Trades Disputes Section** gathers facts on disputes by contacting unions and employers; determines status of disputes and reports to central office; and represents the department on appeals boards.

**The Occupational Analysis and Industry Service Section** develops and evaluates occupational analysis studies, provides services to industries including preparation of job specifications and plant services; and provides assistance in technical training.

**The Research and Statistics Section** conducts labor market analysis; assists the area manager in the preparation of periodic operating reports; reviews and coordinates the release of labor market reports; and prepares special reports as required.



**The Farm Placement Section** coordinates and evaluates the farm placement program in the area; works with the Farm Placement Advisory Committee on the organization and development of the program; represents the area manager, as designated, in contacts with the federal, state and county governments and other groups relating to the farm placement program; represents the department in contacts with the Mexican Government relating to the foreign worker program; recommends staffing needs of local offices to meet program requirements; assists farm labor representatives and local office manager in planning programs; provides technical assistance in the preparation of crop data and labor market reports; and conducts special studies as required.

**Program Support Section** evaluates program direction and accomplishment in local offices in such areas as intake, organization and management, determination of eligibility, veterans' activities, selective placement of the handicapped; provides technical assistance to local offices when requested, and assists them in interpretation of program policy; conducts staff training in certain technical phases of program procedures and activities; conducts administrative surveys directed toward an evaluation of specific program activities in local offices; prepares reports for, and advises the area manager of findings arising from evaluation analysis; and assists in the development of work simplifications and improvements.

**Local Offices** consist of two groups: (1) offices which are not a part of a metropolitan district, and (2) metropolitan local offices in a district decentralized on an occupational specialization basis.

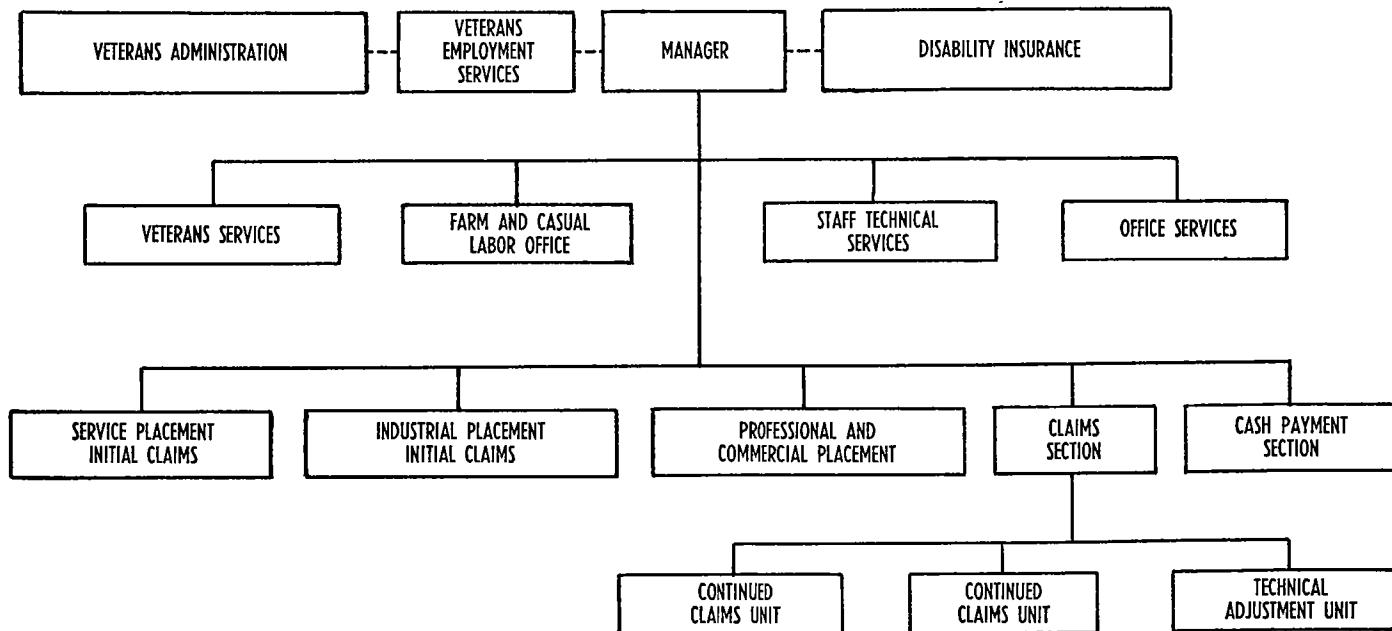
**The Metropolitan Office Coordinator** directs the activities of local offices in the metropolitan district; represents the department in obtaining community understanding, support and acceptance of the employment security program; coordinates the maintenance of relations with political subdivisions, trade associations, proposed groups and other agencies concerned with placement activities; analyzes industrial and labor market information as it affects operations of metropolitan district local offices; provides technical assistance in the solution of problems relating to the organization and operations of the local offices; and coordinates the activities of metropolitan offices with adjacent offices in the area.

### **Local Office Organization**

The Employment Service and Benefit Payment functions of the Department of Employment are administered through the local offices. The functions of the local offices are the same although the functional organization may not be the same in offices of various sizes.

Local offices may be classified into three groups, according to the number of employees: (1) Large or 100-man offices; (2) Medium or 50-man offices, and (3) Small or 15-man offices.

CHART 3  
ORGANIZATION OF 100-MAN LOCAL OFFICES—CALIFORNIA DEPARTMENT OF EMPLOYMENT



**100-Man Office**

The organization of a 100-man office is shown by Chart 3. The usual distribution of professional and clerical employees in this size office is as follows:

<i>Professional</i>	<i>No.</i>	<i>Clerical</i>	<i>No.</i>
Employment Security Office, Grade 5 -----	1	Supervising Clerk, Grade 1 ----	1
Employment Security Office, Grade 4 -----	1	Senior Clerk -----	1
Employment Security Office, Grade 3 -----	2	Senior Cashier Clerk -----	2
Employment Security Office, Grade 2 -----	7	Intermediate Steno Clerk -----	5
Employment Security Office, Grade 1 -----	48	Intermediate Typist Clerk -----	7
Employment Security Assistant -----	16	Intermediate File Clerk -----	3
		Intermediate Stock Clerk -----	1
		Junior Clerk -----	1
		Telephone Operator -----	2
		Janitor -----	2
<b>Total</b> -----	<b>75</b>	<b>Total</b> -----	<b>25</b>

**50-Man Office**

The organization of a 50-man local office is the same as that of a 100-man office except that a single Continued Claims Unit replaces the two Continued Claims Units and the Technical Adjustment Unit. The usual distribution of the professional and clerical employees in a 50-man office is as follows:

<i>Professional</i>	<i>No.</i>	<i>Clerical</i>	<i>No.</i>
Employment Security Office, Grade 4 -----	1	Supervising Clerk, Grade 1 ----	1
Employment Security Office, Grade 3 -----	1	Senior Cashier Clerk -----	1
Employment Security Office, Grade 2 -----	4	Intermediate Steno. Clerk -----	3
Employment Security Office, Grade 1 -----	27	Intermediate Typist Clerk -----	3
Employment Security Assistant -----	27	Intermediate File Clerk -----	2
		Intermediate Stock Clerk -----	1
		Telephone Operator -----	1
		Janitor -----	1
<b>Total</b> -----	<b>37</b>	<b>Total</b> -----	<b>13</b>

**15-Man Office**

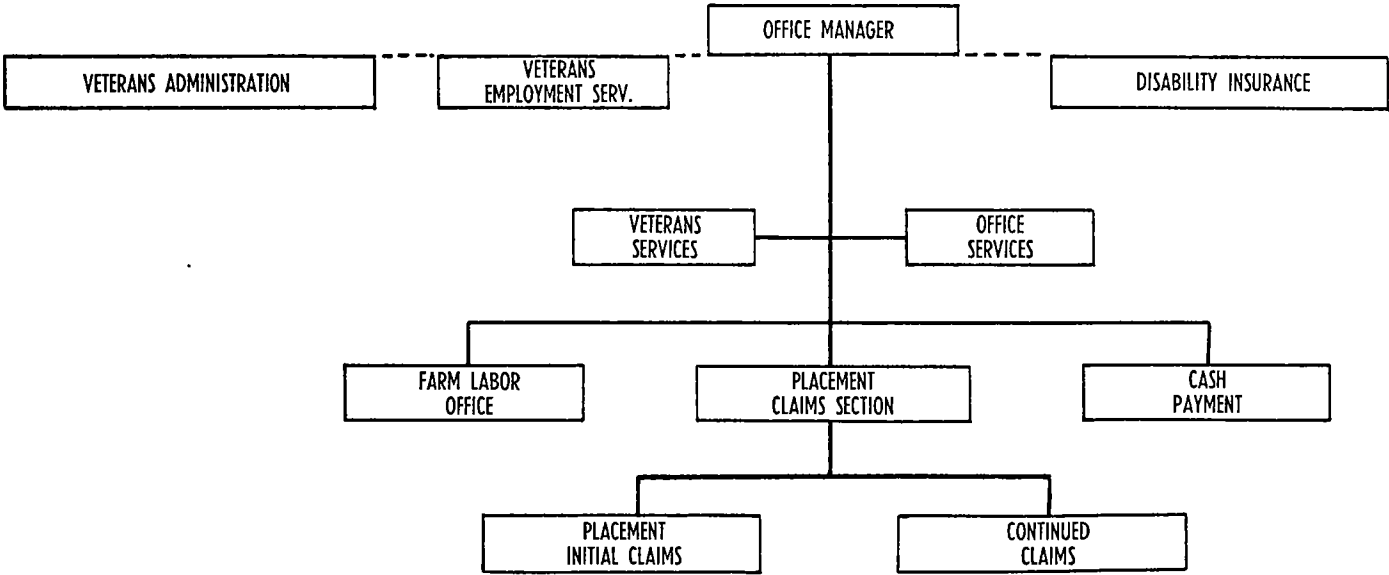
The organization of a 15-man office is shown by Chart 4. The principal difference between the organization of the offices shown by Charts 3 and 4, is that the work load of the smaller offices permits consolidation of some of the local office functions. A 15-man office, for example, has an Office Services Section which includes the functions performed by a Staff Technical Services Section in the larger offices. All placement and claims services are performed by two units in a 15-man office; one for all placement and initial claims services, and one for continued claims.

**Local Office Functions**

**The Office Manager** is responsible for planning, development and direction of local office operations. In the smaller offices the manager also investigates trade disputes; coordinates the staff training program; and makes employer field visits and labor market analysis.

**Veterans Services** conducts promotional and job development activities related to the veterans program; evaluates veteran's claims and placement activities; disseminates information to staff which will

CHART 4  
 ORGANIZATION OF 15-MAN LOCAL OFFICE—CALIFORNIA DEPARTMENT OF EMPLOYMENT



assist in placement of veterans; disseminates information to staff regarding readjustment allowances; conducts difficult employment interviews of veterans; reviews all records in connection with S. R. A. claims taking and processing; takes self-employed claims; makes S. R. A. adjustments; and represents local office at referee hearings of S. R. A. claims.

**The Farm and Casual Labor Office** performs reception services; takes applications and orders; selects and refers applicants; verifies employment; makes employer field visits; handles inter-area placement; and gathers agricultural labor market information as delegated by Farm Placement Representative.

**The Staff Technical Service Section** performs occupational analysis and other services for industry; conducts vocational and aptitude tests; analyzes the labor market; compiles and interprets reports; assists in technical phases of staff training; and assists in program evaluations.

**The Office Services Section** coordinates clerical services; orders and controls inventories of supplies and equipment; maintains payroll and personnel records; maintains office files; processes claim transfers; reconciles cash; controls mail services; compiles statistical reports; supervises messenger, telephone and janitorial services; and performs other business management functions.

**The Placement-Initial Claims Sections** in the larger offices are divided into Service, Industrial, Professional and Commercial placement sections. These smaller offices combine all types of placement in one section. These sections receive applicants; take applications and orders; select and refer applicants; verify employments; determine eligibility and entitlement of benefits; process transferred claims; take appeals from benefit determinations; counsel on employment problems; provide services for the handicapped; make field visits to employers; conduct inter-area placement activities; provide services for veteran placement; screen extended unemployment questionnaires; reinterview cases of extended unemployment; and furnish information on disability insurance.

**Continued Claims Units** perform the same functions regarding continued claims as the Placement-Initial Claims Sections perform with respect to initial claims, except the placement functions.

**The Technical Adjustment Section** determines difficult cases of eligibility; reviews employer notices; reconsiders determination of eligibility and entitlements; investigates lost, stolen or forged checks; takes appeals; authorizes payment of benefits; checks final payments and overpayment; investigates fraud; and investigates trade disputes.

**The Cash Payment Section** receives and disburses cash; reconciles cash disbursements; and prepares recaps and other necessary reports.

### **California Employment Stabilization Commission**

The three members of the Unemployment Insurance Appeals Board, the Chief of the Division of Public Employment Offices and Benefit Payments, and the Chief of the Division of Accounts and Tax Collections constitute the membership of the California Employment Stabilization Commission created by Ch. 1093, Stat. 1943. When first established, the

Commission administered the provisions of the Unemployment Insurance Act. Although the Director of Employment has been responsible for the administration of the Department of Employment since 1947, the Commission still retains the powers to protect the solvency of the unemployment and disability funds and to investigate and report upon the degree of unemployment hazard in various industries.

Section 91 of the Unemployment Insurance Act as amended by Stats 1947, Ch. 1166, provides that the commission may study and make recommendations as to action which might tend to:

(a) Promote the prevention of unemployment and the regularization of employment.

(b) Encourage and assist in the adoption of practical methods of vocational training, retraining and guidance.

(c) Promote the establishment and operation by governmental units and agencies of reserves for public work to be prosecuted in times of business depression and unemployment.

(d) Promote the re-employment of unemployed workers throughout the State in any way that may seem feasible.

(e) Reduce and prevent unemployment; and to these ends carry on and publish the results of investigations and research which it deems relevant.

(f) Establish the most effective methods of providing economic security through all forms of social insurance and to these ends carry on and publish the results of investigations.

### **State Advisory Council on Employment Service**

The State Advisory Council on Employment Service provided for by Section 93 of the Unemployment Insurance Act consists of 12 members—four representing the public, four representing labor, and four representatives of management—appointed by and serving at the pleasure of the Governor upon nomination by the Director of Employment. As stated in this section of the act, the Advisory Council was established for the purpose of formulating policies and discussing problems relating to the administration of the public employment offices established by the provisions of the Unemployment Insurance Act, making recommendations in regard thereto, and assuring impartiality, neutrality and freedom from political influence in the solution of such problems.

As noted above, the activities of this Advisory Council are limited to problems relating to the employment office services of the department. This limitation is somewhat cumbersome inasmuch as the local offices now combine the functions of employment service and benefit payments.

### **California Unemployment Insurance Appeals Board**

The California Unemployment Insurance Appeals Board provided for by Section 77 of the Unemployment Insurance Act, consists of three members appointed by the Governor, subject to the approval of the Senate, for a term of four years. The Appeals Board reviews and decides appeals relating to benefit payments and employer tax liability and also hears appeals from rules and regulations proposed by the director. A 1949

amendment to the act provided for the establishment of an Appeals Division under the supervision of the Appeals Board.

**The Secretary** of the Appeals Board directs the activities of the Division of Appeals consisting of the staff of the Appeals Board, a chief referee, and three area referee offices. The staff of the Appeals Board registers all cases appealed to the Appeals Board; reviews and analyzes appealed matters for the board; does legal research in connection with such cases and reports thereon to the Appeals Board for decision by the board; and assists the board in the drafting of decisions.

**The Chief Referee** supervises the activities of the area referee offices and maintains a continuous review of decisions of referees which are not appealed from in order to uncover those of such decisions which appear inconsistent with the law, with established judicial decisions of the board or with each other and recommending such cases to the Appeals Board for certification to itself for a further hearing.

**Area Referee Offices** of the Division of Appeals are located in Sacramento, San Francisco and Los Angeles. The referees, under the supervision of a senior referee in charge of each area referee office, have the responsibility in the first instance of hearing and deciding appeals from determination relative to unemployment insurance and disability benefits; overpayment determinations; and determinations involving eligibility for benefits under the Servicemen's Readjustment Allowance Act. The referees also hold hearings on behalf of the Appeals Board in disputed employer tax liability matters.

**EMPLOYER EDUCATIONAL CAMPAIGN  
OF THE  
STATE DEPARTMENT OF EMPLOYMENT**

(An electrically transcribed version of an oral presentation made by Ralph J. Wade, Public Information Representative of the California State Department of Employment, before Los Angeles area employers at the Middleton School in Huntington Park on April 19 and April 26, 1950.)

*Edited by*

**HARRY HOWARD**  
Executive Secretary

*For the*

**ASSEMBLY INTERIM COMMITTEE ON FINANCE AND INSURANCE**

**First Session—2 p.m., April 19, 1950**

*Good afternoon, ladies and gentlemen.* On behalf of the Department of Employment I want to express my appreciation for your attendance here today. You are assisting us in carrying out at least one of those functions delegated to us by Section 85 of the Unemployment Insurance Act, wherein we have been charged with carrying out a program advising both labor and management of their responsibilities and their rights under this act, as well as the carrying out of a public educational program.

This course includes this meeting today, which will last approximately two hours, followed by another next week. The talks are consecutive and continuous, and it will not serve your best interest to attend only one of the meetings. May we urge that you attend both of them in order to get the full scope of the program. It will take approximately the two hours allotted for today's meeting to cover the subject of employment service, the various kinds of notices sent employers, what those notices are for, why they are sent and what you should do about them. To tie this information up with the meeting next week we are going to take up the various eligibility and ineligibility features of the act and discuss their effect on "merit rating" or the contribution rate of employers.

We won't have an opportunity for questions during this session today, but at the session next week we will devote between a half and three-quarters of an hour to questions, and I will endeavor to answer any questions that you may care to propound.

As things occur to you today, if you care to put them down in written question form and will present them to us next week, we will attempt to answer them for you.

**PURPOSE OF MEETINGS**

The purpose of the course is, I believe, self-evident. It must be obvious that if the Department of Employment never received an order from an employer and had no opportunity to place an individual on a job, or if the various notices sent to employers were simply disposed of in the "round file," undoubtedly we would be paying a larger number of unemployment insurance claims than we are at the present time.

Suppose, however, that 100 percent of all replacements or new recruitments of workers by employers were made through the offices of



the Department of Employment; that every employer knew exactly what should be done with the forms and notices sent him; and that he promptly followed through on all claims which were not proper and just. I feel sure you will agree with me such procedure would undoubtedly result in cutting down considerably the number of individuals to whom unemployment insurance is being paid.

When all of the facts are before us, it is much easier to determine proper eligibility to receive unemployment insurance, but if employers do not furnish this information it is impossible to do anything other than accept the statements of employees as made on their claim applications. Therefore, we believe that good administration in the department is contingent upon and proportionate to the active interest shown in these problems by both employers and labor. The efficiency and the effectiveness of this program is very greatly dependent upon labor and management giving us their interest, their cooperation and their constructive criticism in order to make it work.

#### DEPARTMENT FUNCTIONS

The Department of Employment is charged with the administration of a law written into the statutes by the State Legislature. It is a complex piece of legislation. In administering it, we are dealing with a billion dollar business. We are caught between two conflicting forces. Labor is interested in the program to the full extent of the balances in the Unemployment Insurance and Disability Insurance Funds. When workers become unemployed they are interested in the payment of unemployment insurance. Management is interested in this program—in rates of contribution—in effective administration and in the nonpayment of unemployment insurance to those not eligible to receive it.

We are often asked the question "Where do you get the authority for the employment service functions carried on by the Department of Employment?" There is a very definite requirement contained in Section 92 of the Unemployment Insurance Act, which provides that the commission shall establish, maintain and operate adequately staffed public employment offices for men, women and juniors legally qualified to engage in gainful occupations; shall maintain a Veterans' Placement Service, to be devoted to securing work for veterans; a Farm Placement Service to promote the placement and clearance of agricultural labor and a Youth Placement Department, to promote the placement of youth in suitable fields of employment.

#### APPLICATION AND REGISTRATION FOR WORK

I believe there are a great many workers who labor under the misapprehension that when they come to our local offices, their main purpose is to file claims for unemployment insurance. That is a fallacious line of thinking because the first act upon contacting the Department of Employment is to make an application and register for work. If no job is available, then, as a secondary consideration the unemployment insurance program is available to him. Unemployment insurance is not the primary purpose of the worker's contact with our offices.

In making an application for employment, the worker gives us identifying information listing his various skills, experience, education, the

wages earned and the kind of work he is seeking. This registration must be kept current at all times and must be renewed at periodic intervals, in order to be eligible under the unemployment insurance program.

This work registration requirement establishes the most active labor pool in the State of California. That labor pool, available to all employers, is restricted only by the use which employers make of our facilities. These registrants are all carefully catalogued as to their characteristics, skills, education, previous experience, wages earned, previous places of employment, and other such information. It must be recognized that inasmuch as one of the requirements for filing a claim for unemployment insurance, or for drawing unemployment insurance subsequently, is that the individual, in addition to being unemployed, must be registered for work.

Unemployment is no respecter of person, age, color, sex, efficiency, salary earned, political influence or anything else, but if, as a result of becoming unemployed, a person cares to exercise his rights under the unemployment insurance program, **he must file an application for employment, and register for work with the Department of Employment.** As a result we have the largest and possibly the most diversified active labor pool of workers in the State of California.

#### REFERRALS OF WORKERS

When it comes to a matter of referring workers to jobs there are three controlling factors. First is the number of orders which employers place with us to satisfy their own needs for employees. Second is the number and type of workers in a particular occupational category who register with the Department of Employment. Obviously we could have all the orders in the world, but if workers, having the particular occupational classifications the employer is seeking, were not registered with us we couldn't do a very effective job. In a converse situation this same principle would also hold true. The final factor, of course, is the efficiency and the effectiveness of the Department of Employment in carrying out its responsibilities in the placement of workers on jobs.

Two kinds of referrals are made. First, there is what is known as the spot referral. Such a referral usually relates to the lower skills of occupational classification. It is ordinarily a mass referral; a large number of individuals in the same occupational classification, with rather limited specifications as to the requirements. It is an opportunist type of referral. The worker is in the office and meets the employer specifications. Rather than call in other workers we make a spot referral.

A more desirable type is what is known as the selective referral involving the higher scales of occupational classifications, a referral of a worker who meets the particular specifications of the employer. There is necessity then for us to screen applicants, in order to meet those specifications. There is a necessity for contacting the worker—getting him into the office to discuss the job with him—involving a time element which is longer than with a private agency not concerned with the handling of the number of applicants we have on file. It ordinarily involves the referral of one or more qualified workers who meet the specifications outlined.

As to whether there is any advantage to the employer, it is our belief that the employer is relieved of the time and expense of interviewing

large numbers of individuals. Most people labor under the impression that if you want 10 stumblebums to rake up a lot, the Department of Employment is a good place to get those people. If the job is in a higher occupational classification, we believe that there are many who feel that type of person is not available through the Department of Employment. I think our figures on referrals and placements will belie any such thought.

In Los Angeles County during the month of March, 1950, we referred to nonagricultural positions a total of 27,812 applicants resulting in the placement of 13,882 workers, or about one for each two referrals.

We break our figures down into six very general classifications and here are the number of placements made in each category. In the professional and managerial class 282, in clerical and sales 3,256, in service trades 2,110, in skilled occupations 1,545, in semiskilled occupations 2,996, and in unskilled occupations 3,693. A total of 13,882 placements were made through the 27 offices in Los Angeles County during the month of March, 1950.

Coming back again to my original statement that we have the largest and most diversified labor pool in the State. We are not confined to any one locality to find the appropriate worker for an employer. If we are unable to find the worker you want through the facilities of the Huntington Park or the Compton offices, we can put that order on clearance throughout the whole of Los Angeles County or the whole of Southern California. If we can't locate the individual then, we can put the order on clearance throughout the State and if we don't locate the individual in the State, we can put it on clearance throughout the United States.

We, therefore, have the facilities of between 18 and 19 hundred employment offices throughout the United States looking for the worker who will meet your specifications. This is not a far-fetched statement. Recently we referred two men to Pittsburgh, Pennsylvania, as a result of our employment service here in Los Angeles having on file applications of individuals closely conforming to employer specifications.

#### PLACEMENT RECORD

Placements made recently by our offices—which I believe support the point I am making include: a controller at \$500 per month, plus a bonus—an average of about \$8,000 per year. A female bookkeeper at \$50 per week—now the office manager at \$375 per month with an interest in the business. A trainee theater manager at \$50 per week—now the manager at \$350. A male helper originally employed at \$50 per week—now a manager at \$500 per month, and back at one of our offices looking for an assistant for himself. A horticulturist at \$350 per month; an electronic engineer at \$1,000 per month; a superintendent of construction at \$500 per month. If you ever happen to need a midget we can furnish one of those, as we did the other day, at \$50 per week. Or if you happen to want an apprentice embalmer, half-time even, we furnished one of those recently. This will give you an idea of the diversified qualifications of people who come to us under the requirement for unemployment insurance, that they **must register for work** as a condition of being eligible to receive unemployment insurance.

### SOME EMPLOYER REQUESTS

There are employers who look to the department to do something for them that they cannot do for themselves. Here are a few actual employer orders which will indicate what I mean.

Here is an employer interested in a steno, fast with shorthand and typing, under 35 years of age, to work a six-day week, from 9 a.m. to 6 or 7 p.m., willing to pay \$120 per month.

Here is an employer interested in a middle-aged man, serious, steady, reliable, with exceptional references as to honesty, as he was "to be left alone at times in the back room which is full of candy." I don't know whether this employer had the idea this guy was going to eat him out of house and home, but I've always understood that a good candy manufacturer, when he employs a person, turns him loose in the plant and tells him to eat any and all the candy he wants. In about two days it's all over and he never touches another piece. On the other hand, we might have sent him a diabetic, which would have solved the problem.

Here is another employer with a very interesting order. He wanted a copywriter, female, with photographic and sales experience. "Must be well-stacked." We don't have any scale or measurement which would tell us whether an applicant was well-stacked in the eyes of that employer, so we just had to take a long chance.

Here is another order that is very interesting. It came from a man who was interested in a traveling companion; female, 20 to 24 years of age, blond, weighing 125 pounds, good dresser, salary open; interview after 5 p.m., Room 405 at a certain hotel. That was a new approach to say the least.

I have given you some of these examples to show the diversity of problems with which we have to contend, even with employer orders. If you order employees through us, please do so with reasonable consideration of specifications, wages, hours and working conditions prevailing in the community.

### FIELD CONTACT MEN AVAILABLE TO EMPLOYERS

In each of our offices we have field contact men whose major responsibility is contacting employers. If you have particular specifications to meet your own requirements, discuss your problems with these men. They should be able to facilitate the referral of the type of employee you are looking for.

So much for the employment service which is but one of the programs of the department. The other two are unemployment insurance and disability insurance.

### THE UNEMPLOYMENT AND DISABILITY INSURANCE PROGRAMS

From an inconsequential beginning in 1936, this program has grown to a point where in 1950 it is really big business. I say big business advisedly. There is probably no other business enterprise or governmental organization in the State that permeates and infiltrates the lives of more of our citizens than does this program. We have about 250,000 employers in the State who are subject to the Unemployment Insurance Act. Currently, or at any one time, we have about 2,350,000 workers

covered by the act. Both these employers and these workers are directly interested.

An indirect interest in the program comes from every business man, every professional man and every merchant in the State. They are interested because of the disbursements made, not alone from the Unemployment Insurance Fund, but from the Disability Insurance Fund and, until July 25, 1949, disbursements of so-called GI Unemployment Insurance or Servicemen's Readjustment Allowances made by the Department of Employment as the agent for the Veteran's Administration.

Gross income to the Unemployment Insurance Fund and the Disability Insurance Fund had, as of March 31st of this year, almost reached the total of \$1,767,000,000—big business in anyone's language. You may be interested in the source of that income.

Prior to December 31, 1943, both workers and employers contributed to the Unemployment Insurance Fund. To all intents and purposes since that date workers have not contributed toward the Unemployment Insurance Fund. Since May 21, 1946, when the disability insurance measure became effective in this State worker contributions of 1 percent of their wages have been used exclusively for financing the disability insurance program of this State. Workers finance the disability insurance program; employers the unemployment insurance program. Reverting then to sources of income for these funds, we find that employers have contributed \$1,169,000,000—all to the Unemployment Insurance Fund. Workers contributed—prior to December 31, 1943—\$315,000,000 to the Unemployment Insurance Fund and—since May 21, 1946—\$170,000,000 to the Disability Insurance Fund. Other accruals to the fund, including fines and penalties, have totaled about \$5,000,000. Interest on the Unemployment Insurance Fund has appreciated that fund almost \$107,000,000 thereby giving us the gross income of approximately \$1,767,000,000.

You will probably recall that this program first became effective on January 1, 1936, but that no unemployment insurance was payable under the program until January 1, 1938. Since that date we have paid out to workers who gained their wage credits in employment subject to this act and then became unemployed, about \$1,049,000,000 in unemployment insurance. Since December 1, 1946, we have paid out under the disability insurance program about \$96,000,000. The balances remaining, as of March 31, 1950, were about \$538,500,000 in the Unemployment Insurance Fund and in the Disability Insurance Fund about \$96,000,000. Under present conditions we feel that those balances are sufficient to assure reasonable solvency of both the unemployment insurance and the disability insurance programs at least for the next three or four years. There is however, a subject which I am going to deal with later, namely, the question as to whether or not the merit rating provisions of the act can continue beyond about June 1, 1952.

#### WORKER COVERAGE

I mentioned a few moments ago that we had approximately 2,350,000 workers who are currently covered by the program. That number of individuals does not represent the potential liability against these funds, as employers report to us each year wage records for about 4,250,000 workers in subject employment. A survey of our wage files in Sacramento—made up from the wage reports which you employers file with

us each quarter—indicates that there are about 3,500,000 workers who have engaged in employment subject to this act and have gained sufficient wage credits so that if they all become unemployed tomorrow, each one of them could file a valid claim against the unemployment insurance program, or if each one of them became disabled nonoccupationally tomorrow, each one of them could file a valid claim under the disability insurance program. Therefore, the department, at all times, has a potential customer list of about 3,500,000 individuals.

#### BENEFIT PAYMENTS BEING MADE

Let us expand on that figure for just a moment, using for example the average number of people in the State of California to whom we actually paid benefits per week during the month of March, 1950. During the average week, that month, we did actually pay 260,300 workers under the unemployment insurance program. Of the 3½ million workers who are potentially eligible that represents about 8 percent. When you consider that this type of program always gets the backwash from any turn-over of labor—locally and nationally ranging between 6 and 7 percent—and you further consider the other factor of immigration into California we do not feel that 8 percent is too far out of proportion. This is particularly true when we consider that many of these workers are not the same individuals drawing unemployment insurance each week.

I think there are many who labor under the impression that those who come back to us each week are the same individuals. I am going to try to put some figures on the board which I believe will demonstrate to you what is going on in Los Angeles County.

During the week ending February 23, 1950, we actually paid 106,246 people in Los Angeles County or permitted them to serve the necessary week of waiting period. During the next four weeks, February 24th through March 24th, 28,708 workers entered a spell of unemployment and filed new claims. During that same period 27,285 workers reopened currently active claims through filing an additional claim. The total of new and reopened claims was 55,993. However, during the same period, 8,047 individuals exhausted all benefits and there was no reason for us to anticipate that number would be coming back. This indicates a gain, during that period, of 47,916 claims in addition to those who had on February 23d. During the week ending March 30th, we could have expected 154,162 people seeking unemployment insurance. However, during that week 98,740 individuals were actually paid or permitted to serve the waiting period, in the 27 offices of Los Angeles County. Therefore, there were 55,452 claimants whom we know had unemployment insurance credits but did not come back to get their unemployment insurance.

#### SYSTEM OF NOTICES PROVIDED

This act provides for a complete system of notices to employers and to claimants in order that all may exercise their rights and privileges. We are going to discuss these notices today. As you came into the room you were given an envelope containing a copy of each one of these forms. If you haven't disturbed the manner in which they were assembled you will find they are in exactly the same order in which I am going to discuss them.

## NEW CLAIM

PATENTED MOORE BUSINESS FORMS, INC. EMERYVILLE CALIF.

The law provides severe penalties ranging from denial of benefits to fine and imprisonment for making false statements in order to receive Unemployment Insurance Benefits.

**Read These Instructions Carefully Before You Fill Out the Attached Form**

This is your application for Unemployment Insurance. You must PRINT plainly. Errors in name or social security number will result in serious delay in your claim.  
Use Pencil - DO NOT use pen and ink. If you make a mistake DO NOT erase - get a new form.

Use Pencil - DO NOT use pen and ink. If you make a mistake DO NOT erase - get a new form.  
Do not fold or separate this form. Fill out the front page only. Answer all questions as completely as possible.  
After you have finished filling out this form, give it to the person who takes new claims in the local office of the California  
Department of Employment.

You Have Not Filed A Claim Until You Have Completed This Form, And It Has Been Accepted by the Department.

You must bring your Social Security Card w/tn You

### Directions for Completing Attached Form

- 1 PRINT your Social Security Account Number  
2 PRINT your name - first, middle initial, and last  
3 Do not write in the spaces enclosed by the heavy black line, labeled "Department Use Only"  
4 PRINT the Street Address and City or which you receive your mail  
5 If you have ever worked under another name, such as a maiden name or alias, or if you have ever worked under  
6 another Social Security Account Number, enter the other name and/or number in this space  
7 Enter the year you were born  
8 Do not abbreviate. Give your last employment. If your employer told you off, state why. Enter date of leaving  
9 PRINT the name and address of your last employer. If this is a company, give company's name, not foreman's name  
10 Do not abbreviate. Write out the full name of the city.

### GENERAL INFORMATION

You must report on the day and time designated. The day you are to report will be determined by the last four digits of your Social Security Number and the time of day will be determined by the last two digits of your Social Security Number. Everyone's report day will be determined in the same manner.

The Claims Examiner who takes your claim will tell you what your report day and time will be.

**Tear Off These Instructions But Keep Them for Reference**

1 SOCIAL SECURITY ACCOUNT NUMBER	2 FIRST NAME	INITIAL	LAST NAME	3 DEPT USE ONLY DATE CLAIM FILED	
4 STREET ADDRESS	CITY	OFFICE NO		MALE <input type="checkbox"/>	1
				FEMALE <input type="checkbox"/>	2
5 OTHER NAMES AND SSA NOS IF ANY	6 YEAR OF BIRTH	DI CLAIM FILED YES <input type="checkbox"/> NO <input type="checkbox"/>		OCCUPATIONAL CODE	
		OFFICE NO			
7 REASON FOR LEAVING LAST EMPLOYER				DATE SERVICES TERMINATED	

FIRM NAME OF LAST EMPLOYER  STREET ADDRESS  CITY AND STATE	<div style="text-align: right; font-weight: bold; margin-bottom: 10px;">READ BEFORE SIGNING</div> <p>I hereby request for work and make application for Unemployment Insurance. I certify that I have become separated from my work or that I am on a part time or reduced earnings basis and that I am not seeking insurance under another State or Federal Unemployment Insurance System except for a claim for insurance pending under the _____ law. I further certify that the above statement of facts made for the purpose of obtaining unemployment insurance under the California Unemployment Insurance Act is true and correct to the best of my knowledge and belief.</p> <div style="text-align: right; margin-top: 10px;">SIGNATURE OF CLAIMANT</div>
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**SIGNATURE OF CLAIMANT**

SURNAME OF CLAIMS EXAMINER

1 SOCIAL SECURITY ACCOUNT NUMBER		2 FIRST NAME		INITIAL	LAST NAME		DEPT USE ONLY 3 DATE CLAIM FILED	
4 STREET ADDRESS				CITY		OFFICE NO		MALE <input type="checkbox"/> 1 FEMALE <input type="checkbox"/> 2
5 OTHER NAMES AND SSA NOS IF ANY				6 YEAR OF BIRTH		DID CLAIM FILED YES <input type="checkbox"/> NO <input type="checkbox"/>		OCCUPATIONAL CODE
7 REASON FOR LEAVING LAST EMPLOYER							DATE SERVICES TERMINATED	
8 FIRM NAME OF LAST EMPLOYER		STREET ADDRESS		CITY AND STATE		9 Notice to last employer of new claim filed This is not a determination of eligibility for unemployment insurance. See reverse for instructions to employer. This form need not be returned to the Department. It is for your file.		

THIS IS NOT A DETERMINATION OF ELIGIBILITY FOR UNEMPLOYMENT INSURANCE  
SEE OTHER

DE 1101C REV 15 (12 48) NOTICE OF NEW CLAIM FILED STATE OF CALIF. DEPT. OF EMPLOYMENT

## INSTRUCTIONS TO EMPLOYER

This is a notice that the claimant whose name appears in Item 2 on the face of this form has filed an application for the establishment of a benefit year, and for a determination of eligibility for benefits, and a computation of the maximum benefit payable, and the weekly rate. If you are a loss period employer you will be notified by the Central Office in Sacramento of the amount of earnings you reported for this claimant and the amount of benefits which may be payable if the claimant is found eligible for benefits.

If you desire to question the eligibility of this claimant, it is necessary that you notify the local office shown below, by letter, within three working days after the receipt of this notice.

Such notification should contain the claimant's Social Security Account Number and name as shown in Items 1 and 2 on the face of this form, and factual information bearing on the claimant's eligibility.

A claimant is not eligible for unemployment insurance benefits when it is found by the Department that he (1) is not able to work or available for work, (2) left his work because of a trade dispute, (3) has not made reasonable efforts to secure work on his own behalf. A claimant will be disqualified if the Department finds that he (1) left his most recent work voluntarily without good cause, (2) was discharged for misconduct connected with his most recent work, (3) has without good cause, refused suitable work.

Determinations are made by the local office and are based entirely upon the eligibility provisions of the Unemployment Insurance Act after all available facts are considered.

Address of Local Office



1 SOCIAL SECURITY ACCOUNT NUMBER		2 FIRST NAME		INITIAL	LAST NAME	DEPT. USE ONLY 3 DATE CLAIM FILED	
4 STREET ADDRESS		CITY		Office No		MALE <input type="checkbox"/> 1 FEMALE <input type="checkbox"/> 2 3	
5 OTHER NAMES AND SSA Nos. IF ANY		6 YEAR OF BIRTH		DI CLAIM FILED Yes <input type="checkbox"/> No <input type="checkbox"/>		OCCUPATIONAL CODE	
7 REASON FOR LEAVING LAST EMPLOYER				Office No		DATE SERVICES TERMINATED	
8 FIRM NAME OF LAST EMPLOYER		STREET ADDRESS		CITY AND STATE		10 I certify that during the seven consecutive day period shown below, I was unemployed able to work and available for work and hereby register for work. I did not refuse an offer of suitable work and I have truthfully reported below all wages that were or are payable to me for the period for which I am now filing. I further certify that I have not received and am not seeking unemployment insurance for any part of this period under another State or Federal Unemployment Insurance System.	
PERIOD ENDING		GROSS EARNINGS \$		SIGNATURE OF CLAIMANT			
DE 5101 REV 16 (12 49) CLAIM RECORD CARD				CLAIMANTS SIGNATURE FOR WAITING PERIOD		6	

1 SSA NO		2 FIRST NAME		INITIAL	LAST NAME	3 WEEKS $\frac{0}{10}$ $\frac{0}{10}$ $\frac{0}{10}$		4 DATE BENEFIT YEAR BEGINS		
5 VETERAN'S SERIAL NO		U1		6 LIABLE STATES		7 WK END DAY		REPORT DAY	HOURS	8 B Y E DATE
9 SIGNATURE OF CLAIMANT		VET				10 WAITING PERIOD SERVED		PREVIOUS YEAR <input type="checkbox"/>	CC CURRENT YEAR <input type="checkbox"/>	P
C# T	DATE REPORTED AND PERIOD END OR DISC	A C OR ANY AUTHORIZED	C# T	DATE REPORTED AND PERIOD END OR DISC	A C OR ANY AUTHORIZED	C# T	DATE REPORTED AND PERIOD END OR DISC	A C OR ANY AUTHORIZED	BALANCE WHEN FULL WEEKS EXHAUSTED	
1			10			19			PERIOD ENDING	OLD BAL.
2			11			20				ANT. AUTH.
3			12			21				
4			13			22				
5			14			23				
6			15			24				
7			16			25				
8			17			26				
9			18							
										LOCAL OFFICE NOTATIONS

**Form DE 1101 C**

The first notice, Form DE 1101 C, is the most familiar to employers and relates to the filing of a new claim. This is a three-part form used to notify the last employer that a former employee has filed a claim for unemployment insurance. Why the last employer? Because he is the only one having information as to the reason the worker left his job. If you will look at the first or the second copy of that form you will find question No. 7 "Reason for leaving last employer." We do not try to influence the information the worker gives us. He can give us any reason he desires and we accept it, but we do tell him that we are going to send a copy of the notice to the last employer. If we have information at that time enabling us to determine the individual is ineligible, we will attach to this form a determination of ineligibility. Otherwise we must depend upon the last employer to give us information concerning eligibility.

**Form DE 1190**

Serving practically the same purpose is your next form, DE 1190 a yellow form, "Notice of an additional claim filed." This is used where a person originally filed a new claim for unemployment insurance, drew one or two weeks, became employed again, lost his new employment, and has come back to us and reopened his current claim. This is called filing an additional claim. We are required under these circumstances to notify the last employer of the filing of a claim.

A great deal of responsibility was placed upon the last employer through an amendment to the act by the 1949 Legislature, which became effective on October 1, 1949. Where workers voluntarily quit their jobs without good cause or are discharged for misconduct connected with their most recent work, the last employer has **full responsibility**, not only for protecting his own account, but for protecting the accounts of all other employers in the base period. If the last employer has any information indicating a question of eligibility he must, within three days after receiving that notice, give such information to the department.

The last employer might, on receipt of this form, protest eligibility of claimant for a number of reasons, many of which employers ordinarily overlook or fail to consider. Such good reasons include:

- (a) Voluntary quitting without good cause;
- (b) Discharge for misconduct connected with his most recent work;
- (c) Refusal of suitable employment;
- (d) Illness or physical disability;
- (e) On a paid vacation and there has been no severance of the employer-employee relationship;
- (f) On a requested leave-of-absence granted by the employer;
- (g) Leaving to become self-employed;
- (h) Leaving his work because of a trade dispute;
- (i) Leaving because of domestic circumstances or personal affairs;
- (j) Retiring from the labor market;
- (k) Not seeking work on his own behalf;
- (l) Leaving to attend school, college or university;
- (m) Pregnancy.

1 Social Security Account No. ↓	2 First Name ↓ Initial ↓ Last Name ↓	Department Use Only 3 Date Benefit Year Began
4 Street Address ↓	City ↓	5 Office No. Male <input type="checkbox"/> Female <input type="checkbox"/>
6 Reason for Leaving Last Employer ↓		7 Date of Additional Claim
Signature of Claimant ↓		8 Date of Separation ↓

9 Form Name of Last Employer

Street Address

City and State

10 Notice of additional claim filed

The claimant shown above has filed an application for Determination of Eligibility for benefits which certifies to the date shown in Item 7 as the beginning of a period of unemployment for which a continued claim or claims may be filed and which would fall within a benefit year previously established on the date shown in Item 3

This is not a determination of eligibility—See reverse for instructions

DE 1190 REV 6 (12-48) NOTICE OF ADDITIONAL CLAIM FILED

STATE OF CALIFORNIA—DEPARTMENT OF EMPLOYMENT

### INSTRUCTIONS TO EMPLOYER

If you desire to question the eligibility of this claimant, it is necessary that you notify the local office shown below, by letter, within three working days after the receipt of this notice

Such notification should contain the claimant's Social Security Account Number, and name as shown in Items 1 and 2 on the face of this form, and factual information bearing on the claimant's eligibility

A claimant is not eligible for unemployment insurance benefits when it is found by the Department that he (1) is not able to work or available for work, (2) left his work because of a trade dispute, (3) has not made reasonable efforts to secure work on his own behalf. A claimant will be disqualified if the Department finds that he (1) left his most recent work voluntarily without good cause, (2) was discharged for misconduct connected with his most recent work, (3) has without good cause refused suitable work.

Determinations are made by the local office and are based entirely upon the eligibility provisions of the unemployment insurance act after all available *facts* are considered

If you furnish information in response to this notice, you will be notified of the determination by the Department on Form DE 1080. If you are then dissatisfied with that determination, you may appeal to a referee in accordance with instructions on the DE 1080

DEPARTMENT OF EMPLOYMENT 122

525 SOUTH FLOWER STREET  
LOS ANGELES 12, CALIFORNIA  
Address of Local Office

All or any of these reasons can influence the eligibility of the individual and the last employer is the one we must depend upon for such information.

Many of the above reasons for leaving employment bring up a secondary eligibility factor, namely, **is the claimant available for work.**

**Form De 1545**

The next form DE 1545, "Notice of Initial or Amended Initial Computation," is one with which most employers are probably familiar. This form is sent to each base period employer, advising him of the fact that a claim has been filed by a former worker.

It doesn't make any difference whether the person files an unemployment insurance claim, a disability insurance claim under the state plan, or a disability insurance claim under a voluntary plan, the day that he files any one of these three claims he establishes a benefit year which in turn automatically establishes a base period. All employers in the base period receive this form, giving the name of the worker, the amount of wages by quarter earned with that particular employer, the maximum amount of benefits payable, the weekly benefit amount and the local office in which the claim was filed, as well as the date on which the claim was filed.

Disability insurance claims can always be recognized by the fact that the office number on such claims will always be 200 or over. If the number is under that figure it is an unemployment insurance claim. This form is not sent to the last employer, unless he is also a base period employer.

There is no basis for a direct appeal on this notice except: where there is a question of eligibility of the individual because he is not unemployed; that claimant is not registered for work; that the amount of earnings shown for that employee is incorrect; or that the amount of award is incorrect. These are the only bases on which a direct appeal could be filed upon receipt of this notice. If there is a question of eligibility, the protest must first be made in writing with the department and it must make a determination, that we agree with you or that we don't agree with you. It is from that determination that the base period employer can appeal.

Where the question of pregnancy is involved, the time the worker left the base period employer and the approximate date of confinement would enter into the eligibility of the claimant. Other questions of eligibility which arise involve availability because of domestic responsibilities or self-employment at the time he left the base period employer. Both of these questions are of such a nature that it raises a question as to whether he or she is available. It may be that at the time the individual left the employer he had a very serious heart condition or a tubercular condition. Although he has recovered and is perfectly able to work, we would have no information on the ability of the individual to work, if the base period employer did not so inform us. Still another question of eligibility may be raised if the individual is on a leave of absence from the base period employer and is therefore not an unemployed person. Other questions involve voluntarily quitting work without good cause; being discharged

6-L-278

# NOTICE OF INITIAL OR AMENDED INITIAL COMPUTATION

IN ACCORDANCE WITH SECTION 67 OF THE CALIFORNIA UNEMPLOYMENT INSURANCE ACT YOU ARE NOTIFIED THAT CLAIMS FOR UNEMPLOYMENT COMPENSATION OR DISABILITY BENEFITS \* HAVE BEEN FILED BY

STATE OF CALIFORNIA  
DEPARTMENT OF EMPLOYMENT  
1025 P Street - Sacramento 14

YOUR FORMER EMPLOYERS			ON			IN OFFICE *	AND THESE COMPUTATIONS WERE MADE		BASED WHOLLY OR IN PART ON WAGES IN YOUR EMPLOY	IN QTR NO	REPORTED UNDER	
NAME	SOCIAL SECURITY ACCOUNT NUMBER		MO	DAY	YR.		WEEKLY RATE	MAXIMUM INSURANCE PAYABLE			ACCOUNT NUMBER	BRANCH

\*Office numbers 200 through 299 indicate that a claim for disability benefits has been filed, all other office numbers indicate that a claim for unemployment compensation has been filed

DE 1545 Rev 12 (3-49)

SEE REVERSE SIDE FOR INFORMATION CONCERNING THIS NOTICE AND KEY TO THE SYMBOLS USED ABOVE

## LIST OF DEPARTMENT OF EMPLOYMENT OFFICES

001 Alhambra	032 Berkeley	055 Fresno	082 Marysville	121 Los Angeles
002 Culver City	033 Oakland - 1417 Clay Street	056 Grass Valley	083 Quincy	728 W. 10th Place
003 Glendale	034 Hayward	057 Placerville	084 Oroville	122 Los Angeles
004 Hollywood	035 Richmond	058 Vallejo	085 Wilmington	959 W. 7th Street
005 Huntington Park	036 Pittsburg	059 Sacramento	086 Fort Bragg	123 Oakland
006 Inglewood	037 San Francisco (Maritime)	060 Stockton	087 Martinez	12th and Oak Streets
008 Pasadena	Pier 1 1/2 Port of San Francisco	061 Sonoma	088 Lompoc	
009 Pomona	038 Indio	062 Modesto	089 Yreka	130 Turlock
010 San Fernando	039 Ontario	063 Napa	090 Alturas	138 Escondido
011 Los Angeles 1100 S Flower St.	040 Riverside	064 San Rafael	091 Dunsmuir	140 Lakeport
012 San Pedro	041 San Bernardino	065 Ukiah	092 Redding	175 Los Angeles
013 Santa Monica	042 Santa Ana	066 Santa Rosa	093 Susanville	506 West 11th St.
014 Torrance	043 Palo Alto	067 Petaluma	094 Red Bluff	176 San Francisco - 170-10th St.
015 Van Nuys	044 San Jose	068 Porterville	095 Eureka	177 San Francisco - 1400 Howard St.
016 Whittier	045 Salinas	069 Paso Robles	102 Lancaster	900-999 Office numbers in this
017 Fullerton	046 San Mateo	070 Santa Barbara	103 Compton	series indicate that the
018 El Monte	047 Santa Cruz	071 San Luis Obispo	104 Monrovia	claim was filed in an-
019 Burbank	048 El Centro	072 Santa Maria	105 East Los Angeles	other state. Correspond-
020 San Francisco-2nd Floor, Ferry Bldg.	049 San Diego	073 Ventura	108 Tulare	ence relative to such
021 San Francisco-170-10th St.	050 Hanford	074 Oxnard	109 Roseville	claims should be direct-
022 San Francisco-1400 Howard St.	051 Madera	076 Gilroy	110 Crescent City	ed to:
026 Lodi	052 Merced	077 Bakersfield	114 Alameda	Department of Employment
027 Monterey	053 Visalia	078 Bishop	116 Woodland	Interstate Unit
028 Watsonville	054 South San Francisco	080 Chico	118 Long Beach	1006-14th St
029 Hollister	215 Linden Ave.	081 Oceanside		Sacramento 14, California
030 Auburn				

## LIST OF STATE DISABILITY INSURANCE OFFICES

201 Bakersfield-PO Box 41	205 Long Beach - PO Box 469	209 Sacramento - PO Box 711	213 San Francisco - PO Box 3534 Rincon Annex
202 Chico " " 452	206 Los Angeles " " 3096 Terminal Annex	210 Stockton " " 698	214 San Jose " " 637
203 Eureka " " 154	207 Oakland " " 1857	211 San Bernardino " " 960	215 Santa Barbara " " 847
204 Fresno " " 669	208 Redding " " 998	212 San Diego " " 831	216 Santa Rosa " " 268

## VOLUNTARY PLAN

299 - Sacramento - PO Box 1228 (Unemployment Compensation Disability Benefits Under Voluntary Plan)

### NOTICE TO EMPLOYER REGARDING PROTESTS

If you have any reason to protest the payment of benefits on the basis that the wage items are incorrect, make your protest to the Department of Employment, 1025 P Street, Sacramento 14, Attention: Accounting Section. Please return this notice, or a copy, with such protest.

If you have reason to protest the payment of benefits to the claimant on the grounds of ineligibility, please address such protest to the office in which the claim was filed. (See opposite side for names and addresses of the offices whose numbers appear on the face of this notice.) In your protest, please give complete facts regarding the matter and address your letter to the Department of Employment in the city in which the office is located.

Notices of time and place of hearing of any appeal matter involving the eligibility of a claimant to receive unemployment insurance will be directed only to the claimant and to those parties who have supplied the Department of Employment with information bearing upon the claimant's eligibility as provided for in Section 67 of the Unemployment Insurance Act and Title 22, Section 231 of the California Administrative Code.

### INFORMATION CONCERNING THIS NOTICE

**IMPORTANT: THIS NOTICE DOES NOT CHANGE ANY DETERMINATION OF DISQUALIFICATION WHICH YOU MAY HAVE RECEIVED REGARDING ANY OF THESE CLAIMANTS.**

This is a computation of monetary award only and is based on the total wages paid to the claimant in subject employment during his base period. The "weekly rate" and "maximum insurance payable" are the amounts which the claimant is entitled to draw during the one year period beginning with the day the claim was filed, provided that he is otherwise eligible.

This computation does not mean that the claimant will automatically draw this award, in full or in part. To receive benefits the claimant must be eligible for each week for which such benefits are claimed.

To be eligible for **disability** benefits, the claimant must be physically or mentally unable to perform his regular or customary work and must not be receiving regular wages. Any **disability** benefits paid will not be charged to your experience rating account.

To be eligible for **unemployment** benefits the claimant must be totally unemployed or working on a part-time or reduced earnings basis; registered for work with the Department of Employment; physically able to work, available for and seeking work. He may also be ineligible for varying periods depending on his reasons for leaving his most recent work, or for refusing to accept suitable employment.

The wage items shown were taken from your quarterly contribution reports. The two digit code listed in the column "In Qtr. No." identifies the quarter for which such wages were reported. The first digit indicates the year (6 for 1946, 7 for 1947, etc.); the second digit indicates the quarter within the year (1 for January, February and March; 2 for April, May and June, etc.). A wage item followed by CR should be deducted from other wages listed for the same individual and quarter to determine the correct wages for the quarter.

(See reverse side for information regarding employer protests )



NOTICE OF UNEMPLOYMENT INSURANCE CLAIM FILED STATE OF CALIFORNIA DEPARTMENT OF EMPLOYMENT  
 IN ACCORDANCE WITH SECTION 67 OF THE CALIFORNIA UNEMPLOYMENT INSURANCE ACT YOU ARE NOTIFIED THAT  
 CLAIMS FOR UNEMPLOYMENT INSURANCE HAVE BEEN FILED BY

NAME SOCIAL SECURITY ACCOUNT NUMBER BENEFIT YEAR BEGAN NEW CLAIM FILED IN OFFICE EARNING UNDER ACCOUNT NUMBER BRANCH

DE 1949B, REV 1 (9-47) SEE REVERSE SIDE FOR INFORMATION CONCERNING THIS NOTICE

## LIST OF DEPARTMENT OF EMPLOYMENT OFFICES

001 Alhambra	029 Hollister	055 Fresno	084 Oroville
002 Culver City	030 Auburn	056 Grass Valley	085 Wilmington
003 Glendale	032 Berkeley	057 Placerville	086 Fort Bragg
004 Hollywood	031 Oakland	058 Vallejo	087 Martinez
005 Huntington Park	034 Hayward	059 Sacramento	088 Lompoc
006 Inglewood	035 Richmond	060 Stockton	089 Yreka
008 Pasadena	036 Pittsburg	061 Sausalito	090 Alturas
009 Pomona	037 San Francisco (Maritime)	062 Modesto	091 Duismuir
010 San Fernando	Par 1 1/2 Embarcadero	063 Madera	092 Redding
011 Los Angeles - 728 W. 10th Place	038 Indo	064 San Rafael	093 Susanville
012 San Pedro	039 Ontario	065 Ukiah	094 Red Bluff
013 Santa Monica	040 Riverside	066 Santa Rosa	095 Eureka
014 Torrance	041 San Bernardino	067 Petaluma	099 Sacramento, Interstate Claims
015 Van Nuys	042 Santa Ana	068 Porterville	102 Lancaster
016 Whittier	043 Palo Alto	069 Paso Robles	103 Compton
017 Fullerton	044 San Jose	070 Santa Barbara	104 Monrovia
018 Cuyana	045 Salinas	071 San Luis Obispo	105 Los Angeles, East Side 3929 Whittier Blvd.
019 Burbank	046 San Mateo	072 Santa Maria	106 Coalinga
020 San Francisco - 154 Sansome St.	047 Santa Cruz	073 Ventura	107 Los Banos
022 San Francisco - 1690 Mission St.	048 El Centro	074 Oxnard	108 Tulare
023 Los Angeles	049 San Diego	075 Bakersfield	109 Roseville
026 Lodi	050 Hanford	076 Gilroy	110 Crescent City
027 Manterville	051 Madera	077 Chico	114 Alameda
028 Watsonville	052 Merced	078 Ukiah	115 Willows
	053 Yuba	081 Oceanide	116 Woodland
	054 South San Francisco	082 Marysville	118 Long Beach
	215 Linden Ave.	083 Quincy	

IMPORTANT THIS NOTICE DOES NOT CHANGE ANY DETERMINATION OF DISQUALIFICATION WHICH YOU MAY HAVE RECEIVED REGARDING ANY OF THESE CLAIMANTS

## INFORMATION

A claim for unemployment insurance has been filed by each of the individuals listed on the face of this form. You were previously notified of claims for disability insurance for the same individuals and the Department's determination at that time as to the wages in the base period by quarters as reported by you and the weekly rate and maximum insurance payable.

To be eligible for unemployment benefits the claimant must be totally unemployed or working on a part-time or reduced earnings basis, registered for work with the Department of Employment, physically able to work and available for work. He may also be ineligible for varying periods depending on his reasons for leaving his most recent work, or for refusing to accept suitable employment.

If you have reason to protest the payment of benefits to the claimant on the grounds of ineligibility, please address such protest to the office in which the claim was filed. (See reverse side for names and addresses of the offices whose numbers appear on the face of this notice.) In your protest, please give complete facts regarding the matter and address your letter to the Department of Employment in the city in which the office is located.

In accordance with the provisions of Section 67 of the Unemployment Insurance Act and Title 22, Section 231 of the California Administrative Code, notices of time and place of hearing of any appeal matter involving the eligibility of a claimant to receive unemployment insurance will be directed only to the claimant and to those parties who have supplied the Department of Employment with information bearing upon the claimant's eligibility as provided for in said Section of the Unemployment Insurance Act and said Title and Section of the Administrative Code.

for misconduct connected with his job ; refusal of suitable employment ; leaving work because of a trade dispute ; on a paid vacation ; or leaving to attend school, university or college. These are the questions on which we must have information from the base period employer in order to make the proper determination of eligibility.

**Form DE 1545 B**

This next form, DE 1545 B, "Notice of Unemployment Insurance Claim Filed," is very similar to the one previously discussed. This form is sent to each base period employer advising him that an unemployment insurance claim has been filed within a benefit year which originated with the filing of a disability insurance claim. In other words, a worker filed a disability insurance claim and the base period employers were notified of the initial computation on Form DE 1545. The worker drew disability insurance, recovered, and was able to go to work again. He was unemployed at the time, however, so he filed an unemployment insurance claim. There was no reason for the employer, when he originally received DE 1545, to be particularly concerned, because the individual was drawing disability insurance which is not charged to the employer's reserve account. But when the employer receives DE 1545 B advising that an unemployment insurance claim has been filed, he is advised that if unemployment insurance is drawn it will be charged to the accounts of employers in the base period. This form gives the employer the name and social security account number of the worker, the date the benefit year began, the date the unemployment insurance claim was filed, the office in which it was filed, and the employer account number. Questions of eligibility may be raised on receipt of this notice, and a determination would have to be made of eligibility or ineligibility before an appeal could be filed.

**Forms DE 1080, DE 1080 C, 1080 E**

"Notices of Determination of Eligibility," DE 1080, DE 1080 C, and DE 1080 E, are used to notify both employer and claimant of department determinations of eligibility. Form DE 1080 covers periods of indefinite disqualification, where we don't know how long the disqualification will continue to exist. Form DE 1080 C covers periods of disqualification which have been defined in the law. Form DE 1080 E covers the case when we do not agree with the employer and do not disqualify the claimant. These forms are used to notify the claimant and the employer who has questioned the eligibility of the worker on Forms DE 1101 C or DE 1190 or through other media, that the claimant is eligible or is not eligible for the period of time shown.

If either party adversely affected feels that his rights have not been protected, he has seven days after the receipt of that form within which to file an appeal to a referee. The referee hears both sides of the story and renders a decision to pay benefits or not to pay benefits. In either case the offended party still has an opportunity for further appeal to the Unemployment Insurance Appeals Board, which is composed of three members of the California Employment Stabilization Commission. They go over the evidence again and, whatever their decision, it is absolutely final insofar as the administrative procedure and remedies under the act are concerned. However, cases can be taken even beyond that into the civil courts of the State.

State of California  
Department of Employment  
NOTICE OF UNEMPLOYMENT INSURANCE  
ELIGIBILITY DETERMINATION

Date of this notice.....

S.S.A. No .....

Office No. ....

Date Benefit Year Began .....

Code I.

Name and Address of Claimant

CARD CODE	
0	U I

Your right to receive Unemployment Insurance Benefits has been questioned because information in possession of the Department indicates that your claim for benefits comes under the disqualifying provisions of the Unemployment Insurance Act as indicated below

- 4 ☐ You are not able to work or available for work                      Sec. 57(C)
- 5 ☐ You left your work because of a trade dispute                      Sec. 56(A)
- 7 ☐ Other.

All information available to the Department has been carefully considered, resulting in the decision that you are not entitled to Unemployment Insurance Benefits for the period from ..... until the disqualifying conditions no longer exist.

Any benefits paid during this period of disqualification constitute an over payment and are subject to collection by the Department.

## REASON FOR DECISION

This determination is final unless you file an appeal within Seven (7) days from the date of mailing of this notification, or if it is personally served, within Seven (7) days from the date of such service. If an appeal is filed you should continue to certify for each week of unemployment for which you desire to file a claim during the period your appeal is pending before the appellate authority

Determination made by.

-----  
Claims Examiner

Local Office Address:

Name and Address of Employing Unit

STATE OF CALIFORNIA  
DEPARTMENT OF EMPLOYMENT  
**NOTICE OF  
UNEMPLOYMENT INSURANCE ELIGIBILITY DETERMINATION**

Date of this notice                      .. ..  
S.S.A. No                      ..                      Office No                      ..  
Date Benefit Year Began                      ..                      Code 1  
Name and Address of Claimant                      .. ..

CARD CODE	
0	<input type="checkbox"/> U.I.

Your right to receive Unemployment Insurance has been questioned because information in possession of the Department indicates that your claim for benefits comes under the disqualifying provisions of the Unemployment Insurance Act as indicated below

- |   |                          |  |                |
|---|--------------------------|--|----------------|
| 1 | <input type="checkbox"/> | You voluntarily left your most recent work without good cause  | Sec. 58(A) (1) |
| 2 | <input type="checkbox"/> | You were discharged for misconduct connected with your most recent work  | Sec. 58(A) (2) |
| 3 | <input type="checkbox"/> | You refused an offer of suitable work without good cause   | Sec. 58(A) (4) |
| 6 | <input type="checkbox"/> | You wilfully made a misstatement or failed to report a material fact in order to obtain unemployment insurance | Sec. 58(A) (3) |
| 8 | <input type="checkbox"/> | You failed to register for work during a period of disqualification  | Sec. 58(B)     |
| 9 | <input type="checkbox"/> | You failed to seek work on your own behalf   | Sec. 57(F)     |
| 7 | <input type="checkbox"/> | Other  |                |

All information available to the Department has been carefully considered, resulting in the decision that you are not entitled to unemployment insurance for the period beginning \_\_\_\_\_ and ending \_\_\_\_\_ (\_\_\_\_\_ weeks)

Any benefits paid during this period of disqualification constitute an overpayment and are subject to collection by the Department.

REASON FOR DECISION:

**YOU MUST REPORT TO THE LOCAL OFFICE ON YOUR REPORT DAY EACH WEEK DURING THE ABOVE PERIOD. FAILURE TO DO SO MAY RESULT IN ADDITIONAL WEEKS OF DISQUALIFICATION.** This determination is final unless you file an appeal within seven (7) days after the date of mailing of this notification, or if it is personally served, within seven (7) days from the date of such service. If an appeal is filed you should continue to certify for each week of unemployment for which you desire to file a claim during the period your appeal is pending before the appellate authority.

\_\_\_\_\_  
Local Office Address:

Name and Address of Employing Unit  
DE 1080C REV. 4 (9-48)

State of California  
Department of Employment  
**NOTICE OF UNEMPLOYMENT INSURANCE  
ELIGIBILITY DETERMINATION**

Date of this notice.....  
S.S.A. No. .... Office No. ....  
Date Benefit Year Began..... Code 2.  
Name and Address of Claimant .....

C				
A	0.	<input type="checkbox"/>	U I.	
E	6.	<input type="checkbox"/>	W.S.A.	
D	3.	<input type="checkbox"/>	I.A.	
C				
O				
D				
E	I A. State			

You have protested the eligibility of the above-named claimant to receive Unemployment Insurance Benefits on the grounds checked:

- |    |                          |   |               |
|----|--------------------------|---|---------------|
| 1. | <input type="checkbox"/> | Claimant voluntarily left his most recent work without good cause | Sec. 58(A)(1) |
| 2. | <input type="checkbox"/> | Claimant was discharged from his most recent work for misconduct  | Sec. 58(A)(2) |
| 3. | <input type="checkbox"/> | Claimant refused an offer of suitable work without good cause     | Sec. 58(A)(4) |
| 4. | <input type="checkbox"/> | Claimant is not able to work or available for work                | Sec. 57(C)    |
| 5. | <input type="checkbox"/> | Claimant left his most recent work because of a trade dispute     | Sec. 56(A)    |
| 6. | <input type="checkbox"/> | Claimant made a misstatement to obtain unemployment insurance     | Sec. 58(A)(3) |
| 9. | <input type="checkbox"/> | Claimant failed to seek work on his own behalf                    | Sec. 57(F)    |
| 7. | <input type="checkbox"/> | Other:  |               |

All information available to the Department has been carefully considered, resulting in the decision that claimant is eligible for benefits under the Unemployment Insurance Act.

**REASON FOR DECISION:**

You may not protest any benefits charged against your account which are paid as a result of this determination unless you appeal this determination within Seven (7) days from the date of mailing, or (if it is personally served) within Seven (7) days from the date of such service.

Determination made by:

-----  
Claims Examiner  
Local Office Address:

Name and Address of Employing Unit

DE 10826, Rev. 1 (8-48)

Employers are charged with the responsibility of furnishing **factual** information and hence protests based upon conclusions of law or fact such as a mere statement:

- (a) Not able to work;
- (b) Not available for work;
- (c) Discharged for cause;
- (d) Voluntarily quit;
- (e) Refused suitable employment;

do not constitute a valid basis for establishing ineligibility unless supported by complete factual information.

#### **Form DE 2788**

Form 2788 is a "No Action Notice." Suppose that a former worker of yours files a claim for unemployment insurance; you protest the payment of unemployment insurance for some reason or other and the worker does not return to the Department of Employment to give us a chance to hear his side of the story. If he doesn't come back within a week, the card is transferred to the inactive file. We then send you Form DE 2788 advising that action cannot be taken on your protest because claimant has not appeared to claim benefits since your protest was received, or since the occurrence of the cause of your protest. It is also used to advise you that you will be notified of a determination when he again files a claim.

At this point I would like to caution employers that I don't believe all of you are exercising the control over eligibility granted you on this form by the sentence "you will be notified of the department's determination when he again files a claim." If you were not notified of a determination of eligibility and charges appeared on your statement of charges next fall, you would then have a perfect example of a good protest against charges to your account.

#### **Form 2788 A**

The next form is 2788 A, used under Regulation 230 C and D, for employers in the base period who request that they be notified of the filing of any additional claims by a former worker, or if employers in the base period are desirous of re-employing a former employee. This form is utilized to notify the employer of the consummation of a disqualification, that is, that the person has served the disqualifying period and now appears to be eligible. It is also used to advise the base period employer—who has become an interested party by reason of his furnishing us with some information—that the worker has now reopened his claim for unemployment insurance. It may also be used in advising the employer that the period of disqualification has been served and, unless we receive some other information, the individual appears now to be eligible.

#### **Form 2788 B**

Form 2788 B is also a notice to the employer of "no action." This form is utilized to notify an employer protesting payment of unemployment insurance that the information submitted is not of a disqualifying nature under the act. For instance let us suppose that an employee voluntarily quits you without good cause. Tomorrow he goes to work for another employer, and he works for that employer, let's say, for three

EARL WARREN  
Governor



JAMES G. BRYANT  
Director

STATE OF CALIFORNIA  
DEPARTMENT OF EMPLOYMENT

CALIFORNIA  
EMPLOYMENT  
STABILIZATION  
COMMISSION

JAMES G. BRYANT  
Chairman  
T. H. MUGFORD  
Vice Chairman  
MICHAEL B. KUNZ  
GLENN V. WALLS  
PETER E. MITCHELL

Direct Reply to

Name

SSA #

GENTLEMEN:

Thank you very much for the information submitted in your communication. All such information submitted is given a careful investigation as to the application of eligibility provisions of the California Unemployment Insurance Act.

No action has been taken on your notice of \_\_\_\_\_ regarding the above named individual because the individual has not claimed benefits since the act or situation referred to in your notice. You will be notified of the Department's determination regarding this claimant's eligibility in the event that he again files a claim for benefits during his current benefit year.

REMARKS: \_\_\_\_\_

Claim Examiner

STATE OF CALIFORNIA  
DEPARTMENT OF EMPLOYMENT

**NOTICE OF UNEMPLOYMENT INSURANCE CLAIM ACTION**

OFFICE.....DATE.....

SSA No. ....

NAME.....

DATE CLAIM FILED.....

In conformance with the California Unemployment Insurance Act and Section 230, Title 22, California Administrative Code, you are hereby notified of the following action relative to the above claimant (see items checked).

1. ☐ Disqualification

a. ☐ The claimant has been disqualified under the provisions of Section 58..... of the Act for a period of ..... weeks beginning.....  
(Date)

b. ☐ The claimant has been disqualified under provisions of Section..... of the Act for an indefinite period beginning.....  
(Date)

2. ☐ Additional Claim Filed

a. ☐ The claim was reopened on..... and the claimant appears eligible for benefits. He is totally unemployed.

b. ☐ The claimant having satisfied the disqualification beginning on....., reopened his claim effective..... and appears eligible for benefits.

c. ☐ The claimant now appears to meet the eligibility requirements of the Act; consequently, unless information to the contrary is received, the indefinite disqualification beginning on..... will be removed effective.....

If you have information that this claimant is not eligible for benefits or should be disqualified for any statutory reason, furnish factual information to the office shown below within three working days after receipt of this notice.

*Local Office Address*



EARL WARREN  
Governor



JAMES O. BRYANT  
Director

STATE OF CALIFORNIA  
DEPARTMENT OF EMPLOYMENT

CALIFORNIA  
EMPLOYMENT  
STABILIZATION  
COMMISSION

JAMES O. BRYANT  
Chairman  
T. H. MUGFORD  
Vice Chairman  
MICHAEL B. KUNZ  
GLENN V. WALLIS  
PETER B. MITCHELL

Direct Reply To:

.....  
Name SSA #

GENTLEMEN:

Thank you very much for the information submitted in your communication. All such information submitted is given a careful investigation as to the application of eligibility provisions of the California Unemployment Insurance Act.

No action can be taken on your notice of.....  
regarding the above named individual because:

1. ☐ The information submitted is not a disqualifying factor as provided for in the California Unemployment Insurance Act. A claimant is ineligible for unemployment insurance benefits if he: (1) is not able to work, (2) is not available for work, (3) left his work because of a trade dispute; or may be disqualified if he: (4) left his most recent work voluntarily without good cause, (5) has been discharged for misconduct connected with his most recent work, or (6) has, without good cause, refused to accept suitable employment.
2. ☐ The information submitted with respect to the claimant cannot be used in making a determination of eligibility for the reason that you were not the claimant's most recent employing unit. Since leaving you the claimant has worked for another employer. Sections 58(a)(1) and 58(a)(2) of the Unemployment Insurance Act provide for disqualification of a claimant for quitting his most recent work without good cause and for misconduct in connection with his most recent work.

You may not protest any benefits charged against your account which are paid as a result of this determination unless you appeal this determination within seven (7) days from the date of mailing, or if it is personally served, within seven (7) days from the date of such service.

.....  
Claims Examiner

EARL WARREN  
Governor



STATE OF CALIFORNIA  
DEPARTMENT OF EMPLOYMENT

JAMES G. BRYANT  
DIRECTOR

Direct Reply To:

Name

SSA No.

Gentlemen:

Thank you very much for the information submitted in your communication of \_\_\_\_\_ referring to the claimant shown above who has filed for unemployment insurance benefits.

All such information received is given careful consideration as to its effect upon the eligibility of each claimant concerned. We are unable to take action with respect to your communication however, as the information submitted does not provide FACTS upon which a determination of eligibility can be made.

With respect to notices received from employing units, Section 231 of Title 22, of the California Administrative Code states in part:-

"(a) Within three working days after receipt of a notice \*\*\*\*\* of the filing of a claim, or if there has been a termination of the claimant's service, within five days after such termination, whichever is the later, an employing unit shall notify the Department at its local office at which the claim was filed of any information known to him which may bear upon the eligibility of the claimant.

\*\*\*\*\*

"(d) Each notice filed by an employing unit under Subsection (a) \*\*\* hereof shall relate to a single claimant and shall include the following information:-

\*\*\*\*\*

"(5) Specific facts reasonably applicable to the claimant's eligibility under Sections 56, 57, 58 or any other provisions of the Act."

If such factual information is available, it should be furnished this local office of the Department within three days from receipt of this communication. Otherwise this claim will be processed on the basis of available facts.

Very truly yours,

DE 2788C (6-49)

months. If you should make a protest of eligibility because he voluntarily quit you without good cause several months ago, we would utilize this form of notification. Since you are not the most recent employer the information you submitted to us concerning this **voluntary quit** would have no bearing on the case as there was subsequent employment before the filing of a claim, and reason for leaving **last** employment is the only factor involving eligibility.

#### Form 2788 C

The final notice in this series is Form 2788 C "Notice that the Information is not Factual." We often receive notices from employers to the effect that the individual was discharged for cause; that he is to the best of their knowledge and belief not available for work; that he is not able to work; that he is not seeking work; that he does not want to work or that he has plenty of money to support himself and therefore, should not be paid unemployment insurance. All of these items are insufficient or contain insufficient facts upon which to logically or sensibly base a determination of eligibility. Such information is not in conformity with Regulation 231, which requires that the employer furnish "specific facts, reasonably applicable to the claimant's eligibility under Sections 56, 57 and 58 or other provisions of the act." If we are going to administer the act fully and impartially, we must have complete facts. Once we have those facts we are going to make a determination one way or the other. We don't intend to favor employers, we don't intend to favor workers, because in our program it doesn't make any difference which we do. If we pay unemployment insurance, we will probably catch hell from the employer, if we don't pay unemployment insurance, we'll surely catch hell from the worker, and if he belongs to a strong labor organization, we'll probably catch it from the labor organization. So we endeavor to use our best ability in making fair and equitable determinations, realizing that both the employee and the employer are always protected under the appeals provision of the act.

#### Form DE 428

The next form is a "Statement of Charges to Employer's Reserve Account"—DE 428. This statement is issued annually in accordance with the terms of Section 41.1(a) of the act. It is issued usually late in the calendar year, anywhere from October 1st on, and covers the period of charges to the employer's account from July 1st in the previous year through June 30th of the current year. In other words, the last statement of that nature that you received covered the period of July 1, 1948, through June 30, 1949, and you received it approximately October 15, 1949. It includes the employer's account number, the claimant's name, the claimant's social security account number, the dates the claims were filed and the amounts charged to the employer's reserve account. Any protest against the charges upon this form must be made within 60 days of the date of issue which appears on the form. If an employer fails to exercise the administrative remedies given him under the act, in appealing from one of our determinations and, as a result of no appeal having been filed we pay unemployment insurance, then the employer could not file an appeal from those charges when he received this DE 428 statement.

# STATEMENT OF CHARGES TO EMPLOYER'S RESERVE ACCOUNT

STATE OF CALIFORNIA  
DEPARTMENT OF EMPLOYMENT  
1025 P STREET, SACRAMENTO 14

THE CHARGES LISTED BELOW ARE BASED ON UNEMPLOYMENT INSURANCE PAID TO CLAIMANTS THROUGH JUNE 30 OF THE CURRENT YEAR

EMPLOYER ACCOUNT NO		BRANCH	NAME OF CLAIMANT	SOCIAL SECURITY ACCOUNT NUMBER			DATE CLAIM FILED			AMOUNT CHARGED (DOLLARS ONLY)	
DIST	SERIAL			AREA	GR	SERIAL	MO	DAY	YR		

DATE MAILED		
MO	DAY	YR

**NO  
PAYMENT  
REQUIRED**

SEE OTHER  
SIDE  
FOR  
EXPLANATION

© F  
DE 428 REV 8 (6 49)

# **EXPLANATION OF ENTRIES - Retain This Notice for Reference**

1. **EMPLOYER ACCOUNT NO.**—The number under which you are registered with Department of Employment.
2. **BRANCH**—The branch number, if you have several places of business and are using branch coding.
3. **NAME OF CLAIMANT**—The name under which the claimant filed. It may be different from the name used when working for you. For women there may be a change from single to married name. Many claimants use different combinations of first and middle names or initials. The most reliable check on identity of claimants is the Social Security Number.
4. **SOCIAL SECURITY ACCOUNT NUMBER**—This is the Social Security Number of the claimant, as shown on the earnings reports filed by you.
5. **DATE CLAIM FILED**—The date on which the claimant established his benefit year. This date should be within 18 months of the time the claimant worked for you.
6. **AMOUNT CHARGED**—The figure shown for each claimant is the amount of benefits charged against your reserve account for that claimant. The letters "CR" mean CREDIT (for charges now cancelled).
7. **DATE MAILED**—You have 60 days from this date in which to file a protest on any of the items.

**PROTESTS BASED ON ELIGIBILITY OF CLAIMANT TO RECEIVE BENEFITS WILL NOT BE CONSIDERED** Refer to the experience rating pamphlet for information regarding protests.

**Statement of Reserve Account and EMPLOYER CONTRIBUTION RATE FOR 1950**  
(PURSUANT TO SECTION 411 OF THE CALIFORNIA UNEMPLOYMENT INSURANCE ACT)

STATE OF CALIFORNIA  
DEPARTMENT OF EMPLOYMENT  
1025 P STREET SACRAMENTO 14

THIS IS AN EXPERIENCE RATING STATEMENT, THEREFORE, NO PAYMENT SHOULD BE MADE, OR CREDIT TAKEN, ON THE BASIS OF THE ENTRIES RECORDED BELOW

DATE MAILED		
MO	DAY	YR

**RIGHT OF PROTEST:**

IF YOU BELIEVE ANY OF THE ITEMS ON THIS STATEMENT ARE IN ERROR, YOU MAY FILE A PROTEST WITHIN 60 DAYS OF THE DATE SHOWN ABOVE (See Reverse for Additional Information Regarding Protests)

YOUR CONTRIBUTION RATE FOR THE RATING PERIOD \_\_\_\_\_ JANUARY 1, 1950 TO DECEMBER 31, 1950 \_\_\_\_\_  
AND THE FIGURES ON THE BASIS OF WHICH IT WAS COMPUTED — ARE PRESENTED IN THE GRID BELOW:

THE 'TYPE' CODE SHOWN IN THE GRID HAS THE FOLLOWING MEANING

TYPE 1 YOU HAVE MET ALL REQUIREMENTS AND YOUR RESERVE BALANCE IS SUFFICIENTLY HIGH TO QUALIFY FOR THE REDUCED RATE SHOWN  
TYPE 2 YOUR RESERVE RATIO IS LESS THAN THE MINIMUM REQUIRED FOR A RATE OF LESS THAN 27%. (SEE REVERSE FOR TABLE OF RATIOS)  
TYPE 3 YOU DO NOT HAVE THE REQUIRED EXPERIENCE — UNDER THE PROVISIONS OF THE CALIFORNIA UNEMPLOYMENT INSURANCE ACT YOU MUST HAVE BEEN A SUBJECT EMPLOYER ON OR BEFORE MARCH 31, 1946 AND HAVE HAD A TAXABLE PAY ROLL IN EACH OF THE YEARS 1946, 1947, AND 1948 IN ORDER TO QUALIFY FOR A REDUCED RATE FOR THE YEAR 1950

A	B	C	D	E	F	G	H	I
EMPLOYER ACCOUNT NUMBER	TYPE	TOTAL BASE PAY ROLL (DOLLARS ONLY)	NET BALANCE OF RESERVE AS OF 7 31 48	EMPLOYER CONTRIBUTIONS 8-1 48 TO 7 31 49	INSURANCE CHARGES 7 1 48 TO 6 30 48 (DOLLARS ONLY)	NET BALANCE OF RESERVE AS OF 7 31 48	RATIO	RATE IN %

YOU SHOULD COMPUTE EMPLOYER CONTRIBUTIONS ON TAXABLE WAGES PAID DURING 1950 AT THIS PERCENT

WAGE EARNER CONTRIBUTIONS SHOULD CONTINUE TO BE DEDUCTED AT THE RATE OF 1%.

DEPARTMENT OF EMPLOYMENT

# EXPLANATION OF ENTRIES RECORDED ON THE NOTICE OF EMPLOYER'S CONTRIBUTION RATE

- A EMPLOYER ACCOUNT NUMBER: This is the account number assigned to you when you became subject to the California Unemployment Insurance Act. Please refer to this number in any correspondence regarding this notice.
- B TYPE: The "Type" code represents the classification of your account with respect to the requirements of the experience rating provisions of the Act. An explanation of each type is shown on the face of the form.
- C TOTAL BASE PAY ROLL: Taxable wages paid during 1946, 1947 and 1948.
- D NET BALANCE OF RESERVE AS OF 7-31-48: Excess of paid Employer Contributions over Insurance Charges as of 7-31-48.
- E EMPLOYER CONTRIBUTIONS 8-1-48 to 7-31-49: Employer Contributions paid between 8-1-48 and 7-31-49.
- F INSURANCE CHARGES 7-1-48 to 6-30-49: Charges based on benefits paid from 7-1-48 to 6-30-49 (Previously reported on Statement of Charges to Employer's Reserve Account).
- G NET BALANCE OF RESERVE AS OF 7-31-49: Net Balance of Reserve as of 7-31-48 (D) plus paid Employer Contributions 8-1-48 to 7-31-49 (E) minus Insurance Charges 7-1-48 to 6-30-49 (F). (A reserve balance followed by the symbol "CR" means that insurance charges exceed paid employer contributions.)
- H RATIO: Net balance of reserve as of 7-31-49 (G) divided by one-third of Total Base Pay Roll (C). (Ratio is shown as .000 if your account has been classified as Type 3 or if it has a negative reserve balance as of 7-31-49.)
- I RATE: Contribution Rates were determined from the following table of Rates:

<u>Ratio</u>	<u>Contribution Rate</u>
.000 to, but not including .075	2.7%
.075 to, but not including .090	2.5%
.090 to, but not including .100	2.0%
.100 to, but not including .110	1.5%
.110 or more	1.0%

## RIGHT OF PROTEST

A protest to any of the items shown on this statement must be filed within 60 days of the mailing date shown on the face of this form. If you desire to file such a protest you must make reference to your employer account number, the specific item protested and your reasons for believing the item is in error. Address the protest to: Accounting Section, Department of Employment, 1025 P Street, Sacramento 14, California.

As I have previously told you, as a result of the "No Action Notice"—the DE 2788 form which we send you—it is necessary for you to control that claim in view of the fact that you will not receive this statement until late in the fall. "Voluntary quits" and "discharges for misconduct," both of which involve no charges to employer accounts, who paid wages prior to the occurrence of the cause of disqualification, necessitates close control of those accounts, at least until receipt of your statement of charges. That can mean, controlling them for a period of at least 18 months and possibly two years.

**Form DE 2088**

Statement of Reserve Amount and Employer Contribution Rate—Form 2088 is another notice required under Section 41.1(a) of the act. This is the notice of your contribution rate for the year 1950 which you should have received approximately January 15, 1950. This notice contains your employer account number and your total base pay roll. The base pay roll would have covered the three calendar years prior to the computation date. The computation date is always June 30th of each year. So, on the June 30, 1949, computation date, your total base pay roll would have covered the three calendar years of 1948, 1947 and 1946. The total of these three years is divided by three in order to get your average annual pay roll, which is one of the factors used in "merit rating." Next we give you your balance of reserve on the last computation date, which would have been July 31, 1948. Then we indicate employer contributions on your own behalf paid during the period of August 1, 1948, through July 31, 1949. The reason for the difference in dates between charges and credits is that the employer's quarterly report for the quarter ended June 30th, is not due until July 1st, and does not become delinquent until after July 31st, so any payment made within those dates is credited back to the previous fiscal year ending June 30th.

The difference between your net balance of reserve on the last computation date, plus your contributions, minus insurance charges to your account from July 1, 1948, through June 30, 1949, gives you your net balance of reserve on July 31, 1949. Divide that figure by your average annual pay roll for the three preceding calendar years and you arrive at your merit rating ratio for the year 1950. Once that ratio has been set, and the rate of contribution in accordance with Section 39 of the act is set, unless corrections are made in the account, the rate is effective for the full calendar year to which it applies and cannot be changed as a result of additions made subsequent to the computation date. The contribution rate determined as a result of these computations is also included on the contribution rate forms which we send to employers each calendar quarter. The rate will be found at the right of the statistical coding. If that space is left blank then 2.7 percent is the rate which will apply to the employer for the full calendar year.

**U. S. Treasury Form 940 A**

The next form—U. S. Treasury Form 940 A "Proof of Credit," is a form with which some employers will not be concerned. Any employer who has had eight or more persons employed in each of 20 different weeks during the calendar year is subject to the Federal Unemployment Tax Act. Such employers are required to pay to the internal revenue collector 3 percent of their total taxable pay roll, but offset provisions in the



Form 940-A  
TREASURY DEPARTMENT  
INTERNAL REVENUE SERVICE

1948  
PROOF OF CREDIT

EMPLOYER ACCOUNT NUMBER	

Taxable Pay Roll			Exper Rate	Contributions Had Rate Been 2 7%			Required Contributions at Exper Rate			Additional Credit			Amount of Contributions Paid on or Before 1-31-49	
Month	Day	Year										Amount Dollars	Cents	
<p>Dates and amounts of payments made subsequent to Jan 31, 1949.</p>														
<p>STATE OF CALIFORNIA, DEPARTMENT OF EMPLOYMENT</p>														

To THE COMMISSIONER OF INTERNAL REVENUE. \*

I hereby certify that the records of this office disclose the above information with reference to contributions made by the individual or organization indicated to the unemployment fund of this State for the calendar year 1948.

*J. H. [Signature]*  
CHIEF, DIVISION OF ACCOUNTS AND TAX COLLECTIONS

Federal Unemployment Tax Act allow the employer to pay, 90 percent of that 3 percent into a state unemployment insurance program. Employers in this State, subject to the Federal Unemployment Tax Act, pay to the internal revenue collector three-tenths of 1 percent of their total taxable wages and pay the other 2.7 percent or a reduced amount—due to merit rating—to the State of California.

At the end of the year that leaves employers subject to the Federal Unemployment Tax Act with a deficit against their account with the internal revenue collector, as they have not accounted for the full 3 percent required under the Federal Unemployment Tax Act. To remedy this situation when the year expires the Department of Employment issues to the internal revenue collector this "proof of credit." We send it direct to the internal revenue collector, who ties this accounting for 2.7 percent of the employers total taxable pay roll in with the three-tenths of 1 percent which the employer has already sent to the internal revenue collector thereby squaring him under the Federal Unemployment Tax Act for the 3 percent that he is required to pay thereunder.

You will notice the next to the last column provides for "additional credit," anticipating and providing for "merit rating." Incidentally, every state now has a "merit rating" provision, or "experience rating" as some of them call it, as provided for in the federal act. As an example, let us suppose that an employer with a \$100,000 pay roll has a contribution rate in the State for the year 1949 of 1 percent. He would have only paid the department 1 percent. We would then indicate in the third column on this form "contributions had rate been 2.7 percent" the sum of \$2,700, covering an actual contribution of \$1,000 which he paid into the State Fund plus an "additional credit" of \$1,700, earned by "merit rating," thereby squaring the employer with the collector of internal revenue in compliance with provisions of the Federal Unemployment Tax Act.

#### Form DE 2450

The next form you have is Form DE 2450. This card we use in referring workers to employers for possible employment. The immediate return of these cards by employers is a very essential part of our business, particularly in the unemployment insurance function. On this card there is space for the employer to report whether or not he hired the individual referred. Think of it folks, we only got back about 25 percent of those forms that are timely and are of any particular use to us. We do get more of them back anywhere within two or three months after they are sent out.

To the question, "Did you employ the individual?" the employer generally simply checks "Yes," but the date that he employed the individual is just as important to us because we operate upon what is known as a flexible week. If the employee filed his claim with us on Wednesday, his week runs from Wednesday through the following Tuesday. If you hired him on Monday, then we are interested in that Monday date because he would have earned wages Monday and Tuesday which would be deductible from any amount of unemployment insurance to which he is entitled. Therefore, the date is very important.

If you did not employ the individual, please give us a brief reason "why," because under certain circumstances, the reason you give us may

To: \_\_\_\_\_ 194 \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

THIS WILL INTRODUCE

Applying for employment as

California State Employment Service Representative Telephone No

DID YOU HIRE THIS APPLICANT?

PLEASE COMPLETE AND  
RETURN THIS CARD TO  
US POSTAGE FREE.

THANK YOU

Yes ( ) Date started work \_\_\_\_\_  
No ( ) Reason \_\_\_\_\_  
\_\_\_\_\_  
Employer's Signature \_\_\_\_\_

STATE OF CALIFORNIA  
DEPARTMENT OF EMPLOYMENT  
CALIFORNIA STATE EMPLOYMENT SERVICE  
AFFILIATED WITH UNITED STATES EMPLOYMENT SERVICE  
1028 P STREET  
SACRAMENTO 14, CALIF.  
OFFICIAL BUSINESS

EMPLOYMENT SECURITY MAIL  
UNITED STATES POSTAGE  
ACCOUNTED FOR UNDER ACT OF CONGRESS  
(PAR. 13, SEC. 579, P. L. 8 R.)

State of California  
DEPARTMENT OF EMPLOYMENT  
California State Employment Service

effect his eligibility to receive unemployment insurance. It may also be important in that we won't be bothering you again to find out what happened. Reasons can be catalogued in very brief statements, such as:

(a) The job has been filled. Sometimes you ask us to refer to you two or three different applicants. If the first one gets the job, obviously the other two referred will find that the job has been filled and no ineligibility would be involved.

(b) The applicant may not be qualified in your belief to fill your job. If so tell us that.

(c) If the individual refuses the job we would like to know that too, because then we would want to contact you later and find out the circumstances under which it was refused.

(d) If the applicant cannot meet your specifications advise us of that.

(e) We are also interested in the attitude of the applicant. We often hear of an applicant going to an employer and from his attitude or statements indicating that he would much rather draw unemployment insurance and not work. The attitude of the worker or statements made to the employer are very important to both you and the department in determining eligibility. We have one or two decisions by the appeals board, supporting a disqualification from receiving unemployment insurance benefits because the claimant was not interested in working.

Above all, please give us the signature of the employer representative returning the form to us—the name of the individual who knows the circumstances surrounding the nonemployment of this worker—particularly if the applicant refuses the job, sabotages the job, or his attitude regarding employment is not what it should be. These are all important factors influencing eligibility.

A prompt return of these cards, I'd like to stress again, is very essential and may have a bearing on the amount of unemployment insurance the individual receives and therefore, on the charges to the employer's account.

#### Form DE 2503

We have also incorporated in your folder two or three of the disability insurance forms. Form 2503, "Notice of Disability Insurance Claim Filed" is comparable to DE 1101 C used in the unemployment insurance program, and is used under the disability insurance program to notify the last employer. It is returnable by the employer if a question of eligibility is apparent.

Questions of eligibility can be raised by the last employer even in connection with disability claims including:

(a) The claimant is covered by a voluntary plan of disability insurance;

(b) The claimant is still working;

(c) The worker has returned to his employment;

(d) The worker is covered by workmen's compensation, the injury or illness being occupational in character;

(e) The worker is receiving his regular wages.

Regular wages under the disability insurance program are defined as being wages paid **entirely** by the employer **directly** to his employee. Notice that I stress two words, paid **entirely** by the employer, **directly** to

1. SOCIAL SECURITY ACCT. NO	1A.	2. FIRST NAME	INITIAL	LAST	3. DATE CLAIM FILED	3A. BEN. YR. BEGAN
5. OCCUPATION	6. YEAR OF BIRTH	7. MAILING ADDRESS				
8. LAST DAY WORKED		9. HOME ADDRESS				
10. REASON FOR LEAVING LAST EMPLOYER						
12. NAME AND ADDRESS OF LAST EMPLOYER						

11. ADDED HOSPITAL BENEFITS						
21. REF LINE	22. CLAIM DATES		23 NO DAYS	24 AMT PAID	25 BAL \$96	26. AMT. OF CHECK \$ .
	FROM	THROUGH				
A	AM PM	AM PM				.
B	AM PM	AM PM				.
C	AM PM	AM PM				.
D	AM PM	AM PM				.

1 SOCIAL SECURITY ACCT NO		2 FIRST NAME	INITIAL	LAST	
4 OCCUPATION	5 YEAR OF BIRTH	6 MAILING ADDRESS			
7 LAST DAY WORKED		8 HOME ADDRESS			

9 REASON FOR LEAVING LAST EMPLOYER

10 NAME AND ADDRESS OF LAST EMPLOYER

**Notice of State Disability Claim Filed**

Please return this form within two working days after receipt of this Notice if any of the items below apply to the status of this claimant.

**State of California  
Department of Employment**

ATTENTION—PERSONNEL DEPARTMENT

DE 2503 REV 4 (1 50) NOTICE OF STATE DISABILITY CLAIM FILED

FOLD UP ON THIS LINE—DO NOT DETACH—NO POSTAGE NECESSARY

☐ Claimant is covered by our Voluntary Plan☐ Claimant's disability is covered by Workmen's Compensation Insurance

Name of Insurance Carrier

Date Workmen's Compensation claim filed

Address of Insurance Carrier

Name and Address of Insurance Carrier

☐ Claimant is not covered by our Voluntary Plan☐ Claimant is receiving wages for (check one)☐ Claimant is still working or returned to work on☐ Sick Leave ☐ Vacation ☐ Other

Date

from Date to Date \$ Amount

If you believe the claimant is not eligible for State Disability Insurance Benefits please give your reason:

EMPLOYER'S NAME

SIGNATURE OF AUTHORIZED REPRESENTATIVE

DATE

ARE YOU SUBJECT TO THE EMPLOYER TAX PROVISIONS OF THE CALIFORNIA UNEMPLOYMENT INSURANCE ACT? ☐ YES ☐ NO  
(If NO please mail this form even though none of the above items are checked)

MOISTEN GLUE AND FOLD UP ON THIS LINE

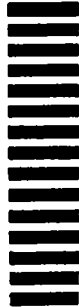
BET D1 76080 16999 10 48 100M SPO

THIS FLAP IS GUMMED, READY TO SEAL  
**NO ENVELOPE, NO STAMP NECESSARY**

Sept. 20, 1950]

ASSEMBLY JOURNAL

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his employee. In other words, if the employer paid for insurance covering disability of his workers and when the worker became disabled he was paid by an insurance company, then that worker was not paid directly, in spite of the fact that the employer might be paying entirely for such an insurance policy. On the other hand, if the worker participates in any way, shape or form in paying for a program providing for payments during any period of disability, it would not be paid for entirely by the employer and hence would not be considered "regular wages."

**Form DE 2517**

DE 2517—"Notice of Determination of Eligibility to Receive Disability Insurance," is similar to the DE 1080 form used in the unemployment insurance program. It advises both parties again, that we are going to pay disability insurance, or that we are not going to pay disability insurance. Within seven days after receipt, either offended party may avail himself of the administrative remedies which are incorporated in the act under the appeals provisions. The only difference between appeals under the disability insurance program and appeals under the unemployment insurance program is that appeals under the disability insurance program are not open to the general public while those under the unemployment program are open to the general public.

**Form DE 2501**

The next form is DE 2501, "First Claim for Disability Insurance." You will notice on the left hand inside page provision is made for a statement on the part of the worker, while on the right hand page there is provision for the doctor's diagnosis of the case as well as a prognosis of the particular disability. There is also a provision made for certification by the physician if the claimant is confined to a hospital. This is necessary since the Disability Insurance Act was amended by the Legislature as of January 1, 1950 to provide that if a person is confined to a hospital, on certification of a physician, he may be eligible to receive a maximum of 12 days additional benefits at \$8 per day during any one benefit year.

**Form DE 2074**

We have included one more form which many of you may have encountered, namely, Form 2074—"Notice of Reduced Earnings." This particular form is used where an employer, due to economic factors beyond his control, temporarily puts his workers on a reduced time and earnings basis, or lays them off temporarily. However, the employer wants to retain his experienced employees and these employees would rather be on this reduced time and earnings basis, than be unemployed and seeking jobs, so the employer utilizes this form to so notify the department.

For example: You will recall, about two years ago, the Southern California Edison Company started changing over from 50 to 60 cycle current. As a result, it was necessary for many employers of large industrial plants to close down certain motors necessary to the operation of a particular section of the plant in order to make the change-over. Those individuals thrown out of employment temporarily were placed on a reduced time and earnings basis, on account of economic conditions beyond the control of the employer.



STATE OF CALIFORNIA  
DEPARTMENT OF EMPLOYMENT

**Determination On Disability Insurance Claim**

1. Date of Determination .....

2. ....

Social Security Account Number

Name and Address of Claimant

3 OFFICE NUMBER	4 DATE BEN. YEAR BEGAN
5 ACTION <input type="checkbox"/> 1 DISQUALIFICATION ADMITTED <input type="checkbox"/> 2 DISQUALIFICATION NOT ADMITTED	6 BASIS LAW: REG
7 DISQUALIFICATION BEGINS ENDS	

Your claim for Disability Insurance filed on..... has been <sup>allowed</sup> ~~disallowed~~  
because:

This determination is final unless an appeal is filed within seven (7) days after receipt of this notice. You may appeal by giving a detailed statement as to why you believe the determination is in error. If you appeal please state the date you received this determination and when you can attend a hearing. All communications regarding this Disability Insurance Claim should include your Social Security Account Number, and be addressed to the office shown below:

DEPARTMENT OF EMPLOYMENT

Copy to last employer:

┌

┐

By.....  
Claim Examiner

┌

┐

Office address

## INSTRUCTIONS FOR APPLYING FOR STATE DISABILITY INSURANCE BENEFITS

### DO NOT COMPLETE THIS FORM IF:

1. You are insured by a Voluntary Plan maintained by your employer which is in lieu of the State Plan. Ask your employer for information regarding your coverage and for proper forms to complete.

### COMPLETE THIS FORM IF:

1. You are unable to work because of sickness or injury, and
2. You have been examined by or under the care of a licensed physician\* and surgeon, osteopath, chiropractor, dentist, chiroprapist, optometrist, or an authorized medical officer of a United States Government facility.

### BENEFITS:

1. IF YOU ARE NOT HOSPITALIZED, you may be entitled to receive, if otherwise eligible beginning the eighth day, one-seventh (1/7) of your weekly benefit amount for each day of disability, after completing the waiting period.  
The first seven (7) days of each uninterrupted period of disability and unemployment is a non-compensable waiting period.
2. IF YOU ARE HOSPITALIZED, you may be entitled to receive in addition to the benefits mentioned in "1" above, \$8.00 a day for a maximum of twelve (12) days in any benefit year for each full day that you are confined in a hospital pursuant to your doctor's orders.  
Any unexpired portion of the waiting period mentioned in "1" above is waived with the first full day of disability and hospital confinement.
3. Payments will be made by mail every two (2) weeks.

### WHEN TO MAIL THIS FORM:

1. IF YOU ARE NOT HOSPITALIZED, mail the form after the fourteenth (14) but not later than the twenty-eighth (28) consecutive day of unemployment and disability. If your disability is less than fourteen (14) days but more than eight (8) days, then mail the form immediately.
2. IF YOU ARE HOSPITALIZED, mail the form after the fourteenth (14) consecutive day of unemployment and disability. If your disability and hospital confinement is less than fourteen (14) days but more than one (1) day, then mail the form immediately.
3. The claim in either case must be mailed not later than the twentieth day after the first compensable day if you are to receive credit from the time you first became disabled.

It is YOUR responsibility to see that this Claim and Doctor's Certificate are filled out COMPLETELY and mailed to the Department of Employment at the address on the form. If any item is not completed on this form, it will be returned for completion, and your benefit payment will be delayed.

*For additional information see your employer or any local Department of Employment office*

\* If you adhere to the teachings of a church, sect, denomination or organization, and in accordance with its principles, depend for healing entirely on prayer or spiritual means, you may submit the Certification of your practitioner, who must be accredited to the Department of Employment, in place of the Physician's Certificate. This certificate blank may be obtained from your practitioner or any local office of the Department, and must be attached to this form in place of the Doctor's Certificate

## FIRST CLAIM OF WORKER

ALL ITEMS ON THIS SHEET TO BE COMPLETED BY THE WORKER

<b>1. Your Social Security Account Number</b> <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div>		<b>2 Your full name (print)</b> <div style="display: flex; justify-content: space-between;"> <div style="width: 20%;">             Mr <input type="checkbox"/>              Mrs <input type="checkbox"/>              Miss <input type="checkbox"/> </div> <div style="width: 80%; border-bottom: 1px solid black; height: 1.2em;"></div> </div>	
<b>3 I hereby file a claim for Disability Insurance starting with the first day on which I was unable to work because of my present disability</b> <div style="display: flex; justify-content: space-between;"> <div style="width: 20%;">             Month <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div> </div> <div style="width: 20%;">             Date <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div> </div> <div style="width: 60%;">             Year <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div> </div> </div>		<b>4. Your mailing address</b> <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <span>No. Street P.O. or R.F.D.</span> <span>City or Town</span> <span>Zone</span> <span>State</span> </div> <b>Your home address</b> <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <span>No. Street</span> <span>City</span> <span>State</span> </div>	
<b>5 Have you ever filed a claim for unemployment insurance, servicemen's readjustment allowance, or disability insurance?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, at what local office? <div style="border-bottom: 1px solid black; width: 100%;"></div>		<b>FOR DEPARTMENT USE ONLY</b> <div style="display: flex; justify-content: space-between;"> <div style="width: 20%;">6. <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div></div> <div style="width: 20%;">7. <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div></div> <div style="width: 60%;">8. <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div></div> </div>	
<b>9. What is your usual occupation?</b> <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div>	<b>10 Was this disability caused by your work?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No	<b>11. Sex</b> <input type="checkbox"/> Male <input type="checkbox"/> Female <i>(Check one)</i>	<b>12. Year of birth</b> <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div>
<b>16. Last date you work in ANY employment</b> <div style="display: flex; justify-content: space-between;"> <div style="width: 20%;">             Month <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div> </div> <div style="width: 20%;">             Date <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div> </div> <div style="width: 60%;">             Year <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div> </div> </div> <b>Employer's business name</b> <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div> <b>Employer's business address</b> <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <span>Street</span> <span>City</span> <span>State</span> </div>	<b>Extended Liability</b> <div style="display: flex; justify-content: space-between;"> <div style="width: 20%;">Inv <input type="checkbox"/></div> <div style="width: 20%;">No <input type="checkbox"/></div> <div style="width: 60%;">Yes <input type="checkbox"/></div> </div> <b>Der by</b> <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div>		
<b>17. Did you leave your work because of your present sickness or injury?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No If NO, check reason <input type="checkbox"/> Quit <input type="checkbox"/> Temporary Layoff <input type="checkbox"/> Dismissed <input type="checkbox"/> Leave of Absence <input type="checkbox"/> Other <div style="border-bottom: 1px solid black; width: 100%;"></div>			
<b>18 Describe your disability and HOW it occurred</b> <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div> <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div>			
<b>19 If you have recovered from your disability, enter date of recovery</b> <div style="border-bottom: 1px solid black; width: 100%;"></div> <b>and date you returned to work</b> <div style="border-bottom: 1px solid black; width: 100%;"></div>			
<b>20 Has your employer continued or will he continue your pay, by means of sick leave, vacation, pension, gift, or other means?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No			
<b>21 I hereby certify that for the period covered by this claim I was unemployed and disabled, that the foregoing statements including any accompanying statements are to the best of my knowledge and belief true, correct, and complete I hereby further authorize my attending physician or practitioner to furnish and disclose all facts concerning my physical condition that are within his knowledge.</b>			
<b>Claim signed on</b> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <span>Month</span> <span>Date</span> <span>Year</span> <span>Claimant's Signature or Authorized Agent</span> <span>Tel. No.</span> </div>			

Under Section 101 of the California Unemployment Insurance Act it is a misdemeanor willfully to make a false statement or knowingly to conceal a material fact in order to obtain the payment of any benefits, such misdemeanor being punishable by imprisonment not exceeding six months or by a fine not exceeding \$500 or both.

If your signature is made by mark (X) it must be attested by two witnesses with their addresses.

In order for this form to be signed by an authorized agent an "Appointment of Representative for INCAPACITATED Claimant" must be filed with this form (This form is available at any Department office)

Signature—Witness

Address

Signature—Witness

Address

↖ MOISTEN GLUE AND FOLD UP ON THIS LINE ↗

FOLD ON THIS LINE

FOLD ON THIS LINE

### DOCTOR'S CERTIFICATE

Certification may be made by a licensed physician and surgeon, osteopath, chiropractor, dentist, chiroprapist, optometrist, or an authorized medical officer of a United States Government facility. All items on this sheet must be completed.

22. I attended the claimant for this period of disability from \_\_\_\_\_ Month \_\_\_\_\_ Date \_\_\_\_\_ Year \_\_\_\_\_  
to \_\_\_\_\_ Month \_\_\_\_\_ Date \_\_\_\_\_ Year \_\_\_\_\_ at intervals of \_\_\_\_\_

23. History: \_\_\_\_\_

Findings: \_\_\_\_\_  
(State the NATURE, SEVERITY and the BODILY EXTENT of the incapacitating damage or injury)

Diagnosis: \_\_\_\_\_

23a. Is this patient pregnant? . . . . . ☐ Yes ☐ No If terminated, enter date \_\_\_\_\_

24. Diagnosis confirmed by X-ray or other tests . . . ☐ Yes ☐ No Findings \_\_\_\_\_

25. Operation Performed  
(Enter date) To be performed  
(Enter date) Type of operation \_\_\_\_\_

26. Does the patient's disability in your opinion prevent him from performing his regular work? ☐ Yes ☐ No

27. APPROXIMATE date, in your opinion, disability should end or has ended sufficiently to permit claimant to resume his regular or customary work. Even if considerable question exists, make SOME "estimate." This is a requirement of the Act and the claim will be delayed if such date is not entered. Such answers as "indefinite" or "don't know" will not suffice. (Enter date)

28. In your opinion, is this disability the result of "occupation" either as an "industrial accident" or as an "occupational disease?"

☐ Yes ☐ No

29. Have you reported this case to any insurance carrier or firm as a Disability Claim or as a Workmen's Compensation Claim?

☐ Yes ☐ No If yes, to whom? \_\_\_\_\_  
(Name of carrier or firm)

30. Further comments (if indicated): \_\_\_\_\_

31. In what Hospital was or is claimant confined as a patient?  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_

32. Date and hour entered and discharged from such Hospital pursuant to your orders:

Entered \_\_\_\_\_ A. M. Still confined \_\_\_\_\_ Discharged \_\_\_\_\_ A. M.  
on \_\_\_\_\_, 195\_\_\_\_, at \_\_\_\_\_ P. M. on \_\_\_\_\_, 195\_\_\_\_, on \_\_\_\_\_, 195\_\_\_\_, at \_\_\_\_\_ P. M.

33. I hereby certify that the above statements in my opinion truly describe the claimant's disability and the estimated duration thereof, and that I am a \_\_\_\_\_ licensed to practice by the State of \_\_\_\_\_

Type of Doctor

Print or Type Doctor's Name

Signature of Attending Doctor

No. State

City

State License Number

Tel. No.

Date of signing this form

Sept. 20, 1950]

ASSEMBLY JOURNAL

193

STATE OF CALIFORNIA  
DEPARTMENT OF EMPLOYMENT  
SACRAMENTO 14 CALIFORNIA

PLACE  
OR  
POSTAGE  
STAMP  
HERE

**Post Office Box No. 1228**

State of California  
Department of Employment  
Sacramento, California

EARL WARREN  
GovernorSTATE OF CALIFORNIA  
DEPARTMENT OF EMPLOYMENT  
1025 P STREET  
SACRAMENTO 14, CALIFORNIAJAMES G. BRYANT  
Director

Direct Reply Yes

Employees who are on a basis of reduced time and reduced earnings because of lack of work frequently are entitled to receive partial unemployment insurance. The California Unemployment Insurance Act and Title 22 of the California Administrative Code place the responsibility for initiating a claim for partial unemployment insurance on the employer. He is required to furnish his employees with the notices discussed in this pamphlet when his employees work less than four full days and earn less than \$25.00 during a payroll week because of lack of work.

To assist employers to fulfill their obligations in regard to partial claims, the Department of Employment has prepared the following instructions. They should be read carefully and retained for future reference. If additional information is desired, the manager of your local office of the Department of Employment will be glad to assist in any way possible.

A handwritten signature in cursive script that reads "James G. Bryant".  
James G. Bryant, Director

**CALIFORNIA DEPARTMENT OF EMPLOYMENT****Reporting Procedure for Partial Unemployment Insurance****PURPOSES OF THE PLAN**

This procedure is designed to insure an efficient payment plan of partial unemployment insurance to employees who are employed less than full time and who are earning less than the amount of unemployment insurance to which they would be entitled if they were totally unemployed. The plan provides for employer verification of earnings, and because of the direct employer participation the possibility of error and the filing of fraudulent claims are practically eliminated.

**WHO IS A PARTIALLY UNEMPLOYED WORKER?**

A partially unemployed worker is an individual whose services have not been terminated by the employer and who, because of lack of work, has worked less than his normal customary full-time hours and earned less than his weekly benefit amount of unemployment insurance.

Employees who meet the definition of a partially unemployed individual may be eligible for partial unemployment insurance, and it is the employer's responsibility to notify such employees of their earnings and their possible rights to insurance.

Employees whose sole employment for remuneration consists of odd jobs or intermittent employment for employers with whom no continuous employer-employee relationship exists are not considered to be partially unemployed as defined above. Such persons should not be furnished the statements herein provided.

**REPORTING REQUIREMENTS**

Title 22 of the California Administrative Code in Section 210 states in part, "(a) Immediately after the termination of any week in which an employer has had in his employ an individual whose services have not been terminated and who had less than four full days of work, or the time or dollar earnings equivalent thereof, and such individual earned less than \$25 . . . and in any event when such individual in a week of less than full-time work earns less than \$10 because of lack of work, such employer shall give each such individual a completed copy of the Notice of Reduced Earnings, DE 2063."

To facilitate employers' work in handling Notices of Reduced Earnings, the Department allows employees' earnings to be reported on the basis of the employer's payroll week. The employer's payroll week may be used, however, only if it covers a period of seven consecutive days. Employers who pay their employees less often than once each seven days must furnish workers who are on reduced time with a statement of their earnings on a calendar-week basis.

**WHAT TO DO WHEN A CONTINUOUSLY EMPLOYED PERSON  
IS PLACED ON REDUCED TIME**

The first time that any employee who is continuously in your employ works less than four full days because of lack of work and earns less than \$25, you should advise him of his possible eligibility for partial unemployment insurance. Each such employee shall be given a signed Notice of Reduced Earnings, DE 2063 (see illustration on back page of this pamphlet), on the pay day following the period of reduced earnings, on which will be shown the employee's name, the date the payroll period ended, and the individual's earnings for the payroll period. All spaces on the form shall be filled in

### **WHAT TO DO WHEN A CONTINUOUSLY EMPLOYED PERSON HAS MORE THAN ONE WEEK OF REDUCED TIME**

For each week of reduced time after the first week when the employee was furnished the Notice of Reduced Earnings, DE 2063, employers may use one of the options listed below to notify employees of their possible continued eligibility for unemployment insurance.

#### **OPTION 1**

Notice of Reduced Earnings, DE 2063, may be used in the same way as for the first week of reduced time and earnings. The employer's signature may be either actual or facsimile, a rubber stamp being permissible.

#### **OPTION 2**

If payroll vouchers, such as carbon copies of checks, check stubs, or pay envelopes are used by the company to notify employees regarding the amounts deducted for purposes of disability insurance, old age insurance, and others, such vouchers may also be used in this procedure. The employer shall attach to the payroll voucher an Employer Certification Label, DE 2064 (see illustration on the back page of this pamphlet). The certification statement on the DE 2064 must be signed by the employer. Either an actual or a facsimile signature may be used.

#### **OPTION 3**

If payroll vouchers are used, the employer, in lieu of attaching a DE 2064 to the voucher, may use a rubber stamp which contains the following statement: "I certify that the earnings shown on this form represent reduced earnings in a week of less than full-time work because of lack of work." In addition, the rubber stamp must show the name of the company and the signature of an authorized representative. By stamping the certification on the face of the payroll voucher and furnishing the employee with the voucher, the requirement of notifying the worker of his potential eligibility for insurance will be met.

After an employee has filed a claim for partial unemployment insurance and has been notified of his award, his employer will be notified of the employee's weekly benefit amount and the expiration date of his benefit year. This data should be recorded by the employer. In the event the employee, even though he is on reduced time, earns more than his weekly benefit amount, he is not eligible for insurance payments and should not be given any of the above-described notices of reduced earnings.

### **WHAT TO DO IF AN EMPLOYEE IS TOTALLY UNEMPLOYED BUT HIS EMPLOYMENT IS NOT TERMINATED**

If a reduced-time employee has no earnings at all but is still attached to his regular employer, the partial claim procedure shall be continued for two weeks. Beginning with the third consecutive week for which the employee has no earnings, the partial claim procedure is terminated. The employee must then register for work with the Department of Employment and file an "additional claim" for unemployment insurance. The employer will receive a Notice of Additional Claim, DE 1190, from the office in which the claim was filed.

### **WHAT TO DO WHEN THE EMPLOYEE'S BENEFIT YEAR EXPIRES**

For each employee who has filed a valid claim for partial unemployment insurance, the employer will have received notification of the date the claim expires (benefit year ending date). The benefit year ending date may be less than a year from the date the claim was filed, because the employee may have filed a previous claim which established an unexpired benefit year. For the first week of reduced time after the date the claim expires, the employee shall be furnished with a DE 2063, if his earnings are less than \$25, in the manner outlined in the paragraph headed "What To Do When a Continuously Employed Person is Placed on Reduced Time." This is necessary to enable the Department to determine the amount of unemployment insurance payable in the new benefit year.

### **HOW TO OBTAIN COPIES OF FORMS**

Copies of Forms DE 2063 and DE 2064 may be obtained from the California Department of Employment office nearest you.

### **THESE INSTRUCTIONS SHOULD BE RETAINED**



STATE OF CALIFORNIA  
DEPARTMENT OF EMPLOYMENT  
**Notice of Reduced Earnings**

FIRST NAME	MIDDLE NAME	LAST NAME	S.S.A. No.
------------	-------------	-----------	------------

1. \_\_\_\_\_

2. Employee's pay period (payroll) week ended on \_\_\_\_\_ Date \_\_\_\_\_

3. Gross earnings (before all deductions) during employee's pay period week \_\_\_\_\_

**EMPLOYER'S CERTIFICATION**

I CERTIFY That the above-reported earnings represent reduced earnings in a week of less than full-time work because of lack of work.

Date issued to employee _____ <small>Date of issue must be subsequent to date of employee's pay period week.</small>	Name of Firm _____ Address of Firm _____
	Representative's Signature _____ Position With Firm _____

**CAUTION:** This Notice will not be honored if presented later than 28 days after this date

During the payroll week shown above you earned less than your usual weekly wage because you did not work full time, due to lack of work. You may be eligible for partial unemployment insurance. Take this notice to the office of the California Department of Employment serving the area in which you live and file a claim for partial unemployment insurance.

DE 2063 REV 4 (10-49)

CALIFORNIA DEPARTMENT OF EMPLOYMENT

I CERTIFY That the earnings shown on the attached form represent reduced earnings of less than full-time work because of lack of work

\_\_\_\_\_  
NAME OF EMPLOYER

\_\_\_\_\_  
EMPLOYER'S SIGNATURE

Such a situation also occurred last year during the period of blizzards in the Midwest when certain employers were unable to get either raw products or semifinished products to carry on their work and were, therefore, required to put some of their workers on a reduced time and earnings basis.

Under this circumstance the employer initiates Form 2074 and we take his word concerning the amount of wages earned and the fact that the worker was placed on a reduced time and earnings basis because of lack of work. During this temporary interval, if the worker receives reduced earnings less than his weekly benefit amount, we will pay the difference between his earnings—less three dollars—and his weekly benefit amount.

This explanation will, I hope, help you to understand and appreciate the various forms or notices sent you and to realize their importance in the conduct of this program.

#### **How All Forms Tie-in**

I think you will now be interested in seeing how we tie these notices together. You will find this chart a little bit out of date, but it will serve the purpose of showing you the source and routing of all these notices as well as indicate controls established on claims and insurance charges to employers accounts.

The wages of each worker reported by each employer for whom he worked during each calendar quarter are recorded on individual Hollerith cards. In one calendar quarter, we will key punch about 7 to 7½ million quarterly wage cards from employer reports and we keep in the files at all times about 15 to 20 million wage cards covering approximately six calendar quarters of wages.

When we get ready to interfile a new calendar quarter of wage cards, we pull the sixth calendar quarter back because that quarter of wages ceases to be included in a base period. At the time we interfile wage cards for calendar quarter No. 93, we pull calendar quarter 81 wage cards, leaving six calendar quarters in the file, a process repeated each calendar quarter.

For our discussion we will have to go back to the first quarter of 1948, namely, Quarter 81. In indicating quarters of the base period the first figure indicates the year and the second figure the calendar quarter of that year. Hence, Quarter 81, is the first quarter of 1948.

Let us suppose an employee worked for Employer "A" in quarters 81 and 82 and earned \$400 in each quarter. He left that employer and worked for Employer "B," in Quarters 83 and 84 and earned \$600 in each calendar quarter. He left that employer, worked for Employer "C" in quarters 91 and 92 and earned \$600 in each calendar quarter.

If, however, in approximately July, 1949, the above worker became unemployed and came into one of our offices to make an application for employment, and no job was available for him, his next move would be to file a claim for unemployment insurance. You remember that is a three-part form, the middle copy (Form DE 1101 C) being mailed to the last employer. The third copy is a duplicate of the information given on the notice sent to the last employer. The reverse side becomes our local office claim record card on which we record the progressive history

of the claim. In our Sacramento headquarters we have another card which is a companion to this local claim record card which I will discuss just a little later.

The original of this notice of "New Claim" Form DE 1101 A. is transmitted to our Sacramento headquarters where we punch an initial claim card—a Hollerith card—on which we record the name, social security account number, office in which the claim was filed, the date claim was filed, and kind of a claim. After key punching from the flimsy, the original copy goes to our permanent new claim file. This initial claim card is manually processed through our wage record files and results in the pulling of the four quarters of wages in the base period. In this particular case, because the claim was filed in July, 1949, the first four of six completed calendar quarters, namely, quarters 81, 82, 83 and 84 would be pulled out of the file and the initial claim card would be dropped into the file.

This card is a very, very important control card, inasmuch as it prevents filing of duplicate claims for unemployment insurance; disability insurance under the State Plan; disability insurance under a voluntary plan; Interstate Arrangement Plan claims; Interstate Benefit Claims; War Shipping Administration Claims and, in the past, Servicemens' Readjustment Allowance Claims.

These seven different types of claims may be filed anywhere in the United States, Alaska, Hawaii, or the District of Columbia. No matter where the person files another claim when it reaches Sacramento for processing, the duplicate claim will run into this control card in the file. The control card might be misfiled, but if so, there probably will not be sufficient wages in the file to establish a valid claim, or this duplicate will be noted upon filing the second Central Office claim posting card.

The quarterly wage cards pulled from the wage file are then used to prepare the "Notice of Computation to the Worker"—Form DE 429—which is mailed to the worker from Sacramento. This notice lists all employers for whom he worked in each calendar quarter of the base period; the amount of earnings from each employer; total earnings—for determining total benefit amounts; the amount of earnings in the highest calendar quarter for determining, under Section 54 of the act, the weekly benefit amount to which he is entitled; the maximum amount of the award; and his weekly benefit amount.

A duplicate of the "Notice of Computation to the Worker" becomes another important card in our central headquarters office and **has to do with the merit rating principle**. Later I will discuss that card.

These wage cards, having been used to prepare the "Notice of Computation to the Worker," are then used to prepare Form DE 1545 "Notice of Computation," which is sent to each base period employer.

In the example we are discussing, Form DE 1545 sent to Employer "A" would indicate earnings with him of \$400 in quarter 81 and \$400 in quarter 82 have been used in making the award and a similar form would be sent to Employer "B" indicating earnings with him of \$600 in quarter 83 and \$600 in quarter 84 have been used in making the award. This form would advise both employers that we had awarded the claimant maximum insurance of \$650 payable at \$25 per week.

In spite of the fact that the claim filed by this worker may have been a disability insurance claim rather than an unemployment insurance claim, the procedure outlined above would be followed. If, however, the claim filed was a disability insurance claim, and the worker recovering from his disability was unemployed, and filed an unemployment insurance claim, we would advise each base period employer of the fact on Form DE 1545 B "Notice of Unemployment Insurance Claim Filed."

Through this series of notices we have advised the last employer and both base period employers of the filing of a claim and have advised the claimant and both base period employers of the amount of the award and the weekly benefit amount.

The duplicate of the "Notice of Computation to the Worker," Form DE 429, gives our central headquarters a record of the earnings of the worker, namely, that the claimant earned a total of \$2,000, \$800 or 40 percent with Employer "A" and \$1,200 or 60 percent with Employer "B."

It is at this point that we take the first step in the procedure of charging unemployment insurance payments to the respective accounts of these employers.

To accomplish this we punch a summary Hollerith card for each employer identifying the claimant, the employer, the total amount of wages, the social security account number of the claimant and the date the claim was filed. The card for Employer "A" would contain the figure 40 percent while the card for Employer "B" would contain the figure 60 percent, indicating the proportionate amount of charges to be made to each employer.

This summary card would then be filed in a static file until the next June 30th computation date. Inasmuch as the claim under discussion was filed in July, 1949, these cards would not be used until the computation date, June 30, 1950.

The reverse side of the duplicate of the "Notice of Computation to the Worker" then becomes our central office claim posting record. It is that record in which we are interested from the standpoint of charges to employer accounts.

Provision is made on these cards for three types of payments, namely, benefits paid under a Voluntary Plan for Disability Insurance (not chargeable to employer accounts), benefits paid under the State Plan for Disability Insurance (not chargeable to employer accounts), and unemployment insurance payments chargeable to employer accounts. This latter type of entry is the one in which we are primarily interested today.

Suppose that the worker in our example drew \$200 in unemployment insurance from the time he filed his claim in July 1949 through June 30, 1950, the computation date. The summary card for Employers "A" and "B" would be pulled and the figure \$200 would be punched in each cards. Hollerith machines would then record the fact that 40 percent of \$200 or \$80 is chargeable to Employer "A" and 60 percent of \$200 or \$120 is chargeable to Employer "B". These charges would be recorded on Form DE 428 "Statement of Charges to the Employers Reserve Account" and mailed to employers late in the fall of each year.

Subsequently, these charges to employer accounts and credits for contributions would be used in computing the employers rate of contribution for the year 1951, and each employer notified of that rate on Form DE 2088 "Notice of Employers Contribution Rate for the Year 1951."

The last notice we discussed was the U. S. Treasury Form 940 A "Proof of Credit." This form notifies the Internal Revenue Collector that under the 90 percent offset provision of the Federal Unemployment Insurance Tax Act the employer subject to that act has complied by paying the State 2.7 percent of his total taxable pay roll, or the equivalent thereof under a merit rating provision of the state act. This "Proof of Credit" form when tied in with the .3 percent of his total taxable pay roll theretofore paid by the employer to the Internal Revenue Collector, squares the employer for the full 3 percent contribution required under the Federal Unemployment Tax Act.

In conformity with Section 39.1 of act, the Central Office claim posting record card is an important point of control against charges to employer accounts in the base period, where the claimant is disqualified for voluntary quit or discharged for misconduct, through flagging that card to indicate "no charges."

Also in compliance with Section 39.1 of the act, by dropping a flag card into the wage files with the remainder of the wages not used in the base period, we establish a second control against charges to the account of the last employer whom the worker voluntarily quit or by whom he was discharged for misconduct.

#### CONCLUSION

Well, folks, that just about covers information regarding the various notices which we are required to prepare in accordance with the terms of the act, the purpose of these notices, and what, if anything, you can do upon receipt of such notices.

You should now have a better understanding of some of the intricacies of our procedures and the coordination which is necessary to secure reasonably efficient and effective administration.

A week from today, we will discuss the eligibility and ineligibility features of the act and at the end of that meeting we will have from a half to three-quarters of an hour for you to ask questions, which I will be only too glad to try to answer. Thanks very much for your kind and courteous attention.

#### Second Session—1:30 p.m., April 26, 1950

*Good Afternoon Ladies and Gentlemen.* I see that some of the hardest of you have returned today, though we must have scared some of them out after last week's session. Nevertheless, we will go ahead with the complete program today.

#### MERIT RATING

Last week we finished our study of all the various notices the Department of Employment sends to both employees and employers. Today we are going to take up the merit rating principle, and eligibility and ineligibility under the Unemployment Insurance Act.

The merit rating principle, or "experience rating" as it is sometimes called, is predicated on the idea that if an employer is able to regularize and stabilize his employment to such an extent that he has very little if any turnover of labor he should be entitled to a reduced rate of contribution. In addition the principle encourages the cooperation of employers in efficient and effective administration of this program. A more recent cause for increased interest of employers in the unemployment insurance program is the potential possibility that **there could be an increase** in the rates of contribution.

During the years 1948 and 1949 this reduction ranged from the general rate of 2.7 percent down to a zero contribution. During the year 1950 the range of rates is from 2.7 percent down to 1 percent as the minimum rate of contribution.

I believe there is an impression, at least in the minds of smaller employers, that the merit rating provisions were incorporated in the act for the benefit of large employers only. That is fallacious thinking.

A change in the law effective January 1, 1946, namely, that employers of one or more employees who paid wages of \$100 or more in any calendar quarter brought something over 200,000 new employers under the provisions of the act. These employers could not have gained the necessary three years experience to be considered for merit rating until the computation date of June 30, 1949. Many small employers with one, two or three employees, have very little turnover in labor. Obviously, if a small employer for the three years '46, '47, '48 and the first half of '49 paid a rate of 2.7 percent, he would have contributed a total of 9.45 percent of his average annual pay roll. If no claims were filed by former employees his merit rating ratio would be 9.45 percent, which under Section 39 (a) of the act would give him contribution rate of 2 percent for the year 1950. You will have to recognize that this automatic formula—incorporated in the Unemployment Insurance Act—applies equally to both small employers and large employers.

#### CHANGE IN RATES

You notice that I mentioned a change in rates between the years 1948 and 1949 and the year 1950. I am going to try to analyze the reason for that change.

You folks undoubtedly hear a great deal about the amount of unemployment in the State of California. Very little is said about the amount of employment in the State. The fact is we do have a lot of employment, as well as a lot of unemployment. In order to analyze this situation, we must go back to the peak in the war effort reached in California in July, 1943, when we had 3,670,000 workers employed. At that time we had only about 25,000 unemployed workers. In January, 1950, the most recent figures I have available, we had employed in the State 3,935,000 workers, 264,000 more than at the peak of the war effort. In January, 1950, however, we have not only 25,000 unemployed, but approximately 474,000 unemployed workers. So we have both more unemployment and more employment in the State.

In Los Angeles County we reached our peak figure in the war effort in November, 1943, when we had employed about 1,465,000 workers. At

that time we had about 10 or 11 thousand workers who were unemployed. In Los Angeles County, in January, 1950, we had employed about 1,589,000. In the same month, however, we no longer had only 10 or 11 thousand unemployed, but instead had a total of approximately 180,500 unemployed workers.

#### ECONOMIC FACTORS IN CHANGE

Now what has caused all this? California is undoubtedly one of the fastest growing states in the union. I believe there was a fear, in the minds of many of us at least, that with the conclusion of the war effort the bottom would drop out of everything and we would probably revert to a tourist and agricultural state with but a nominal amount of industrial development. The bottom did not drop out of everything. In fact if you will refer to the June, 1949, issue of Fortune Magazine, you will find a statement to the effect that, prior to the war effort, Los Angeles ranked about 27th in industrial production in the United States, whereas at the present time we are running a pretty close third. Moreover in January, 1950, we had **employed** in the State 264,000 more people than we had at the peak of the war effort and in the county about 124,000 more **employed** than we had at the peak of the war effort.

California is one of the fastest growing states in the Union and is growing at the rate of about 15,000 newcomers every month. Therefore, the problem with which we are confronted is in-migration, affecting both employment and unemployment.

We have the peculiar paradox, therefore, of a labor force which is expanding through in migration. Our economy is unable to absorb this influx without some of those who have gained wage credits under the Unemployment Insurance Program being released from employment and exercising their rights under the Unemployment Insurance Act. If workers are laid off and when it comes to rehiring the employer, because of age, sex, color, efficiency, physical handicap, or personal appearance of the former employee, hires a younger, more aggressive, more energetic in-migrant, the laid-off worker, who has gained wage credits under the act, becomes a potential claimant for unemployment insurance.

We have a comparatively high turnover of labor; we have a large volume of seasonal employment and a large volume of seasonal unemployment in the State; and still our economy is basically sound.

All of these conditions have contributed to a rather radical change in the picture of unemployment insurance in the State, resulting in a change of rates effective January 1, 1950. Here is why that change occurred.

#### UNEMPLOYMENT INSURANCE FUND BALANCES

The highest balance ever reached in the Unemployment Insurance Fund was that of November, 1945, at which time the balance was about \$745,000,000. It was recognized that with peak employment during the war effort, high wages and overtime, and both employer and employee contributions of 1 percent going into the Unemployment Insurance Fund, the fund balance was too high and we were, therefore, operating upon a surplus fund balance.

Consideration of that fact was given by the Legislature and in 1946 the disability insurance measure was passed. This measure provided that effective May 21, 1946, the 1 percent contribution on the part of employees would be credited to the Disability Insurance Fund.

In 1947 the Legislature amended Section 39 of the act to provide that if the balance in the Unemployment Insurance Fund, on December 31st of any year—beginning with the year 1947—was greater than a control figure of  $7\frac{1}{2}$  percent of the total taxable wages for the fiscal year ended on the previous June 30th, then a reduced schedule of contribution rates under "Merit Rating" would become effective during the next calendar year.

The balances on December 31, 1947, and 1948 were in excess of this control figure and as a result, the schedule of rates in 1948 and 1949 ranged from 2.7 percent down to a zero percentage. However, the change came on December 31, 1949. Going back to our formula again, for the fiscal year ended June 30, 1949, we had total taxable wages in the State of about \$6,529,000,000. If you take  $7\frac{1}{2}$  percent of that figure you would find that your result would be about \$490,000,000. Therefore, that was the control figure set up June 30th, 1949. On December 31, 1949, we had in the balance of the Unemployment Insurance Fund about \$590,000,000 including the 1944-1945 employee contributions which by an act of Congress in August, 1946, were made applicable to disability insurance. Inasmuch as Section 39 says that we shall take into consideration and deduct from the Unemployment Insurance Fund balance any funds applicable to disability insurance, we had to deduct from that balance on December 31, 1949, approximately \$110,000,000 belonging to the Disability Insurance Fund, leaving our effective balance in the Unemployment Insurance Fund at about \$480,000,000. Therefore, because the balance in the Unemployment Insurance Fund on December 31, 1949, was less than the control figure established on the previous June 30th, we reverted to the higher schedule of rates contained in Section 39A of the act, and those rates for the year 1950 range from 2.7 percent down to a minimum of 1 percent.

This increase in rates does not mean the elimination of merit rating. We still have merit rating, but we do have a higher scale of rates than prevailed in 1948 and 1949. As a result of this change employers qualifying for reduced rates under merit rating, are going to pay between four-tenths and five-tenths of a percent higher rates in 1950 than they would have been paying had the old schedule remained in effect. Under the merit rating provisions of the act there will still be a saving to employers of slightly over \$40,000,000 per year, but employers will pay us approximately \$17,000,000 more in 1950 than they did during the years 1948 and 1949.

#### TIME FACTORS INVOLVED AND THEIR EFFECT UPON CONTRIBUTION RATE OF EMPLOYER

Undoubtedly there are many employers who fail to recognize that once you become subject to the Unemployment Insurance Act, you are subject to all its provisions until you terminate or sell your business, and that whatever you do from the first day that you become subject may affect for all future time the rate of contribution you pay under the merit rating system.



I don't believe that employers recognize the long spread of time involved from the day an individual goes to work, when his wages can be included on a claim for unemployment insurance and result in charges against your account. For instance, I believe I mentioned last week that in dealing with calendar quarters, we use the first number of a two digit number to indicate the calendar year and the second number to indicate the quarter of the calendar year. Suppose you had an individual who went to work for you in Quarter 71—the first quarter of 1947. He left you on March 31st of that year and then went to work for another employer. He worked for that employer through July 15, 1948, when he became unemployed and filed a claim for unemployment insurance. A claim filed on July 15, 1948, does not expire from the standpoint of the benefit year, until after July 14, 1949.

On the computation date—June 30, 1949—we would take into consideration, in charging against employer accounts, any benefits the individual drew from the date he filed his claim July 15, 1948, through June 30, 1949, the computation date. Now, you recognize there are 14 days in July, 1949, still left in the benefit year, for which it would be possible for him to draw unemployment insurance. If he did draw two weeks of unemployment insurance from July 1 through July 14, 1949, that would be taken into consideration on June 30th—the computation date—and that charge would be made against the employer's account on June 30, 1950, thereby possibly affecting the employer's rate for 1951. So, you have a maximum spread from earnings in the first quarter of 1947, potentially affecting your account for the year 1951. Therefore, you are playing a long time game.

On the other hand, we are constantly hearing employers make such statements as: "Oh! I've got plenty of leeway this year" or "It probably doesn't matter whether Joe Doakes or Minnie Jones does claim unemployment insurance." It does matter. Once that charge is made to your account it is entirely possible that a single charge for one week of unemployment insurance—paid the individual, who might not have been eligible had you carried out your full responsibility—can cost you a lot of money.

I am going to put an example on the board that will, I believe, demonstrate what I mean. Let us suppose we have an employer who today, April 26th, figures his possibility of securing a merit rating during the year 1951. He recognizes that he has approximately a \$200,000 average annual payroll and estimates his net balance of reserve in his account at \$18,003.99. If that condition could be maintained until computation date June 30, 1950, it would obviously give this employer a 9 percent merit rating ratio. Referring to Section 39A of the act you would find that his rate during the year 1951 would be 2 percent and on the basis of that 2 percent he would contribute during the year 1951 the sum of \$4,000.

Suppose, further, that as late as June 15, 1950, this employer has an employee who voluntarily quits without good cause, who is discharged for misconduct, or about whom there is a question of eligibility. He files a claim on June 15, 1950.

As you know we send a copy of that claim to the last employer. Why the last employer? Because the last employer is the only one who knows

the conditions surrounding that severance of employment. If the employer himself, his business manager, bookkeeper, office manager, auditor, or whoever it may be, simply disregards that notice, even though there is a possibility of the individual being ineligible, we, in the department would have no further reason to question the eligibility of the claimant.

During the week ending June 22d, this person could serve the one week waiting period, required under the act, but for which no unemployment insurance is payable. But the week ending June 29th would be a compensable week and we would pay an unemployment check if no other question of eligibility was raised.

Suppose this person went out during that week and earned \$24.99. When he comes in to certify regarding his earnings, he tells us he earned \$24.99. We would, under Section 55 of the act, knock off the 99 cents, deduct \$3, leaving \$21 net earnings. If the claimant's weekly benefit amount was \$25, we would pay him a check of only \$4. However, inasmuch as that check is paid on or before June 30, 1949, we no longer have the condition which existed today, April 26th, because we would deduct that \$4 from the \$18,003.99 leaving \$17,999.99 in the employer's reserve account. You would find that he no longer has a 9 percent merit rating ratio, but an 8.9 percent plus ratio. Reference to Section 39A of the act would indicate his rate would not then be 2 percent, but his rate for the year 1951 would be 2.5 percent. He would not pay us \$4,000, but would pay us \$5,000. In other words, because he overlooked this one notice and allowed us to pay this \$4 item, it is going to cost that employer \$1,000 more than it would have had he done something about that particular notice we sent him.

Now, possibly you labor under the impression this is just a hypothetical case we have drummed up to scare you to death. The fact is, these things occur at every merit rating period. At the June 30, 1948, computation date an employer missed merit rating by only 12 cents. During the year 1949, it cost him \$36,000. So, it can happen to you, or anyone else.

#### THE BENEFIT YEAR

In order to follow through on unemployment insurance it is necessary that we take cognizance of several basic provisions of the act. In the first place, you hear us talking about the benefit year. When a person files an unemployment insurance claim, a disability insurance claim under the state plan, a disability insurance claim under the voluntary plan, an interstate benefit claim (a claim that may be filed against California in any of the other states), or an interstate arrangement claim (where the wages earned in California are not sufficient and are combined with the wages the person may have earned in other states), or any other type of claim, the date upon which the claim is filed **establishes the benefit year**. That benefit year continues for a one-year period from the date the claim is filed. Therefore, a claim filed on April 26th establishes a benefit year which does not expire until April 25, 1951. Nothing can interrupt that benefit year.

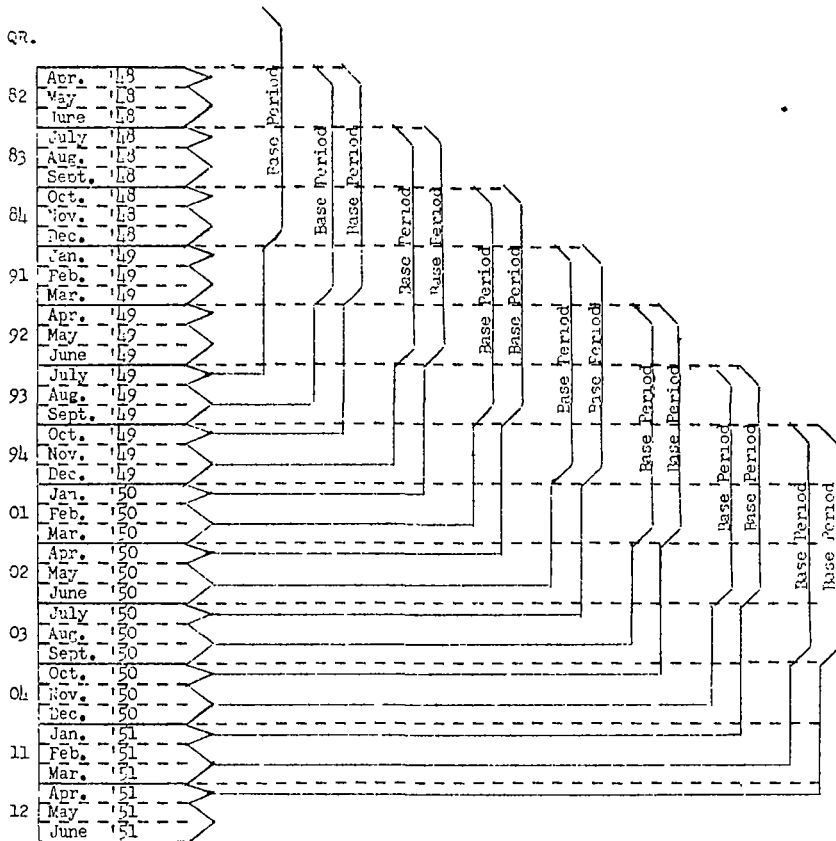
We are often asked the question, suppose the individual had additional earnings in some of the quarters, could they be brought into the picture? No, they can not. The wages we use in establishing a valid claim as a result of the beginning of that benefit year are the only wages

that can be taken into consideration during the course of that claim. So the day upon which an individual files any of these types of claims, establishes a benefit year continuing for one full year. If the individual is unemployed or disabled he may collect for intermittent weeks or consecutive weeks of either unemployment or disability insurance. Once he has exhausted his benefits—if he does happen to exhaust them during the first twenty-six or twenty-seven weeks—he is not eligible for anything further during the remainder of that benefit year. If he does not draw anything, or draws only part of those amounts to which he is entitled during that benefit year and there is a balance in his account at the end of the year, that balance simply stays in the Unemployment Insurance Fund and he has no further claim whatever upon the balance.

The next definition is "base period." As you came in the door, you were given a chart which may assist you in understanding this rather

**VISUAL PRESENTATION OF BASE PERIOD**  
**SECTION 6(r)**

Effective October 1, 1947



The base period on all claims filed in the first month of each new calendar quarter (Jan-Apr-July-Oct) is the first four out of the last six completed calendar quarters.  
The base period on claims filed in all other months of the year (Feb-Mar-May-June-Aug-Sept-Nov-Dec) is the first four out of the last five completed calendar quarters

complicated definition of base period. We really have two definitions of base period, and the two definitions are given at the bottom of this chart. If you will keep these definitions in mind you will always be able to recognize the period of wages taken into consideration in arriving at an award.

For any claim filed during the first month of each new calendar quarter, the definition of base period is the first four out of the last six completed calendar quarters. Take the sheet you have and go down the left hand column until you reach figure 02, the second quarter of 1950. If you will refer to the month of April 1950, and follow that line out to its end, you will notice that between the dotted lines there are two quarters not included in the base period. Therefore our definition, namely, that a claim filed in the first month of any new calendar quarter establishes a base period of the first four out of the last six completed calendar quarters. So, in figuring a base period as of today, April 26th, we would take in wages for the period from October 1, 1948, through September 30, 1949.

For a claim filed in any other month of the year except the first month of each new calendar quarter, the definition is the first four out of the last five completed calendar quarters. Therefore, if you will refer again to quarter 02, May or June, and again follow the line out to the right you'll notice there is only one completed calendar quarter between the dotted lines not used in the base period. Hence our definition of utilizing the first four out of the last five completed calendar quarters. You will notice now that the base period includes the full calendar year 1949. Also notice what has happened at the top of those two brackets. We've lost a quarter of wages. So, as we come into the first day of the **second month** of each new calendar quarter, the sixth quarter of wages back drops out of the picture and can never again be utilized for unemployment insurance purposes.

For example, let's suppose a worker is laid off today, April 26th. Maybe he has been working pretty hard, so he says: "I'm going fishing for a week," and he actually does go fishing for a week. He would then come in, let's say on May 1st or 2d, to file his claim. If he does, we would include his wages during the first four out of the last five calendar quarters or his wages for the year 1949. Had he come in on April 26th, or before April 30th, then his base period would have included his wages from October 1, 1948, through September 30, 1949. As a result of his delay of one week over the end of the first month of a calendar quarter, he has lost one quarter of wages which can never again be used for Unemployment Insurance purposes.

#### THE WEEKLY BENEFIT AMOUNT

The weekly benefit amount on a claim is determined from the table contained in Section 54 of the act and, depending upon the highest calendar quarter of wages in the base period, ranges from a minimum amount of \$10 per week up to the maximum that anyone can receive of \$25 per week, provided the highest calendar quarter of wages of his base period was \$580 or more.

### THE MAXIMUM BENEFIT AMOUNT

The maximum benefit amount is determined by Section 53 of the act which provides that a person may receive 26 times his weekly benefit amount. Therefore, if a person has a weekly benefit amount of \$25 it would be possible for him to receive 26 times \$25 or the maximum award of \$650.

On the other hand, there is a proviso to the effect that he may receive 26 times his weekly benefit amount, but not more than 50 percent of his earnings in the base period. Suppose that an individual earned \$1,000 during his base period, and in the high calendar quarter he earned \$580. He would then be entitled to a weekly benefit amount of \$25. Twenty-six times \$25 would be \$650, but **he cannot receive more than 50 percent of his \$1,000 of earnings in the base period.** Therefore, all he could receive would be \$500, payable at the rate of \$25 per week.

### TOTAL EARNINGS IN BASE PERIOD

There is another proviso in the act, that if 75 percent or more of an individual's earnings are in one calendar quarter of his base period he cannot file a valid claim unless his total earnings in the base period are equal to or exceed 30 times his weekly benefit amount. Suppose that an individual earned \$580 in one calendar quarter of his base period. In one of the other quarters he earned \$100 and in another quarter he earned \$65; making a total of \$745. As a result of having earned this \$580 in one calendar quarter, he would be eligible to receive a weekly benefit amount of \$25. However, \$580 is more than 75 percent of \$745 but it does not equal or exceed 30 times his weekly benefit amount. Therefore, he would not have a valid claim.

If this claimant had just happened to have earned \$6 more from some other source, whatever it might have been, and had a total earnings of \$751 he would have had a valid claim, because 30 times his weekly benefit amount \$25 is \$750 which would have been exceeded by his total earnings. He would be entitled to 26 times his \$25 per week, but could not receive more than 50 percent of this amount, or \$376 payable at \$25 per week, under the first proviso which I mentioned.

The 75 percent clause in the law results in invalidating about 100,000 claims each year. Then there is the qualification that an individual must have at least \$300 in earnings during his base period. As a result of that clause we invalidate about 50,000 claims per year. No earnings during the base period result in invalidating another 50,000 claims. In other words a total of approximately 200,000 claims a year are not valid, for the foregoing reasons.

### THE FLEXIBLE WEEK

In California we operate on what is known as a flexible week, namely, our week of unemployment begins on the day on which the individual files his claim for unemployment or disability insurance. If he files on Wednesday, the week runs from Wednesday through the following Tuesday. If he files on Monday, it runs from Monday through Sunday; from Thursday through the following Wednesday, etc.

### WAITING PERIOD

The waiting period week must be served during each benefit year established under the unemployment insurance program. The claimant must be eligible in every respect during that week, but no unemployment insurance is payable to him. Having once served that waiting period during the benefit year, there is no further such requirement under the act.

Under the Disability Insurance Act a claimant is required to serve a waiting period of one week for each uninterrupted period of disability, except under circumstances where he has been disabled, returns to work and then has a relapse from the same disability within a period of 14 days. In such a case he would not be required to serve an additional waiting period.

### ELIGIBILITY PROVISIONS FOR FILING A NEW CLAIM

Now as to some of the eligibility provisions for filing a new claim—a claim which starts a benefit year. There are only two requirements. One of them is that the person be unemployed in order to file a new claim for unemployment insurance. Why he is unemployed makes not one particle of difference under this act. If he voluntarily quits his job without good cause; if he throws sand in the gears of your machine and ruins it and you discharge him for misconduct; if he steals \$500 out of your cash box and you discharge him for misconduct, he is nevertheless—for the purposes of filing a new claim for unemployment insurance—unemployed. The second requirement is that he be registered for work with the Department of Employment. Having met those two qualifications, all the claimant is doing at this stage of the game, is coming to the department and saying: “I am unemployed; I have registered for work. Will you, the Department of Employment, please tell me how much Unemployment Insurance I am entitled to as a result of the wages which my employers have reported to you.” He is not asking us to give him anything except an award to which he is legally entitled under the Unemployment Insurance Act.

There are some who believe that a person should not be allowed to file a new claim for unemployment insurance if there is a job to be had in the community. What kind of a job? Any old job, washing dishes, sweeping the streets, running an elevator, irrespective of the skill, experience, wages, or the education of the individual. This program does not contemplate any such philosophy. It recognizes the right of an individual—for at least a period of time—to seek work comparable to that which he has had in the past, utilizing his skill, experience and education and paying him a comparable wage to that received in the past.

### ELIGIBILITY PROVISIONS FOR FILING AN ADDITIONAL CLAIM

In order to be eligible to file an additional claim, which is the reopening of a current claim on file, the claimant must be unemployed, registered for work, able to work and available for work.

#### ELIGIBILITY PROVISIONS FOR FILING A COMPENSABLE CLAIM

When it comes to a matter of receiving unemployment insurance or credit for a waiting period under this program there are a number of additional requirements. The claimant must be unemployed; registered for work; and able to work. If he is not able to work as a result of occupational injury or illness, he may be eligible under the Workmen's Compensation Act. If he is not able to work, because of a disability resulting from nonoccupational injury or illness, he may be eligible under the disability insurance plan of the State, but not under the unemployment insurance program.

The claimant must also be available for work. This is not a program intended to permit individuals to take time off to take care of their own personal affairs, when there might be jobs available for them. The intent of the program is to serve the individual who is in the labor market seeking work and invokes no qualifying conditions which would prevent him from accepting suitable employment **immediately**.

Additional eligibility qualifications include serving a waiting period of one week, during which he must be eligible in every respect; filing a claim for each week that he is unemployed; making all reasonable effort on his own behalf to secure employment and not leaving that responsibility to the department or to anyone else.

Having met all of these qualifications, if the reason he cannot secure employment in the community is because of his age, sex, color, efficiency, physical handicap, or personal appearance, then we would legally pay every penny of unemployment insurance to which he was entitled as long as **those** are the conditions influencing his unemployment rather than any lack of ability on his part to work.

#### INELIGIBILITY OR DISQUALIFICATION PROVISIONS

A person is ineligible if he is receiving benefits from another state, from the United States Government—such as servicemen's readjustment allowances—or under the disability insurance program of the State of California.

#### INDEFINITE PERIODS OF DISQUALIFICATION

The act provides for indefinite periods of disqualification, removable by the person eliminating the factors which have resulted in the disqualification. Included in this category is the provision of Section 56A, wherein a person is ineligible if he leaves his work because of a trade dispute.

The purpose of that disqualification—similar to those incorporated in the acts of most other states—was to preserve the neutrality of the unemployment insurance system regardless of the merits or demerits of a trade dispute. We are not interested in whether it is meritorious from the standpoint of either employee or employer. We want to keep out of it entirely. The period of that disqualification is for the duration of the trade dispute in the establishment in which the individual was last employed. Such a disqualification can be removed by termination of the trade dispute; by termination of the individual's connection with the trade dispute, such as removal to another community; or by becoming permanently employed in another field.

Probably the simplest example I can give you of disqualification under a trade dispute as well as eligibility where a trade dispute exists is this: We had a trade dispute in northern California several years ago with the California & Hawaiian Sugar Company. The warehousemen went out on strike and **left their work** because of a trade dispute. We disqualified all of the warehousemen. The refiners, who belonged to a different union, however, continued working in the plant as long as raw sugar was coming through. When the raw sugar played out, it was necessary for the employer to send the refiners away from their jobs. Therefore **the work left the refiners**. We paid all of the refiners, but we refused to pay the warehousemen because they **left their work** because of a trade dispute.

You can go from that simple example to probably one of the most complex examples we ever had. About two years ago a trade dispute occurred in the motion picture industry. About 15 major studios were involved and about 43 different unions. On top of all of that we had the "cockeyed" pattern under which motion picture studio workers work. So we have both the simple and the complex case under trade disputes.

#### NONCOMPLIANCE WITH REGULATIONS

Another indefinite disqualification is the refusal or failure to comply with regulations. This is primarily an internal problem with the department, and the disqualification is removable by compliance of the individual involved. Examples under which this disqualification would be applied include refusal to file a claim, failure to complete authorized forms, failure to comply with reporting requirements, refusal to register for work, failure to clear with the Employment Service when referred to that function with the possibility of becoming employed or being referred to a job, refusal to maintain active registration for work.

#### ABILITY TO WORK

As I said before, a claimant is not eligible if he is unable to work. The duration of this disqualification is the period of inability. How can it be removed? By being able to work. A person is eligible, however, if he is capable of performing some work, not necessarily in his usual occupation nor in covered employment, but work for which he is fitted in keeping with his education, training or prior experience. The claimant must be able to perform such work under terms and conditions under which other workers perform similar duties in the community in which he is residing. As I have also said before, personal appearance or physical handicap is not a bar in considering an individual's ability to work.

There are a number of circumstances which involve the question of ability to work. Don't jump at conclusions, as there is always a secondary consideration in these cases. Some of these circumstances are as follows: illness or injury, where there is loss of limb or the use thereof, or impairment of speech, vision or hearing. It may be that a job requires the use of all fingers or keen eyesight or acute hearing. The loss of a finger or depreciation of either eyesight or hearing might result in the individual not being able to perform a particular job. However, I don't believe any of us would claim that because of the loss of a finger or failure of keen eyesight



or impairment of acute hearing the individual is not able to work in some other line of endeavor.

Circumstances involving questionable ability also include pregnancy, age of the individual and contagious or occupational disease. There may be some question in your mind about the latter. We do know, for instance, in the canning industry, there are certain individuals who cannot work in tomatoes because they break out with tomato rash. As a result, a person leaving that kind of a job because of his inability to work at **that particular occupation** is not an indication that he is unable to perform other work. Therefore, an individual may still have the power of labor, although his ability to perform work as a result of some of these circumstances may be depreciated.

#### AVAILABILITY

Unavailability for work, **as I have told you**, is another indefinite disqualifying factor. How can it be removed? By being available for work. A person is not available if personal affairs or circumstances prevent him from acceptance of work or participation in the labor market. Circumstances involving questionable availability include items that I feel sure some of you as employers have never considered from the standpoint of eligibility, such as:

If a person leaves your employment to enter self-employment and without intervening employment subsequently files a claim for unemployment insurance, the fact remains that you are still his last employer. His self-employment does not change the fact that you were the last employer. Therefore, you have all the prerogatives of protest the same as if he had filed a claim the next day after leaving you for any other cause.

Legal detention also raises the question of availability. I had an interesting experience in that regard up in San Luis Obispo two or three years ago. I happened to be in the office when a man brought four gentlemen in dressed in a peculiar denim jacket. These men went up to the counter to certify—at that time we were using certification and not paying cash—each of them stepped up to the window and then came back to this gentleman. I became curious as to what was going on and inquired as to who the man was. He happened to be the sheriff and had brought these four men down from the jail, which was not very far from our office. I got to discussing with the sheriff the question of whether these four persons were eligible to receive unemployment insurance. He wanted to know on what grounds I thought they were ineligible. I said, “I don’t think they are available for work.” He said, “The hell they are not! You get them a job, and I’ll let them out of jail right away.” However, we didn’t feel that they were able to comply with the requirements and disqualified them as long as they were in jail.

Questionable availability is also apparent where the individual is on a vacation, without severance of employee-employer relationship, or is on an approved leave of absence from his employer where there is no severance of employer-employee relationship. Under such circumstances he is not an unemployed individual and therefore cannot meet one of the two qualifications for filing a new claim.

Other questionable availability factors include: performing public service in accordance with his civic duty — jury duty; where there is

conscientious objection on religious or moral grounds, particularly if the religion or morality have been very recently and enthusiastically acquired; where there is an existing contract of hire and there is no severance of the employer-employee relationship; if domestic responsibilities prohibit him from accepting suitable employment immediately; if he is enrolled in or attending school, university or college; or if he is engaged in military service.

Availability is also questionable where there is noncompliance with union rules or regulations. We recognize that many individuals get employment through unions. If they want to get a kind of employment that is unionized in the community, but do not want to comply with the union requirements, it must then be declared that they are not available for work in that community.

Lack of transportation, either public or private would raise the question as to eligibility of the individual on grounds of availability.

Lack of education, training or prior experience also involves the availability question. We don't have any objection to an individual aspiring to a job that is considerable above the one he has, but when he sets his sights so high that it is impossible to even consider logically that he could obtain employment in that category, we are forced to simply say "you have set your sights too high, and you're not available until you've set them in accordance with the wages, hours and working conditions in this community in keeping with your skill, experience and education."

Often individuals are deprived of licenses granted by the state, city or county or do not have such licenses. As long as they continue to state that they are seeking employment only in the occupational classification in which they are not licensed we say "You are not eligible by reason of unavailability, because you couldn't work in that classification."

If an individual wants to move to a different community after having earned considerably more per hour in another location we have no objection, but he must accept the hours, wages and working conditions in his occupational classification prevailing in the new community.

Then there is the individual who limits the time he will work to part-time employment. Under such circumstances, that is considered, for him at least, full-time employment by choice. He chooses to work only two or three days per week.

Nonavailability is also apparent where, as I said before, there is failure to comply with the rules and regulations of the department; non-registration for work; refusal on the part of the individual to commute at the cost and travel time that other individuals normally require for their work in the community. I think there is logic behind the latter point as most of us would prefer to work within five or ten minutes of our places of business. However, the average person in Los Angeles travels anywhere from 30 to 45 minutes, at an expenditure of from 15 to 30 cents per day each way. Therefore, the refusal of an individual to commute when other people are commuting under similar circumstances and in similar occupational classifications, would result in a determination of nonavailability.

Unavailability is not necessarily synonymous with unwillingness to accept any old job; or to accept a job with a particular employer;

or limiting the job to a particular locality or a state; or confining employment to the state in which his wage credits were earned. Nor, is unavailability to be found where there is a refusal of employers to hire the individual for other extenuating circumstances rather than his ability to work.

#### DEFINED PERIODS OF DISQUALIFICATION

Prior to September 19, 1947, there was a clause in the Unemployment Insurance Act which provided for a time disqualification for voluntarily quitting a job without good cause; discharge for misconduct connected with work; false statement or misrepresentation; refusal to accept suitable employment or failure to apply for suitable employment. That section of the act was so worded that the person was to be disqualified for the week in which he committed any one of these offenses and for not more than four weeks immediately following. As a result, prior to September 19, 1947, the person could just stay away from us for five weeks and then come back to us clean as the driven snow, time alone having purged the disqualification.

The Legislature in 1949 amended the act again, effective October 1, 1949, and Section 58 (b) of the act now provides that following the occurrence of a voluntary quit, discharge for misconduct, false statement, refusal of suitable employment or failure to apply for work a person shall be **disqualified for the week in which he first registers for work** following the occurrence of the offense, and for not more than the four weeks which immediately follow. Hence, a person now can stay away from us for five weeks or for 10 weeks, but when he does come to us and we disqualify him, the disqualification starts with the week in which he first registers for work. This principle would apply to all of the disqualifications I am going to discuss now.

#### VOLUNTARY QUIT

There are two major questions involved in the question of a voluntary quit. First, did the claimant actually leave his most recent work voluntarily? If your answer is no, you probably do not have very good grounds upon which to establish disqualification. If your answer is yes, you may possibly have grounds upon which to support a disqualification. But there is always a second question. If the individual did actually leave his most recent work voluntarily, did he leave it under circumstances which would justify his action as a reasonably prudent person? If your answer to that question is yes, you probably do not yet have grounds upon which to support a disqualification. On the other hand, if your answer is no, he did not leave under circumstances which would justify his action as a reasonably prudent person, then you probably have grounds upon which to maintain a disqualification for voluntary quit. It was apparently not the intent of the Legislature to penalize an individual simply because he voluntarily quit his job, if good cause for such quitting existed. The issue therefore seems to hinge always on what is sufficient justification for an individual quitting his job.

The Legislature was endeavoring apparently to strike a balance between an arbitrary or a capricious quitting and a valid reason motivating the individual in separating himself from his employment. The use

of the word **voluntary** implies, of course, that there were factors or circumstances within the control of the individual and that compulsion in leaving his work was lacking.

Factors involving good cause for leaving may include the following: (Please do not jump at conclusions because although the worker may have had good cause for leaving, there is always a secondary consideration involving availability for work.)

- (a) Substandard wages, hours or working conditions.
- (b) Unprovoked annoyance or physical attack by fellow workers.
- (c) Unduly abusive or profane criticism from superiors.
- (d) Meeting important family responsibilities, such as illness in the immediate family, or the care of children.
- (e) Lack of housing.
- (f) Marriage (the wife's place of residence is ordinarily considered to be wherever the husband makes it).
- (g) Change of residence.
- (h) Failure or complete elimination of transportation.
- (i) Housing difficulties where the individual is compelled to move because of eviction.
- (j) Where pregnancy is involved.
- (k) Occupational disease or conditions detrimental to the individual's health.
- (l) Conscientious objection to the working environment on religious or moral grounds.

In explanation of that last item; I happen to know that in Long Beach there is a restaurant or cafeteria operated by very devout Seventh Day Adventists. They will not keep that restaurant open on Saturday; will not serve pork; and will not serve alcoholic beverages. A number of the folks working there are Seventh Day Adventists and they have worked there for a number of years. Suppose something happened and the owners sold that business and the new owner insisted on keeping the restaurant open on Saturday; serving pork, and serving alcoholic beverages. If the Seventh Day Adventists voluntarily quit their job under those circumstances **we would not disqualify them, because they would have had good cause for voluntarily quitting.**

Though good cause for leaving may be apparent, there is always a secondary consideration. For instance, in cases of illness, care of children, pregnancy, marriage, transportation, etc., you always have as a secondary consideration the question, **is the person available for work.** The person may have voluntarily quit his job with good cause, but he may be disqualified because of the fact that he is not available for work.

#### DISCHARGE FOR MISCONDUCT

In discharge for misconduct, the major factor involves severance by employer action based upon circumstances within the control of the individual and indicating the worker's actions and behavior constitute an intentional breach of his obligation to his employer. We do not have a defined term of misconduct in our law, nor has there been a decision by the Supreme Court of this State. But, the Supreme Court of Wisconsin has given this opinion and, inasmuch as our law is comparable to that of

Wisconsin, as to this particular provision regarding discharge for misconduct, the Wisconsin Supreme Court decision seems to apply:

"The term misconduct as used in the disqualification provision is limited to conduct evincing such wilful or wanton disregard of an employer's interest as is found in deliberate violations or disregard of standards of behavior which the employer has the right to expect of his employee, or, in carelessness or negligence of such degree or recurrence as to manifest equal culpability, wrongful intent or evil design, or to show an intentional and substantial disregard of the employer's interest, or of the employee's duties and obligations to his employer."

Factors which would not ordinarily sustain a disqualification for discharge for misconduct fall into the following categories:

- (a) Mere inefficiency on the part of the individual;
- (b) Inability to perform the job;
- (c) Failure in good performance because of incapacity;
- (d) Ordinary negligence in isolated instances;
- (e) Good faith errors in judgment or discretion of infrequent occurrence.

Moreover, we should note that a discharge for misconduct, in order to be sustained, must be connected with his most recent work. In other words, intoxication or indulgence in alcoholic beverages **off the job**, in spite of the fact that the employer might be a rabid teetotaler, could not result in maintaining a discharge for misconduct by that employer because the action complained of occurred **off the job**. Intoxication, or indulgence in alcoholic beverages on the job, on company premises, in a company car, or in a company uniform, might well sustain such a disqualification.

#### RESPONSIBILITY OF LAST EMPLOYER

Prior to October 1, 1949, it was not nearly as important for the last employer to be concerned with the question of voluntary quits or discharges for misconduct. However, since October 1, 1949, when the new Section 39.1 went into effect the **whole** responsibility for charges against the accounts of **all employers** in the base period and potential charges against himself falls on the **last employer**. Therefore, employers find more of a reciprocal relationship one to the other, as a result of the passage of this measure.

Prior to October 1, 1949, if a person voluntarily quit his job without good cause and was disqualified, no charges were made to the accounts of employers in the base period for the uninterrupted period of unemployment following a voluntary quit disqualification. If the claimant became employed again, however, and was then laid off, that broke the continuity of the uninterrupted period of unemployment, and from there on out charges were made to the accounts of employers in the base period. Under that old law, however, there was no protection whatever for the last employer, unless he was also a base period employer.

As a result of the law being changed, beginning October 1st of last year benefits based upon **any wages**, paid by **any employer** prior to a voluntary quit without good cause or discharge for misconduct for which

a disqualification was assessed **shall not** be charged to the accounts of employers in the base period. This is a problem about which many questions are asked, so I am going to try and put an example on the board.

Suppose that an individual worked for employer A, in the last quarter of 1948 and the first quarter of 1949—quarters 84 and 91. He then went to work for employer B, worked for him in quarters 92 and 93, and then went to work for you in quarter 94. He worked for you through the first quarter of 1950, and then on April 25, 1950, voluntarily quit you without good cause, or you discharged him for misconduct connected with his most recent work. According to our definition a claim filed on April 26, 1950, involves a base period of the first four out of the last six completed calendar quarters.

Now, according to the first part of the definition set out in Section 39.1, benefits based upon wages paid by any employer, in any calendar quarter, prior to the occurrence of the offense for which the disqualification was made shall not be charged to the accounts of employers in the base period. Therefore, in this hypothetical case, regardless of whether the individual had additional employment after disqualification, no charge for any benefits the person might receive during that benefit year would be made to the accounts of employers A or B.

Suppose, however, that after the disqualification, the person went to work for another employer in quarters 02 and 03, continued to work through quarter 04, which is the last quarter in 1950, into the first quarter of 1951. Then suppose he again became unemployed on April 26, 1951, and at that time filed another claim for unemployment insurance. Referring to our definition of base period again we will take as our basis of computation the first four out of the last six completed quarters and that would bring the wages you paid him in quarters 94 and 01 into the base period of the second claim. Section 39.1 of the act also says "benefits based upon wages paid by the employer whom the individual voluntarily quit, or by whom he was discharged for misconduct, shall not be charged to the accounts of employers in the base period." Therefore, benefits paid this individual, based on the wages you paid him prior to the occurrence of either of these offenses would not be charged to your account.

Suppose further, you paid this individual \$1,000 in wages during those two quarters and that he earned \$800 with other employers in quarters 02 and 03. That would mean that you were accountable for five-ninths of the wages; the other employers four-ninths. If he drew a total of \$270, five-ninths of \$270 or \$150 **would not** be charged to your account on the basis of these wages. However, the other four-ninths or \$120 **would be** charged against those employers from whom he earned wages subsequent to the voluntary quit or the discharge for misconduct for which he was disqualified.

If this worker voluntarily quit you or you discharged him for misconduct and he did not file an unemployment insurance claim, but immediately went to work for another employer and subsequently became unemployed by being laid off, under these circumstances the above theory would not apply because the act provides that the person shall be disqualified for leaving **his most recent work without good**

**cause.** Under this example, although he voluntarily quit you or was discharged by you for misconduct, the conditions under which he left his last employer rather than the conditions under which he left you would control.

#### FALSE STATEMENT OR MISREPRESENTATION

False statement or misrepresentation are causes for disqualification. These factors are ordinarily encountered in internal operations of the department and include the following:

- (a) Failure to report earnings for personal services;
- (b) Withholding information on specific questions;
- (c) Misstatement on specific questions;
- (d) Failure to report self-employment;
- (e) Simultaneous receipt of unemployment insurance payments from California and benefits from another state, the Federal Government or the disability insurance program.

We hear a great deal about chiseling under this program and some pretty wild statements are made at times. We are not egotistical enough to believe that in dealing with 3,500,000 potential claimants under this program, there is not some chiseling. However, we can't accept some of the wild statements that are made and so request that the next time you hear such statements regarding chiseling, you please remember some of the figures I am going to give you. We are constantly on the trail of individuals, on whom we have information, or whom we believe are drawing unemployment insurance illegally. We don't care where the tip comes from either, but if we catch up with them we will prosecute unmercifully, first: under Section 101 of our act and second; under Section 484 of the Penal Code, one count for each check the individual illegally drew.

During the six months from October, 1949, through March, 1950, we actually secured 566 convictions in the courts of this State. Furthermore, since October 1, such chiseling has become a far more serious offense than it was before, due to an amendment incorporated in Section 58 (d) of the act. This amendment provides that any person convicted in a court of competent jurisdiction in this State for a violation of this act, forfeits all rights to benefits after such conviction—based upon wages earned in any calendar quarter prior to the conviction, including earnings in the quarter in which the offense was committed. This means that the worker not alone forfeits unemployment insurance and disability insurance rights after the conviction, but it would take him approximately one year before he could build up sufficient wage credits to be eligible under either the unemployment insurance program or the disability insurance program.

Here are the results of the prosecution of these 566 claimants. Two hundred thirty-one were fined \$28,613 or an average of \$124 each. Three hundred seventy-two were ordered to make restitution of \$48,493 or \$133 each. Two hundred eighty-four were given an average of 47 days in jail. Three hundred twenty were given an average of 23½ months probation.

In addition, we find some who fool us for one week only. We may not have enough evidence to criminally prosecute such individuals, but we do have some teeth in Section 58 of the act. If a person fools us for one week only, then is perfectly eligible, and draws four weeks after that, but we catch up on him for this one week, we will disqualify for

that week and for the four weeks immediately following. Under these circumstances, although he illegally got only \$25 from us, we will set up a \$125 overpayment against him which he must liquidate before being eligible for either unemployment insurance or disability insurance. As a result of that program we collect from \$75,000 to \$100,000 per calendar quarter, or between 300 and 500 thousand dollars per year. In addition we disqualify about 200,000 claimants during the normal calendar year.

We ask employers to give us information relative to the circumstances, the name, social security account number and, if possible, the office in which his claim is filed, where they have evidence of individuals doing any chiseling. If you don't want to give us your name, give us the information anonymously, for we have a fraud and investigation section which does nothing else but investigate complaints of that nature.

Let me show you the importance of the employer's function in this picture. I talked to the San Fernando Rotary Club several months ago. I made a statement similar to this about chiseling, and we had a few minutes for questions after the meeting. An employer got on his feet and asked me if "we would pay an individual who was in jail." I told him we would not and he said "Well, you are paying him." That was kind of a toughie to answer, but I wanted to pursue the case further, so I asked this employer how he knew and he said "He worked for me." I said "How do you know that he is in jail?" He said, "Well, that is the reason he is not working for me." I wanted to know some more of the circumstances and said "How do you know he filed a claim?" His answer was "Well, you sent me a notice." Oh! Oh! There was the gimmick. "What did you do with the notice?", I asked. The employer knew he was in jail, but he didn't do anything about it. So, I accused this employer of entering into collusion or a conspiracy with this individual to help him collect unemployment insurance. I finally talked the employer into giving me the claimant's name and social security account number.

After the meeting I went to the San Fernando jail. The man **was** in jail—don't kid yourself about that. But, he had been in jail many times before. He was one of those unfortunate individuals who would work until he got a few dollars ahead and then he had to go out and get himself a couple of jugs of wine or a couple of bottles of liquor and get stinking drunk. He always ended up in jail. As a result of knowing him so well and being short of personnel in the San Fernando jail and needing a janitor he was made a trusty. He had to go downtown each Tuesday to get janitorial supplies. On his way he stopped at our office and picked up checks to the tune of \$182.

The sequel to this story comes with his release from the San Fernando jail. Here it is in a newspaper article. "Emory J. Shields, 57, collected \$182 in state unemployment checks while serving a 90-day jail sentence for being drunk. Because he was a model prisoner jail authorities made him a trusty. Last week he finished his drunk sentence, yesterday he appeared before Police Judge H. A. Decker, charged with fraud. He pleaded guilty, was given a 90-day jail sentence, ordered to pay back the \$182 and was fined \$25." So San Fernando jail has another janitor for another 90 days.



Now you folks may wonder why we have gone to the trouble of presenting all this material to you. I think it should be evident that there are many things the employer should know about this act if he is going to protect himself and protect the solvency of the fund. There are a number of things which we would recommend employers considering in handling unemployment insurance problems, including the following:

(a) Explore the possibility of retaining your present labor force and preventing turnover wherever it is possible for you to do so, as turnover has a direct effect on your merit rating under the unemployment insurance program.

(b) Assign a definite responsibility to someone in your organization to handle these damnable notices which we are **required** to send you under the law.

(c) Follow up on claims and wherever possible give us any facts you may have surrounding the case. In some of the examples I have used here you will probably recognize instances in which you could have given us more factual information, maybe not resulting in disqualification, but at least enabling us to more efficiently and effectively determine the eligibility of the individual.

(d) Maintain a card record of claims and the progress of those claims. That is going to be more essential from now on than it ever was, as you are going to have to control such items as voluntary quit and discharge for misconduct to see that no charges are made to your account. You will not be able to check until you receive your statement of charges late in the fall to see whether anyone disqualified for voluntary quit or discharge for misconduct has, subsequent to this disqualification, been paid unemployment insurance which has been charged against your account. Therefore, you will have to exercise this control for a period of almost two years, as last employer and base period employer.

(e) Know the basic principles of the act as we have tried to give them to you at this meeting.

(f) Know your appeals right under the program. You have the two different stations of appeals. One to the referee; the second one to the Appeals Board if you are still not satisfied.

(g) Visit our local offices and become acquainted with the managers.

(h) Wherever it is possible, order workers through the offices of the department, because that enables us to take workers off the unemployment insurance rolls and put them in employment, which immediately stops charges to any employer's account. In all probability there is an employer in the audience who is saying, "Aw, I tried that one time, and you ought to see what they sent me." Well, that may be true, but it isn't going to do you any good and it isn't going to do the department any good, to simply ostracize us because of an occurrence in the past. What I would suggest is that you try us again. If you don't get the results you are after—raise hell. With whom? With the local office manager who is responsible in the first place. In the second place if you don't get results, raise hell with the area manager. If you don't get results there, raise hell with Mr. James G. Bryant, Director of the California Department of Employment, and if you don't get results there, raise hell with the State

Advisory Committee of 12 members appointed by the Governor. Don't simply cancel us off your list or ostracize us because somebody in one of our lower offices made a mistake in making a job referral. It is your department; it's up to you to use it.

(i) Above all don't sanction your old employees or your friends getting on the gravy train and collecting unemployment insurance, **for any reason whatever**, unless they are eligible

(j) Don't tell us that you know of a couple of chiselers and then refuse to give us any information about those chiselers, claiming that you don't want to be a stool pigeon.

(k) And, above all else, encourage other employers to "go thou and do likewise." Thank you very much for coming here today.

Now, if some of you have questions which you would like to ask me, I will be only too glad to attempt to answer them for you.

**Question:** Would you disqualify people who do not cross picket lines during a strike?

**Answer:** Yes, we would ordinarily and for this reason. We have no objection to members of a union recognizing union principles, but if a trade dispute is in effect, a certain craft has left its work because of a trade dispute and has established a picket line, and other workers refused to pass through the picket line when work is available there for them, we would disqualify them for having left their work because of a trade dispute. Take the warehousemen-refiners case that I used. Had the warehousemen at the California & Hawaiian Sugar thrown up a picket line and even though there was only a temporary amount of raw sugar coming through that plant for the refiners to work on, if they had recognized that picket line and refused to return to work, we would have disqualified them, too.

**Question:** If charges were made to your **account** because employees left you, took a temporary job with another concern, and then were laid off, would there be anything you could do to prevent those charges being made to your account?

**Answer:** No, there is nothing you could do. Ladies and Gentlemen, I don't believe the backbone of your labor force would quit jobs in occupational classifications to go to work for two weeks for somebody else in order to eliminate the disqualification. There may be individuals who would do that, but I don't believe that the backbone of your labor force would. As jobs become more and more scarce, we believe that people are trying to hang on to their jobs. But, if an individual is smart enough and has made up his mind he doesn't want to work any longer, he can quit his employer, go to work for another employer on a temporary basis for two or three weeks, be laid off by that employer, and be absolutely clean from the standpoint of the terms of this law insofar as voluntarily quitting you is concerned.

**Question:** If a claim for unemployment insurance is made by a former employee whom you would rehire, how would you go about getting him back so you wouldn't have to pay unemployment insurance?

**Answer:** You will recall that last week I discussed the receipt of DE 1545, Notice of Computation. One of the purposes in sending that to base period employers is the very thing that you mention. It's a notice to a base period employer, that if he happens to be interested in rehiring

the individual, he can secure the name and address of that individual from the local office in which the claim is filed, simply by telling that local office that he wants to rehire the individual. That is one of the purposes in sending the 1545 to the base period employer, in case he does want to rehire.

**Question:** If an unemployed person leaves this State and goes to another what information does the office in the other state seek before certifying unemployed person for benefits? The reason this question is posed is that in a couple of cases individuals have been discharged for misconduct and have gone to the local office to file a claim; the necessary notice has been sent the employer, the employer has protested the payment and has been found right in his protestations. The unemployed person has then gone to another state, again filed and the employer has had to go through all the same motions again.

**Answer:** If this person was discharged for misconduct and goes to another state, there wouldn't be any necessity for this employer again protesting to that other state because the disqualification would already have been set up. But, in answer to the first part of the question, California acts as the agent for all other states, and all other states act as the agent for California under what is known as the Interstate Benefit Payment Plan. The plan is recognized under the laws of the various states because of a recognition of the mobility of labor, best demonstrated by the tremendous influx of workers who came into this area during the war effort. If a person leaves California and goes to another state, he may go into any one of the unemployment offices of that state and file a claim against California. From there on out, that office in the other state acts as the agent for California in getting all of the facts surrounding the individual's unemployment and the possibilities of re-employment in his occupational classification in that area. In fact the certifications that are made under the Interstate Benefit Payment Plan are far more detailed and give far more information to the liable state, which would be California in this case, than do our own certifications in California where we have an opportunity of talking to the individual. Whatever the information obtained by the other state, acting as our agent, they cannot make a determination of eligibility. That determination must be made in California under California law. The same thing holds true with us. We would gather all the information surrounding an interstate claim filed by a former resident of, for instance, Michigan. Having gathered those facts, we would not be able to determine eligibility or ineligibility. That is a matter which can be determined only by the State of Michigan.

**Question:** Do employees establish eligibility for disability claims in the same manner that they do unemployment?

**Answer:** In exactly the same manner. The award for either unemployment insurance or disability insurance is made on the basis of identically the **same wage record**. For instance, let's suppose that a person earned \$2,000 during his base period. On such a basis he could be awarded 26 weeks at \$25 per week or \$650 under the unemployment insurance program. He could exhaust all of that and then, if he became disabled nonoccupationally, he could file a claim against the disability insurance program and be eligible to receive at least \$600 under that

program as a result of those same wages. In other words, he can receive \$650 at \$25 per week under the unemployment insurance program and in addition he could receive \$600 under the disability insurance program or vice versa.

**Question:** But not at the same time?

**Answer:** Not at the same time. No, obviously, because under the unemployment insurance program he must be **able** to work. Under the disability insurance program he must be **disabled**, as a result of a physical or mental injury or illness and **unable** to perform his regular or customary work.

**Question:** Must the employee have earned wages during the last four or five months in order to be eligible to receive disability benefits?

**Answer:** No, that is not wholly correct. Let's take the date of May 1, 1950, as the day upon which a person becomes disabled. If he files his claim on May 1, that means that the base period is the full year 1949. Let's suppose that he had no earnings in either the first or the second quarters of 1949, earned only \$580 during the third quarter, and \$500 during the fourth and last quarter of the year. He has only two quarters of earnings, but still has a valid claim. On this claim Section 53 of the act provides for an award of 26 times \$25 or \$650, but, inasmuch as he only had \$1,080 total wages in the whole base period, we would pay him only 50 percent of his total wages or \$540 under the disability insurance program at the rate of \$25 per week. It would also be possible for this or some other individual who, in the last quarter of 1949 earned \$1,000 or even \$750 to still have a valid claim. Even if we take only the last quarter of 1949 in which he had wages, on May 1st with that amount of wages he would establish a valid claim. It is not the number of quarters in the base period, but the amount earned during the whole base period.

**Question:** How is second base period established for a claim?

**Answer:** Well, let's again suppose that an individual became unemployed on April 26, 1950. Quarters 84, 91, 92, and 93 would be included in the base period, on which we could award him (if he has the right amount of wages) 26 times \$25 or \$650 under an unemployment insurance claim. Suppose he exhausts that unemployment insurance claim and then is knocked over by an automobile and ends up in the hospital. He is going to be there for the balance of this benefit year. If he had been drawing unemployment insurance continuously, 27 weeks would have gone by. There would still be 25 weeks of disability insurance that he could draw, or a total of \$625 under the disability insurance program. That would end the benefit year. However, this guy got pretty badly banged up in this automobile accident, so he is still disabled into the next benefit year. You recognize that we picked up wages only through quarter 93. On a second claim his earnings during the last quarter of 1949 and the first quarter of 1950 would be included in the base period of a claim establishing a second benefit year. If he earned as much as \$650 in each of those quarters, we would award him during the second benefit year \$650 at \$25 per week. Suppose his disability continues for a six-month period into the second benefit, and then he recovers and is ready to go back to work again. He files a claim for unemployment insurance. It would be possible, although not very probable, that he could draw \$25

per week for an additional 25 weeks under the unemployment insurance program, or \$625 more.

In addition, under the hospital confinement provisions of the act if he was confined to the hospital on his first day of disability on certification of his physician, he could collect 12 days at \$8 per day or \$96 in his first benefit year. He could collect the same amount in his second benefit year if he continues to be confined to the hospital. It is therefore, possible for an individual with such wage credits to collect as much as \$2,742 as a result of having earnings during only six calendar quarters.

**Question:** What about income outside of earnings?

**Answer:** Now that could mean from interest, stocks, bonds, rent or anything else. We are not interested in any resources the individual may have; how much money he has; what the interest on that money amounts to or what his income is other than that from personal services. But, if he earns wages from any source whatever he is required to report those wages to us each week that he certifies.

**Question:** Where a person quit his job voluntarily to go into business for himself, but at the end of six months his business isn't a success and he seeks another position, is he entitled to draw unemployment from the employers he had?

**Answer:** Now wait a second. Suppose he left your employment voluntarily without good cause. You wanted to retain his services, but he voluntarily quit and went into business for himself. He made a flop of it and files a claim for unemployment insurance. Under such circumstances, you are the last employer. We would send the notice to you of the filing of the claim, because self-employment does not count as employment from the standpoint of employer-employee relationship. Therefore, it would be your function under the circumstances to protest the fact that this individual voluntarily quit you to go into business for himself. We do have cases which have gone before the appeal board and they have sustained the fact that the last employer was entitled to make such a protest.

**Question:** When a new worker who has never worked before becomes unemployed, say, after working two calendar quarters, will he have enough wages in the base period to establish a claim?

**Answer:** The earnings will have to come within one of the definitions I gave you for a base period. For instance, let's take a worker who first went to work in industry on October 1, 1949. Perhaps, prior to that he was working in government service and was therefore not under unemployment insurance. But in any event, he went to work covered by unemployment insurance on October 1, 1949, and is laid off by his employer today, April 26, 1950. That person could not file a valid claim for unemployment insurance, because there would not be any wages in the base period. On May 1st one calendar quarter of those wages would be included in the base period, but the amount of those wages, as I have indicated, would have to be over \$750 or the 75 percent clause would apply. Therefore, it would probably not be before August that he would be able to file on those wages, at which time, both of those calendar quarters would come into the base period.

**Question:** If a worker files an application for employment and you hire him on the strength of the qualifications he claims in his application, then find that he is not qualified to do the work and you are forced to fire him, is that good cause for termination?

**Answer:** You probably couldn't very well sustain a discharge for misconduct disqualification. He may have claimed he was the finest workman in the land and when you found out that he had probably boosted his stock a little bit too much, you were forced to let him go. Under such circumstances you could not very well support a discharge for misconduct or fraudulent statement. There are conditions where the employer's interest might be very materially affected by a fraudulent statement and in such a case could result in a disqualification. But, in the case you've given me, I doubt whether you could sustain a protest, because I believe it is a natural human tendency to put the best foot forward and probably claim a little more than we actually know we can perform in an effort to get the job.

**Question:** About this California merit rating system—is it on shaky grounds due to the excess payment of benefits versus the employee contribution? What can you tell me about that?

**Answer:** Well, the employee contributions do **not** apply to the unemployment insurance program whereas the employer contributions **do** apply exclusively. During the year 1949 we actually paid out in the Department of Employment about \$250,000,000. Our income, including interest on the Unemployment Insurance Trust Fund, was about \$134,000,000. We expect that during the year 1950 our income is going to increase over that \$134,000,000 to about \$150,000,000. If we should continue on that same basis, namely, payments of Unemployment Insurance of approximately \$250,000,000 per year and income on the basis of \$150,000,000 per year for the next few years, here is what could happen.

In the first place, Section 41.3 of the act says that at any time the balance in the Unemployment Insurance Fund is less than one and one-half times the amount of Unemployment Insurance paid out in the previous calendar year the commission shall declare that all merit rates shall cease. Therefore, every employer would from that time on pay the general rate of 2.7 percent. On the basis of the assumptions which I have made, without any change in economic conditions or any changes in this law by the Legislature in the 1951 Session, we will reach a point approximately June 1, 1952, when the balance in the Unemployment Insurance Trust Fund will be less than one and one-half times the amount of benefits paid out in the previous calendar year.

In addition Section 61 of the act provides that if at any time the commission is unable to foresee the payment in full of benefits for a period of six months in the future it may either reduce the amount of benefit payments or cease benefit payments entirely. That condition, on the same assumptions I have made, is a possibility by late 1954 or early 1955. What about solutions? One solution obviously involves the possibility of increased employer rates. There is also before Congress what is known as the Green Bill. It is a reinsurance bill whereby states, when they meet certain qualifying conditions, can receive additional grants from the Federal Government to cover three-quarters of the deficit in their own

funds as definite grants. Of course that immediately brings into the picture additional federal control over the State's program and federal control over the state program may influence incorporation in California's law of some of the recommendations which have already been made at the federal level, namely: a minimum of \$30 per week; \$5 for each dependent up to a maximum of \$45; a minimum duration of 26 weeks; and other expansions of that nature.

**Question:** Can private hospitalization insurance be added to **other benefits he receives?**

**Answer:** If he has his own personal hospital insurance, yes. If he is eligible under this program any other form of insurance he may have to protect him would not in any way affect his eligibility under this program.

**Question:** In the event of the sale of a business can the unused portion of the employer contribution account be transferred to the new corporation, or if the business is dissolved when is it returned, if it is returned, to the former owners?

**Answer:** If the former owner reestablished himself in business, if I got your question correctly, he would be eligible to continue on the basis of this established account. I can't recall the exact provision, but I believe there is a provision that limits this to a period of three years. I'd have to check that for you though. But, there would be a transfer of that reserve, if the successor in interest took over the business or a severable portion thereof.

**Question:** That is the question which I would like to have cleared up. It would be pretty hard to get that balance out of the fund, wouldn't it?

**Answer:** I think those balances would remain in the reserve of that employer for a period of three years, during which time if he re-entered business he would pick up the balance on hand and go on from there.

**Question:** Suppose that he did not reestablish within the next three years?

**Answer:** Well, I think then that bookkeeping account is just simply closed out and that is all that there is to it. It would not be possible to handle these funds as cash balances and return the unused balances to each individual employer. Suppose that employer was \$10,000 in the red—there are a lot of accounts in the red—what would we do with those, collect those from the employer when he sells, transfers or abandons his business? That, of course, would be impractical or impossible. So, if the employer doesn't utilize this balance for himself in his continuation of business and it is not transferred because of a successor in interest purchasing the whole business, or a severable portion thereof, the balance would simply die in that bookkeeping account maintained in Sacramento, regardless of whether it was a black or a red account.

**Question:** Are contributions to the disability program paid altogether by the employees?

**Answer:** Yes, the disability insurance program is entirely financed by the 1 percent contribution of the worker, just as the unemployment insurance program is financed wholly by contributions from the employer.

**ANNOUNCEMENT OF COMMITTEE MEETINGS**

It was announced that the following committees would hold meetings:

*Today—*

*At 3 p.m.—*

Rules.

Governmental Efficiency and Economy.

*At 8 p.m.—*

Education, in Room 432.

*Tomorrow, Thursday, September 21st, at 3 p.m.—*

Elections and Reapportionment.

Transportation and Commerce.

**GUESTS EXTENDED COURTESIES OF ASSEMBLY**

On request of Messrs. Davis and Brown, the usual courtesies of the Assembly for this day were unanimously extended to Mr. and Mrs. E. Glenn Drake of Yreka.

**ADJOURNMENT**

At 1.57 p.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Thursday, September 21, 1950.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk



CALIFORNIA LEGISLATURE

1950 THIRD EXTRAORDINARY SESSION

# ASSEMBLY DAILY JOURNAL

SECOND LEGISLATIVE DAY

SECOND CALENDAR DAY

## IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO

Thursday, September 21, 1950

The Assembly met at 10 a.m.

Hon. Sam L. Collins, Speaker of the Assembly, presiding.

Chief Clerk Arthur A. Ohnimus at the desk.

### ROLL CALL

The roll was called, and the following answered to their names:

Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—74.

Quorum present.

### PRAYER

The following prayer was offered by the Chaplain, Dr. Torrance Phelps:

*God of Hope:* In this age of fear and uncertainty may we have faith to believe in the Providence that has guided this Nation through difficult days in the past.

Faith in the underlying soundness and intelligence of our fellow citizens and in their readiness to rise to the crisis of the hour.

Faith to believe that there is a latent and unaroused decency in even barbarous and backward people and that the ferment of history will eventually uplift them.

May the vast discontented masses of the world who desire better conditions of life see that the American Way of Life is the fulfillment of their dreams.

While we wait for the future to unfold, give us the wisdom to keep our powder dry.—AMEN.

### READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Butters, further reading of the Journal of the previous legislative day was dispensed with.

**LEAVES OF ABSENCE FOR THE DAY**

The following members were granted leaves of absence for the day, because of illness:

Mr. Silliman, on motion of Mr. Lowrey.

Mr. Rosenthal, on motion of Mr. Lowrey.

The following members were granted leaves of absence for the day, because of legislative business elsewhere:

Mr. Lincoln, on motion of Mr. Caldecott

Mr. Yorty, on motion of Mr. Hagen.

The following member was granted leave of absence for the day, and desired to waive his per diem:

Mr. Huyck, on motion of Mr. Grant.

**BEST WISHES EXTENDED**

Speaker pro Tempore Maloney expressed, on behalf of the Members of the Assembly, sincere regrets to Mr. McCollister that he has recently suffered an unfortunate injury, complimented him on his intelligent readjustment after his accident, and expressed best wishes for his future welfare.

**INTRODUCTION, FIRST READING, AND REFERENCE  
OF ASSEMBLY BILLS**

The following bills were introduced, and read the first time:

**Assembly Bill No. 39:** By Messrs Fleury and Moss—An act to amend Sections 20890 and 20894 5 of the Government Code, and Sections 14449, 14495 2, and 14702 of the Education Code, relating to public retirement systems in respect to absence of members in military service and contributions therefor, and declaring the urgency thereof, to take effect immediately.

Referred to Committee on Civil Service and State Personnel.

**Assembly Bill No. 40:** By Mrs. Niehouse—An act to amend Sections 2160 and 2160.7 of, and to add Section 2160 2 to, the Welfare and Institutions Code, relating to the aid of old age security recipients in medical institutions, and declaring the urgency thereof, to take effect immediately.

Referred to Committee on Social Welfare.

**Assembly Bill No. 41:** By Mrs. Niehouse—An act to add Section 1501.5 to the Welfare and Institutions Code, relating to aid to needy children in respect to provision for the needs of the relatives with whom such children are living, and declaring the urgency thereof, to take effect immediately.

Referred to Committee on Social Welfare.

**Assembly Bill No. 42:** By Mrs. Niehouse—An act to amend Sections 3044 and 3044.1 of, and to add Section 3044.05, to, the Welfare and Institutions Code, relating to aid to needy blind, to provide for the aid to needy blind persons in public medical institutions, and declaring the urgency thereof, to take effect immediately.

Referred to Committee on Social Welfare.

**Assembly Bill No. 43:** By Messrs. Thompson and Kirkwood—An act to add Section 5048.3 to the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Governmental Efficiency and Economy.

#### ANNOUNCEMENT

Speaker Sam L. Collins announced the presence in the Assembly Chamber of Mr. Ralph N. Kleps, the newly appointed Legislative Counsel.

#### RECESS

At 10.05 a m., on motion of Mr. Dickey, the Assembly recessed until 10 10 a.m. to hear remarks from the Legislative Counsel, Mr. Ralph N. Kleps.

#### REASSEMBLED

At 10.10 a.m., the Assembly reconvened.

Hon. Sam L. Collins, Speaker of the Assembly, presiding.

Chief Clerk Arthur A. Ohnimus at the desk.



#### REPORTS OF STANDING COMMITTEES

##### Committee on Governmental Efficiency and Economy

ASSEMBLY CHAMBER, SACRAMENTO, September 20, 1950

MR. SPEAKER: Your Committee on Governmental Efficiency and Economy, to which were referred:

Assembly Bill No. 12

Assembly Bill No. 13

Assembly Bill No. 14

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

STEWART, Chairman

Above reported bills ordered to second reading.

#### SECOND READING OF ASSEMBLY BILLS (BY UNANIMOUS CONSENT)

**Assembly Bill No. 12**—An act to amend Sections 5103 and 5107 of, and to add Section 5105.1 to, the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 13**—An act to amend Sections 4353 and 3211.92 of the Labor Code, relating to disaster service workers, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 14**—An act to add Section 5046.1 to the Education Code, relating to apportionments to school districts from the Public School Building Loan Fund, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

**INTRODUCTION, FIRST READING, AND REFERENCE  
OF ASSEMBLY BILLS (RESUMED)**

The following resolution was offered:

**Assembly Concurrent Resolution No. 6:** By Messrs. Fleury and Moss—Relative to adjournment in respect to the memory of Clifton R. Montgomery.

Referred to Committee on Rules.

**REPORTS OF STANDING COMMITTEES**

**Committee on Rules**

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred:

Assembly Bill No. 2

Assembly Bill No. 3

Assembly Bill No. 4

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

DICKEY, Chairman

Above reported bills ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 2**—An act making an appropriation for the mileage of the Members and Officers of the Assembly, to take effect immediately.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 3**—An act making an appropriation for the contingent expenses of the Assembly, including committee expenses, to take effect immediately.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 4**—An act making an appropriation for payment of the expenses of Members of the Assembly necessarily incurred by them while attending the 1950 Third Extraordinary Session of the Legislature, to take effect immediately.

Bill read second time, and ordered engrossed.

**REQUEST FOR UNANIMOUS CONSENT THAT RESOLUTION  
BE PRINTED IN JOURNAL**

Mr. Thomas asked for, and was granted, unanimous consent that the following resolution be ordered printed in the Journal:

IMPROVED ORDER OF RED MEN  
GREAT COUNCIL OF CALIFORNIA  
SAN FRANCISCO, CALIFORNIA

**RESOLUTION**

WHEREAS, Several attempts have been made in past years to put through laws in the United States Congress and many states to place taxes on fraternal organizations, all of which attempts have been defeated; and

WHEREAS, We are advised that another attempt is about to be made to impose such taxes; and

WHEREAS, The financial structure of fraternal organizations operating as nonprofit organizations are not sufficiently flexible to change their methods to permit the payment of taxes and would therefore be immediately driven out of business; now, therefore, be it

*Resolved*, That the Improved Order of Red Men go on record as opposing the imposition of those confiscatory taxes; and be it further

*Resolved*, That a copy of this resolution be forwarded to each Representative and Senator of the State of California in the United States Congress.

I, Albert Mialocq, Great Chief of Records of the Great Council of California of the Improved Order of Red Men, do hereby certify that the above resolution was unanimously adopted by the Great Council of California in session in the City of San Jose, California, August 22, 1950.

ALBERT MIALOCQ

[SEAL]

## REPORTS OF STANDING COMMITTEES

### Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred:

Assembly Concurrent Resolution No. 1

Assembly Concurrent Resolution No. 2

Assembly Concurrent Resolution No. 3

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKEY, Chairman

Above reported resolutions ordered engrossed.

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

House Resolution No. 9

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKEY, Chairman

## CONSIDERATION OF HOUSE RESOLUTION NO. 9 (BY UNANIMOUS CONSENT)

By Mrs. Niehouse:

### House Resolution No. 9

Relative to congratulating Florence Chadwick for her record-breaking swim across the English Channel

WHEREAS, Florence Chadwick, on the eighth day of August, 1950, by a record-breaking swim, was the thirty-second person and the twelfth woman to swim the English Channel; and

WHEREAS, Florence Chadwick completed the difficult and punishing task in 13 hours and 20 minutes, thereby bettering by one hour all previous women's records; and

WHEREAS, Florence Chadwick is a resident of the City of San Diego, and by gaining world-wide recognition of her athletic ability, has brought honor to herself, her Country, and to our State; now, therefore, be it

*Resolved by the Assembly of the State of California*, That the Members of this Assembly congratulate Florence Chadwick for her record-breaking swim across the English Channel and extend to her good wishes for future success; and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit a copy of this resolution to Florence Chadwick.

Resolution read, and adopted unanimously.

## INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS (RESUMED)

The following resolutions were offered:

**Assembly Concurrent Resolution No. 7:** By Mr. Lewis—Relative to removal of the California Institution for Women from the present site near Tehachapi to some other location.

Referred to Committee on Rules.

**Assembly Concurrent Resolution No. 8:** By Messrs. Maloney and Sam L. Collins—Relative to the selection of the Legislative Counsel of California.

Referred to Committee on Rules.

#### ANNOUNCEMENTS

Speaker Sam L. Collins announced that, as per previous invitation, all Republican Members of the Assembly are urged to be present at a luncheon honoring Congressman Richard Nixon, which will be held at noon today in the Mirror Room of the Hotel Sacramento; and that any Democratic members wishing to attend will be welcome.

Speaker Sam L. Collins announced that the Senate has authorized the reprinting of the book authored by Senate Secretary Joseph A. Beek entitled "The California Legislature," for distribution; that a late picture of the Assembly in session is needed for the book; and that said picture will be taken tomorrow, while the Assembly is in session, for use in the book.

Mr. Erwin announced that 2,000 copies of the program of the Fish and Game Commission were ordered printed during the last session of the Legislature, but were not ready for distribution to Members of the Assembly prior to adjournment; that 20 copies for each member are now available; and that the Sergeant-at-Arms will distribute said copies to each member today.

Mr. Erwin further announced that if members do not desire to make use of their copies, the Fish and Game Commission will appreciate receiving them, so that they may distribute them.

#### INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS (RESUMED)

The following bills were introduced, and read the first time:

**Assembly Bill No. 44:** By Mr. Smith—An act to add Section 20890.5 to the Government Code, relating to retirement rights of members of the State Employees' Retirement System, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Civil Service and State Personnel.

**Assembly Bill No. 45:** By Mr. Maloney and Mrs. Niehouse—An act to add Part 2, comprising Chapter 1, Sections 4000 to 4192, inclusive, to Division 5 of the Welfare and Institutions Code, to add Sections 104.1, 104.2, and 104.3 to said code, to amend Sections 7.5, 103.5, 104.6, 114.5, 118.2, 119.5, 124, 145, 145.1, and 145.4 thereof, and to amend Section 29802 of the Government Code, relating to a program of aid to the needy permanently and totally disabled in accordance with Title XIV of the Federal Social Security Act, and making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

Referred to Committee on Social Welfare

**RESOLUTIONS**

The following resolutions were offered :

By Messrs. Lewis, Hawkins, Elliott, and Porter :

**House Resolution No. 15**

Congratulating Patricia and Glenn M. Anderson on the birth of a son

WHEREAS, On the twenty-first day of August, 1950, there was born to Patricia and Glenn M. Anderson, in Centinella Hospital in Inglewood, a son, named Glenn Michael Anderson by his justly proud parents; and

WHEREAS, Glenn M. Anderson is an able and conscientious lawmaker from the Forty-sixth Assembly District, and has earned the respect of his colleagues in the Assembly; and

WHEREAS, The acquisition by Melinda Anderson of an infant brother should be duly noted and rejoiced in by this Assembly; now, therefore, be it

*Resolved*, That the Members of the Assembly of the State of California extend a hearty welcome to young Glenn Michael Anderson, and sincere congratulations to Glenn and Patricia Anderson and Melinda Anderson on the happy reception of a new member into their family; and be it further

*Resolved*, That the Chief Clerk of the Assembly forward a suitably engrossed copy of this resolution to Honorable and Mrs. Glenn M. Anderson

**Request for Unanimous Consent**

Mr. Lewis asked for, and was granted, unanimous consent to take up House Resolution No. 15, at this time, without reference to committee or file.

Resolution read, and adopted unanimously.

By Mr. Conrad :

**House Resolution No. 16**

Relating to adjournment in honor of the armed forces of the United States

WHEREAS, There exists at the present time that state of the world which necessitates that the armed forces of the United States engage once again in combat to protect this Nation and to preserve the principles which it holds inviolable; and

WHEREAS, The armed forces of the United States, throughout a long and glorious history of loyal service to this Nation and to all free peoples, have met every demand upon them with that degree of courage, bravery, and supreme sacrifice which is beyond the call of duty; and

WHEREAS, The Army, Navy, Marine Corps, Air Force, and Coast Guard have shown a heroic determination to end present hostilities and bring peace to a world free from all aggression; now, therefore, be it

*Resolved*, by the Assembly of the State of California, That when on this day it does adjourn, it do so in honor of the United States Army, Navy, Marine Corps, Air Force, and Coast Guard; and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit suitable copies of this resolution to the Secretary of Defense, Secretary of the Army, Secretary of the Navy, Secretary of the Air Forces, and Secretary of the Treasury.

Resolution read, and ordered referred to the Committee on Rules.

**REPORTS OF STANDING COMMITTEES****Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined :

Assembly Bill No. 12

Assembly Bill No. 13

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bills ordered to third reading.

**ANNOUNCEMENT**

Mr. Dickey announced that a tour of the Capitol Annex will be conducted at 3 p.m. today for the benefit of Members of the Assembly; that three or four guides, familiar with the building, will be available; and that the tour will start from the L Street side of the Capitol.

**INTRODUCTION, FIRST READING, AND REFERENCE  
OF ASSEMBLY BILLS (RESUMED)**

The following bill was introduced, and read the first time:

**Assembly Bill No. 46:** By Messrs. Lewis, Elliott, Hawkins, and Porter—An act to add Part 2, comprising Chapter 1, Sections 4000 to 4225, inclusive, to Division 5 of the Welfare and Institutions Code, to amend Sections 7.5, 103.5, 104.6, 118.2, 119.5, 124, 145, 145.1, and 145.4 thereof, and to amend Section 29802 of the Government Code, relating to aid for needy disabled persons.

Referred to Committee on Social Welfare.

**REPORTS OF STANDING COMMITTEES****Committee on Education**

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Education, to which were referred:

Assembly Bill No. 16

Assembly Bill No. 18

Assembly Bill No. 24

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

DUNN, Chairman

Above reported bills ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 16**—An act to amend Section 5109 of the Education Code, relating to the expenditure of proceeds of state school bonds, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 18**—An act to add Section 5048.1 to the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 24**—An act to add Section 5051.1 to Chapter 1.6 of Division 3 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.



**REPORTS OF STANDING COMMITTEES**

**Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 2

Assembly Bill No. 3

Assembly Bill No. 4

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bills ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 14

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Concurrent Resolution No. 1

Assembly Concurrent Resolution No. 2

And reports the same correctly engrossed

GRUNSKY, Vice Chairman

Above reported resolutions ordered on file for adoption.

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Concurrent Resolution No. 3

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported resolution ordered on file for adoption.

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 18

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 24

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

**REQUEST FOR UNANIMOUS CONSENT THAT REPORT BE  
PRINTED IN THE JOURNAL**

Mrs. Niehouse asked for, and was granted, unanimous consent that the following letter of transmittal and Report of the Assembly Interim

Committee on Social Welfare (pursuant to House Resolution No. 71, 1950) be ordered printed in the Journal in 10-point type:

**LETTER OF TRANSMITTAL**

ASSEMBLY INTERIM COMMITTEE ON SOCIAL WELFARE, September 20, 1950

*The Honorable Sam L. Collins*

*Speaker of the Assembly*

*California Legislature*

DEAR SIR: The Assembly Interim Committee on Social Welfare has evaluated recent amendments to the Federal Social Security Act in relation to legislation that might be proposed at the special session of the California Legislature, beginning September 20, 1950, to enable the State to take advantage of increased federal funds to be available for the public assistance programs.

Attached is a summary of new federal legislation and comments as to the possible effects of such legislation on the California programs.

The committee has had a limited period for analysis and insufficient data has been available for preparation of a complete and detailed report.

KATHRYN T. NIEHOUSE, Chairman  
ERNEST C. CROWLEY, Vice Chairman  
JOHN B. COOKE  
HAROLD K. LEVERING  
GLENARD P. LIPSCOMB

**REPORT TO THE ASSEMBLY ON RECENT AMENDMENTS  
TO THE FEDERAL SOCIAL SECURITY ACT AS THEY  
AFFECT OR RELATE TO THE CALIFORNIA  
SOCIAL WELFARE PROGRAMS**

by the

**ASSEMBLY INTERIM COMMITTEE ON SOCIAL WELFARE**  
(H. R. 71, 1950)

September 20, 1950

**THE AMENDED SOCIAL SECURITY ACT**

Legislation enacted by the Federal Congress on August 28, 1950, attached, represents the first major revision of the Social Security Act since 1940. This legislation was designed to expand and strengthen the old age and survivors insurance program and to provide a more liberal basis for federal financial participation in the state public assistance programs. A new category of assistance was established in a program for aid to the permanently and totally disabled (Title XIV, Social Security Act).

In summary, the following significant changes have been made in the federal social security program:

**Old Age and Survivors Insurance**

Coverage of the program has been broadened and payments increased by approximately 77 percent. This will enable more persons to qualify

in the future for these insurance payments; will make eligible certain elderly persons who had not heretofore had sufficient employment in covered industries to qualify for insurance benefits; will materially increase the insurance payments to the aged persons, their dependents, and survivors of deceased insured persons now receiving such payments; and will enable aged insurance beneficiaries to earn up to \$50 in income per month without disqualifying them for the insurance payments.

#### **Old Age Assistance**

Federal matching funds will be made available, effective October 1, 1950, for payment of assistance to or in behalf of persons in public medical institutions—except those in mental and tubercular hospitals. Permits federal matching on payments for medical care directly to the public institutions.

#### **Aid to the Blind**

Similarly to the old age assistance program, provides federal matching funds effective October 1, 1950, for payment of assistance to or in behalf of persons in public medical institutions and on payments directly to the institutions. Permits the State to disregard the first \$50 monthly earned income in determining need. Provides for certain modifications with respect to the procedure for determination of blindness.

#### **Aid to Dependent Children**

Increases the proportion of federal funds to be available by providing for matching on the basis of payments to the relative with whom the child is living (caretaker). Heretofore federal reimbursement has been only on payments on behalf of specific children. Effective October 1, 1950, the Federal Government will recognize the payments for the needs of the relative with whom the children are living to the extent of a matching limit of \$27 per month. This will provide \$16 50 in federal funds for each such relative on behalf of whom assistance payments equal to \$27 or more are made.

Permits the states to claim federal funds for payments made directly to hospitals or other vendors of medical care subject to the matching limits established in the federal program for assistance.

#### **Child Welfare Services**

Increases federal funds to be available for grants to states for developing child welfare services. This will increase such funds to California from \$103,000 to \$257,000 for the next fiscal year and will add over \$109,000 for the balance of this fiscal year. (No enabling legislation required.)

#### **Aid to the Permanently and Totally Disabled**

Establishes a new federal-state aid category for permanently and totally disabled persons 18 years of age or older. The basis upon which such federal funds would be available is similar to the requirements established for the other aid categories. Under this program, if a state conforms to the federal law, it may then be reimbursed for payments to the permanently and totally disabled persons on the following basis:

- (1) Three-fourths of the first \$20 (\$15); and
- (2) One-half of the remaining \$30 up to a maximum of \$50 per individual (\$15 up to maximum).

Thus, for each case in which the state assistance payment was equal to \$50 or more, federal funds could be received in the amount of \$30.

The Federal Government would also pay one-half of the administration costs of the program, similarly to arrangements for the other federal aid categories.

Payments direct to hospitals or other vendors of medical and remedial care could be included in determining federal reimbursement. However, inmates of public institutions for tuberculosis or mental cases would be excluded under this program.

#### **General**

Changes in the Federal Act involving liberalizing the old-age and survivors insurance program, and increased matching of state funds for assistance, and the disabled category are effective October 1, 1950, provided state laws and state plans for administration are in conformity with the Federal Act.

If a state elects to take advantage of the federal funds available for payment of assistance to inmates of public medical institutions, it will be necessary to designate a state authority or authorities to establish and maintain standards for such institutions by July 1, 1953.

#### **EFFECT OF NEW OLD-AGE AND SURVIVORS INSURANCE PROGRAM ON CALIFORNIA ASSISTANCE PROGRAMS**

If in administration of the assistance programs full advantage is taken of the major revisions accomplished in the federal old-age and survivors insurance program, material savings in state and county funds will be possible.

Beginning with October, 1950, most OASI recipients will be receiving substantial increases in their federal retirement payments. The average increase has been estimated by the Federal Congress to be seventy-seven percent (77%).

Also beginning October, 1950, an undetermined number of individuals who had not worked long enough in covered employment to qualify for OASI payments may become eligible, at least for the minimum insurance benefits. Some of these persons are on the assistance rolls.

In the future a larger proportion of the working population will be able to qualify for more adequate insurance payments, thus influencing assistance trends.

The immediate affect of the new federal insurance program will be in relation to the income of public assistance recipients, making it possible to reduce their assistance payments on the basis of present standards of need because of this increased income.

In December, 1948, thirteen percent (13%) of the old age security recipients were receiving old-age insurance payments averaging \$18.78 per month. An average of \$10.75 was deducted from the assistance grant because of this income, the balance being retained by the assistance recipients to meet so-called excess needs.

It can be assumed that at least fifteen percent (15%) of current old age security recipients are receiving OASI payments averaging \$19.60. On the basis of the 268,355 recipients in July, 1950, some 40,250 would have been receiving OASI payments equal to a total of almost \$800,000 that month.

If it is assumed that \$11 of the average OASI payment was deducted in determining the assistance payments, then the State and counties saved some \$443,000 during that month because of these federal insurance payments. The balance of approximately \$357,000 was retained by the aged persons to meet "excess needs."

Under the revised federal program, the average payment would be increased to \$36.60 per month, or \$17 above the estimated average in July. This would mean an additional amount of income of some \$684,000 to these persons.

The extent to which this additional income from the federal insurance program will be translated into actual savings for the State and counties under the old age security program depends upon how the administrative agencies treat the problem of excess needs where income is present.

Since in these assistance cases where income in the form of OASI payments was present, a determination had already been made concerning "excess needs," it might be assumed that most of the additional income represented by the increased federal insurance payment would be deducted and translated into savings in the assistance program. Potentially, a savings of over \$6,500,000 in state and county expenditures in a year may be realized through this change in the old age and survivors insurance program. Additional savings could come from a greater number of the old age security recipients becoming eligible for OASI payments under the liberalized federal program.

Increased old age and survivors insurance payments to certain aid to needy children families will also result in savings, but these cannot be accurately determined at this time. The State Department of Social Welfare has estimated a savings through deduction of increased income from the OASI program from the ANC grants of approximately \$900,000 for the nine months period ending June 30, 1950.

On the above basis, there would appear to be potential savings for the county and State Governments of approximately \$1,100,000 and \$4,725,000, respectively, for the nine (9) months period, October, 1950, to June, 1951, through application of this increased income from the old age and survivors insurance program to meet the needs of the old age security and aid to needy children recipients.

#### LEGISLATIVE PROPOSALS FOR THE SPECIAL SESSION

Action that might be taken at the special session as it relates to existing assistance programs appears to be relatively simple and clear-cut.

##### 1. Old Age Security

The following amendments and additions to the existing statutes have been proposed:

(a) Amend Section 2160 (e) to enable payment of old age security to inmates of any public medical institution except those persons diagnosed as having tuberculosis or psychosis.

The State is now paying to county hospitals a monthly subvention of \$35.20 for those former assistance recipients resident in county institutions beyond two months. Under the amendment now possible, these

patients could continue to receive their old age security payments relieving the State of paying the subvention and enabling the county hospitals to charge the patients for their care.

It is not known how many aged inmates of county hospitals have never been on the assistance rolls and are not thus counted in determining the amount of the subventions. However, it has been estimated by the Bureau of Hospitals, California Department of Public Health, that some 7,048 aged senile patients are in county hospitals, exclusive of tuberculosis institutions.

The effect of this amendment to the law would be to bring into the State \$30 for each of the institutional inmates covered into the old age security program. County hospital costs would be reduced substantially, since they would be placed in a position of being able to charge these recipients for a portion of the cost of their care. State costs would be about the same for those on behalf of whom subventions are now paid, but would increase because the number of persons eligible would increase.

The State would be paying full share of about \$35 on those cases not now covered by the subventions to county institutions.

(b) Subventions to the counties would be continued for those former old age security recipients who are inmates of county institutions but not currently eligible for old age security under the revised federal law.

(c) The committee believes that it is necessary to safeguard old age security recipients in county institutions to the extent that charges for care are not made on a basis of the total old age security payment and that such portion of the payment as is necessary is retained by the individual to meet personal requirements. The proposed legislation adds a Section 2160 2 to accomplish this purpose, providing that the State may, by rule or regulation, establish minimum amounts of aid to meet the personal needs and immediate expenses of recipients who are inmates of the institutions.

## **2. Aid to the Needy Blind**

Section 3084.3 (Welfare and Institutions Code) appears sufficient to enable the State to take advantage of the provision in the new Federal Act permitting states to disregard the first \$50 in earnings per month in determining need.

In other particulars, amendments necessary to take advantage of the financial provisions of the new Federal Act are similar to those involved for the old age security program.

## **AID TO NEEDY CHILDREN**

The proposed legislation provides a simple amendment by adding a Section 1501.5 to the code to provide for the needs of the relatives with whom the children are living.

This amendment will not involve any departure from present practice, but is designed to make certain that the State will be eligible for the federal matching funds being made available on behalf of the caretaker. In actual practice, all members of the family have been included in determination of the family payments.

In effect, this amendment would guarantee that the State and counties may share in approximately \$16.50 additional federal funds to be

made available October 1st, for needs of the relative with whom the children are living. In the smaller families, it will reduce the need for county supplemental assistance since the matching base will be increased to a point that in practically all cases should cover the needs of these families under existing standards.

The amendment should result in little additional expenditures for the program. It would result in a very substantial savings in state and county expenditures since California would be eligible to receive the additional \$16.50 per family from federal funds to cover expenditures now being made entirely from state and county funds.

It should be noted that the new federal legislation permits reimbursement for payments on behalf of one parent only. If there are two parents in the family, the payment on behalf of only one can be calculated for purposes of securing the additional federal funds. However, in a portion of these two parent families, the second parent would be eligible for assistance under the permanently and totally disabled program if such is established. In such instances, the disabled person would be carried under the new program and federal funds equal to \$30 up to the first \$50 in assistance payments received.

#### **AID TO NEEDY PERMANENTLY AND TOTALLY DISABLED PERSONS**

To participate in this program, the State of California will require new legislation, conforming to the following requirements of the federal law:

- (1). The program to be in effect in all counties and if administered by the counties mandatory upon them;
- (2). Provide for financial participation by the State;
- (3). Establish or designate a single state agency to administer the plan or to supervise its administration;
- (4). Give the right of fair hearing before the state agency to any individual whose claim for aid is denied or not acted upon with reasonable promptness;
- (5). Provide such methods of administration as are found by the Federal Security Administrator to be necessary for proper and efficient operation;
- (6). Provide that the state agency will make reports as required by the federal administrator;
- (7). Specify that no aid may be granted any individual under the program for any period in which he is receiving old age security, aid to needy children, or aid to the blind;
- (8). Provide that in determining need, income and resources of individuals will be taken into consideration;
- (9). Restrict the use or disclosure of information concerning applicants or recipients to purposes directly connected with administration of the program;
- (10). Provide that all individuals wishing to make application shall have the opportunity to do so and that aid shall be furnished with reasonable promptness to all eligible individuals.
- (11). Effective July 1, 1953, provide for designation of a state authority or authorities to establish and maintain standards for

private or public institutions if the plan includes payment to individuals in such institutions;

(12). Residence requirements, if any, must not exclude any person who has resided in the State five years during the nine immediately preceding application, and one year immediately preceding application;

(13). No citizenship requirement that excludes citizens of the United States may be imposed.

These federal requirements are essentially the same as those applicable to the other federal-state aid programs.

If the state plan conforms to the federal law and is approved by the Federal Administrator, the Federal Government will then reimburse to the State proportions of expenditures for aid as follows:

(1). Three-fourths of the first \$20 (\$15 federal on the first \$20); and

(2). One-half of the remaining \$30 up to the maximum of \$50 payment per individual.

This would provide a total federal matching of \$30 on payments of \$50 or over.

In addition, the Federal Government would pay one-half of the administrative costs identified with the program.

#### **Definition of Aid to Permanently and Totally Disabled Persons**

The federal law definition is "money payments to, or medical care in behalf of, or any type of remedial care recognized under state law in behalf of, needy individuals 18 years of age or older who are permanently and totally disabled." It specifically excludes payments "to or care in behalf of any individual who is an inmate of a public institution other than a medical institution or any patient of a tuberculosis or mental disease institution or person who has been diagnosed as having tuberculosis or psychosis and is a patient in a medical institution as a result thereof."

In effect, the Federal Government would match state and local funds used for payment of assistance to needy persons who are:

1. Totally and permanently disabled;
2. 18 years of age or over;
3. Are provided with money payments; and
4. For payments made to private or public hospitals, physicians, etc., exclusive of tuberculosis or mental institutions.

The State has no option but to provide money payments without restriction except insofar as medical and hospital care are concerned. It may pay directly to the vendor of medical services or to the individual recipient for his own payment of costs of medical and hospital care.

Proposals have been made to this committee both for immediate legislation to take prompt advantage of the new federal law and for delaying and consideration until the next regular session.

If a needs program is established, assistance payments being established through individual budgets, there undoubtedly will be some increase in actual cost per case for those cases to be transferred from other programs, especially from the indigent aid program. Since a budget system is presently practiced under the ANC program, there should not



be much increase in cost of providing assistance to those disabled parents except insofar as present maximums prevent the meeting of total need.

If a reasonable budget system is established, the increased costs in providing aid to individual general relief cases should at least be offset by the federal money to be received.

The major indeterminate cost factor is the volume of persons not now receiving any assistance who might be eligible under a new program. This number probably would be small if the definitions of permanently and totally disabled are rigid.

In view of limited federal funds based upon their estimate of 200,000 cases, it undoubtedly can be assumed that the federal agency will insist upon rigid determination of permanent and total disability.

#### Potential Case Load

The Department of Social Welfare has made some preliminary estimates indicating that perhaps 14,000 persons might be able to qualify in October, 1950, and that the potential load by June, 1951, would be 28,000 persons, with an average monthly case load of 23,000 for the nine-month period. The State Chamber of Commerce submitted an estimate to this committee on September 7, 1950, of an average of 100,000 cases per month for the Fiscal Year 1951 to 1952.

It is obvious that the actual case load would depend upon how "permanently and totally disabled" is defined. This definition would have to be developed by the State and submitted to the federal agency for its approval. The Federal Social Security Administration estimated to the Congress of the United States that approximately 200,000 cases would be involved in the national program. On a rough population basis, if the federal estimate were considered valid, it would indicate a potential load of approximately 14,000 cases in California (7 percent of total).

Eligibility will also be influenced by the standards of assistance that may be developed for the program, since the determination of need is a key factor in eligibility. While there may be great numbers of totally disabled persons, the number actually in need may be relatively small, and the size of this group will be influenced by the standards adopted.

Appropriations requested in the proposed legislation would establish an over-all limitation on the numbers and costs of cases, being based on an average of 23,000 cases per month at an average cost of \$75 per case.

#### Assistance Standards

The proposed legislation establishes a plan under which the average cost per case would be held within \$75 a month, individual payments being based upon budgetary determinations on an individual needs basis.

The legislation proposed would pay assistance in accordance with the needs principle making it possible to differentiate between individuals in accordance with their respective needs and to spread the funds expended over a greater number of persons than would be possible under a flat-grant type of program.

Under a disabled program there will be two general classes of persons—those living alone and those who are members of families. On a budget basis, the person living alone will require more for his basic maintenance than the member of the family. This is demonstrated by

comparison of the department standards applicable to the aged recipients and to aid to needy children families.

Under a flat grant program, the costs to the State would be greater in that the lesser needs of the family person would not be taken into consideration. ANC budgetary standards indicate that the average incapacitated father in the ANC family has needs of from \$40 to \$45 per month. The disabled person living alone would require considerably more for maintenance because of higher food costs, and necessity of paying full costs of such items as rent and utilities instead of a pro-rata share as for the family person.

Using a system of averages, and controlling over-all costs through that method, the special individual needs of certain recipients due to unusual requirements can be met. Under a flat-grant system these requirements frequently cannot be met since the individual may not have income to apply to meet these special needs.

In applying a budget system, and particularly to a disabled group that will have special medical and other needs, it is important that the standards of assistance be defined carefully and fully. The committee believes that it should be mandatory upon the state agency to establish specific standards not only for the basic consumption items such as food, shelter, utilities, clothing, transportation and personal incidentals, but also for special need items. State standards should establish the circumstances under which allowances for special needs may be made; the extent to which they are to be allowed; and provide a control over the cost of individual special need items in individual cases.

Costs in a disabled program for medical and remedial care may come high. It is incumbent upon the administrative agencies to control costs and to keep the costs of basic items to a minimum consistent with decency and health and needs of individuals. It is also incumbent upon the agency to assist recipients in developing resources for their own full or partial support and to maintain cost control over the granting of assistance allowances to meet those needs not considered uniformly for all persons.

While in certain individual cases the actual need for assistance may be considerably below \$75, need in other cases may exceed that amount. In terms of remedial care to enable persons to become rehabilitated, it would be important to provide for these excess needs as a means of assisting a person to become self-supporting.

#### Highlights of Proposed Legislation

The specific definition of permanent and total disability is left to the State Department of Social Welfare (Section 1-4000). Whatever definition would be established is subject to federal approval as a condition of state eligibility for federal funds. Federal authorities have indicated they will not approve a state definition more liberal than:

- (1) *Permanently* disabled in the sense that a person cannot be cured within foreseeable medical knowledge, and
- (2) *Totally* incapacitated for work or normal activity.

Section 1-4001 establishes a policy of cooperation with the Vocational Rehabilitation Service in the care and training of disabled persons

to be self-supporting so that as many as possible may be returned to productive life.

The amount of aid would be determined on the basis of individual need (Section 1-4020). Payments to individuals would be based upon application of a schedule of minimum budgets and standards to determine their individual need, and income and other resources would be accounted for in fixing the actual assistance payment.

This is the so-called budget system which bases the payment on the needs of the individual recipient as contrasted with the flat-grant type of programs existing for the aged and the blind.

A limitation is provided on payments (and the assistance standards) through restricting the average amount for all recipients under the program to not more than \$75 a month.

Under Section 1-4021, county governments would bear 50 percent of the costs of assistance, sharing equally with the State, after deduction of the federal funds to be available. This 50-50 arrangement would continue until June 30, 1951, after which time the State would bear six-sevenths and the counties one-seventh of the costs of assistance, after deducting the federal share.

A closed appropriation of \$1,700,000 is provided for under Section 17, this being equivalent to the state share of estimated assistance costs based upon the \$75 average payment and a monthly average of 23,000 individuals to be assisted for the nine months October, 1950, through June, 1951.

A separate bill provides for state participation in administrative costs. The Federal Government would bear one-half of the total administrative cost. Of the remainder, the State would provide 15 percent.

In other respects, the language of the proposed legislation is similar to that in the present aid programs, especially those of the aid to blind and old age security laws. Included are the \$1,200 personal property and \$3,500 real property exemptions and a five out of the last nine years residence requirement. It is apparent from examination of the proposed legislation that it has been formulated on the basis of patterns already established for other aid programs with deviations to meet the specific circumstances of the proposed new program for aid to permanently and totally disabled persons.

The foregoing report is approved, unanimously, by the Assembly Interim Committee on Social Welfare, September 20, 1950.

JOHN B. COOKE  
ERNEST C. CROWLEY  
HAROLD K. LEVERING  
GLENARD P. LIPSCOMB  
KATHRYN T. NIEHOUSE, Chairman

**ANNOUNCEMENT OF COMMITTEE MEETINGS**

It was announced that the following committees would hold meetings:

*Today—*

*At 10.50 a.m.—*

Ways and Means.

*At 2 p.m.—*

Military Affairs.

Conservation, Planning, and Public Works.

*At 3 p.m.—*

Elections and Reapportionment.

Social Welfare.

Transportation and Commerce.

*Today upon adjournment—*

Rules.

*Tomorrow, Friday, September 22d, at 3 p.m.—*

Judiciary.

**ADJOURNMENT**

At 10.39 a.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Friday, September 22, 1950.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 THIRD EXTRAORDINARY SESSION

# ASSEMBLY DAILY JOURNAL

THIRD LEGISLATIVE DAY

THIRD CALENDAR DAY

## IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO

Friday, September 22, 1950

The Assembly met at 10 a m.

Hon. Sam L. Collins, Speaker of the Assembly, presiding.

Chief Clerk Arthur A. Ohnimus at the desk.

### ROLL CALL

The roll was called, and the following answered to their names:

Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—75.

Quorum present.

### PRAYER

The following prayer was offered by the Chaplain, Dr. Torrance Phelps:

*Eternal God:* We pause in this hour to pray, not because we think Thou art displeased, if we do not praise Thee or tell Thee how wonderful Thou art.

Let us not think that the Almighty wants attention, or apostrophes of adoration.

We pray to Thee this morning, O Eternal, because we improve ourselves and the Sublime flowers whenever we think of the Divine.

Thou hast said of old, "what to me are the multitude of words. The acceptable offerings are justice and mercy."

Thou dost call us to prayer to enlighten our minds to think truly, live right and vote right.—AMEN.

### READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Erwin, further reading of the Journal of the previous legislative day was dispensed with.

**LEAVES OF ABSENCE FOR THE DAY**

The following members were granted leaves of absence for the day, because of illness:

Mr. Davis, on motion of Mr. Lowrey.

Mr. Rosenthal, on motion of Mr. Lowrey.

Mr. Silliman, on motion of Mr. Lowrey.

The following member was granted leave of absence for the day, and desired to waive his per diem.

Mr. Huyek, on motion of Mr. Lowrey.

**RESOLUTIONS**

The following resolution was offered:

By Messrs. Sam L. Collins, Stewart, and Maloney:

**House Resolution No. 17**

Relative to the memory of Arthur P. Will

It is with profound regret and deep sorrow that the Members of this Assembly have learned of the passing of Arthur P. Will of Alhambra on August 26, 1950.

Arthur P. Will served as the first Legislative Counsel of the State of California from 1914 until 1920, and as special consultant to the Legislative Counsel during the years of 1935 to 1943. He justly merited the high regard in which he was held for his outstanding legal ability, his devotion to duty, and his high standard of public service.

Arthur P. Will was born at Walter's Falls, Ontario, Canada, in 1868 and attended law school at the University of Michigan where he received the degrees of Bachelor of Laws and Master of Laws.

During his long and successful career as an attorney-at-law, Arthur P. Will was admitted to the Bar in the states of Michigan, New York, and California. He lectured on law at the University of Minnesota and the University of Southern California and was the editor or author of several legal works. He served as referee of the Superior Court for Los Angeles County from 1920 to 1933.

Although Arthur P. Will has passed from our presence to that of the Great Divine, the memory of him shall always remain as an inspiration and guide for all who were privileged to know him; now, therefore, be it

*Resolved by the Assembly of the State of California*, That the Members of the Assembly express their deepest sorrow to Mrs. Flora Maude Will, wife of the late Arthur P. Will, and to their sons, Arthur Joseph and Percival Drake Will, in the loss of a good husband and devoted father and an outstanding citizen of the State of California; and be it further

*Resolved*, That when the Assembly adjourns this day it do so in respect to the memory of Arthur P. Will; and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit a suitably prepared copy of this resolution to Mrs. Flora Maude Will.

Resolution read, and ordered referred to the Committee on Rules.

**MEMBER EXCUSED**

At 10.04 a.m., Speaker Sam L. Collins asked for, and was granted, unanimous consent that he be excused, for the purpose of attending a meeting of the Board of Regents of the University of California, at this time.

**Speaker pro Tempore Presiding**

At 10.05 a.m., Hon. Thomas A. Maloney, Speaker pro Tempore of the Assembly, presiding.

**REQUEST FOR UNANIMOUS CONSENT THAT LETTER OF TRANSMITTAL AND REPORT BE PRINTED IN JOURNAL**

Mr. Geddes asked for, and was granted, unanimous consent that a letter of transmittal and a Second Preliminary Report on Workmen's Compensation Insurance, by the Assembly Interim Committee on

Finance and Insurance (pursuant to House Resolution No. 239, 1949 Session) be ordered printed in the Journal in 10-point type; and that 500 copies be ordered printed as a separate document.

(Above mentioned report will appear prior to the motion to adjourn.)

#### INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS

The following bills were introduced, and read the first time:

**Assembly Bill No. 47:** By Messrs. Beck, McCollister, Fletcher, Brady, Babbage, Brown, Caldecott, Doyle, Erwin, Hoffman, Lewis, Mrs. Niehouse, Messrs. Smith and Thompson—An act to add Section 29 to the Education Code, relating to the definition of the word "war" as used in said code.

Referred to Committee on Military Affairs.

**Assembly Bill No. 48:** By Messrs. Beck, McCollister, Fletcher, Brady, Babbage, Brown, Caldecott, Doyle, Erwin, Hoffman, Lewis, Mrs. Niehouse, Messrs. Smith and Thompson—An act to add Section 18 to the Military and Veterans Code, relating to the definition of the word "war."

Referred to Committee on Military Affairs.

**Assembly Bill No. 49:** By Messrs. Beck, McCollister, Porter, Weber, Dunn, and Mrs. Niehouse—An act to amend Section 14702 of the Education Code, relating to members in the armed service.

Referred to Committee on Military Affairs.

**Assembly Bill No. 50:** By Messrs. Crowley, George D. Collins, Condon, Berry, Bennett, Burkhalter, Cooke, Dills, Kilpatrick, Mrs. Niehouse, and Mr. Rumford—An act to amend Sections 2011, 2160, and 2181, and to repeal Sections 2181.01, 2224, 3088, 3088.1, 3474, and 3474.1 of, the Welfare and Institutions Code, relating to public assistance, including aged aid, aid to the needy blind and aid to the partially self-supporting blind, in respect to the liability of responsible relatives of recipients thereof.

Referred to Committee on Social Welfare.

**Assembly Joint Resolution No. 1:** By Messrs. McCollister, Cooke, Dills, Dolwig, Elliott, Grant, Hoffman, Mrs. Niehouse, Messrs. Stewart and Thompson—Relating to memorializing the President and Congress of the United States in respect to residential construction

Referred to Committee on Military Affairs

#### ASSEMBLY CONCURRENT RESOLUTION NO. 5 ORDERED RETURNED TO PRINTER

Speaker pro Tempore Maloney ordered Assembly Concurrent Resolution No. 5 returned to the printer for the purpose of correction.

#### ANNOUNCEMENT

On behalf of Mr. Levering, Speaker pro Tempore Maloney announced that a Loyalty Bill and a bill permitting women to work

during a war emergency, are being held by Mr. Levering, at his desk, for the purpose of permitting members to sign their names to the bills, as co-authors, if they desire to do so.

#### INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS (RESUMED)

The following bill was introduced, and read the first time :

**Assembly Bill No. 51:** By Messrs. Crowley, George D. Collins, Condon, Berry, Burkhalter, Cooke, Dills, Gaffney, Kilpatrick, McCarthy, Meyers, and Rumford—An act to add Section 2160.3 to the Welfare and Institutions Code, relating to aid to the aged in respect to the minimum age of eligibility therefor.

Referred to Committee on Social Welfare.

#### REPORTS OF STANDING COMMITTEES

##### Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred :

House Resolution No. 16

Has had the same under consideration, and reports the same back with the recommendation : Be adopted.

DICKEY, Chairman

#### CONSIDERATION OF HOUSE RESOLUTION NO. 16

By Mr. Conrad :

##### House Resolution No. 16

Relating to adjournment in honor of the armed forces of the United States

WHEREAS, There exists at the present time that state of the world which necessitates that the armed forces of the United States engage once again in combat to protect this Nation and to preserve the principles which it holds inviolable ; and

WHEREAS, The armed forces of the United States, throughout a long and glorious history of loyal service to this Nation and to all free peoples, have met every demand upon them with that degree of courage, bravery, and supreme sacrifice which is beyond the call of duty ; and

WHEREAS, The Army, Navy, Marine Corps, Air Force, and Coast Guard have shown a heroic determination to end present hostilities and bring peace to a world free from all aggression ; now, therefore, be it

*Resolved by the Assembly of the State of California.* That when on this day it does adjourn, it do so in honor of the United States Army, Navy, Marine Corps, Air Force, and Coast Guard ; and be it further

*Resolved,* That the Chief Clerk of the Assembly transmit suitable copies of this resolution to the Secretary of Defense, Secretary of the Army, Secretary of the Navy, Secretary of the Air Forces, and Secretary of the Treasury.

Resolution read, and adopted unanimously.

#### REPORTS OF STANDING COMMITTEES

##### Committee on Conservation, Planning, and Public Works

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Conservation, Planning, and Public Works, to which was referred :

Assembly Bill No. 38

Has had the same under consideration, and reports the same back with amendments with the recommendation : Amend, and do pass, as amended.

WEBER, Chairman

Above reported bill ordered to second reading.



**SECOND READING OF ASSEMBLY BILLS (BY UNANIMOUS CONSENT)**

**Assembly Bill No. 38**—An act to add Section 4126 6 to the Public Resources Code, relating to the closure to entry of lands during the existence of an emergency resulting in an extreme fire hazard from incendiary or other causes, declaring the urgency thereof, to take effect immediately.

Bill read second time.

**Consideration of Committee Amendments**

The following amendments were proposed by the Committee on Conservation, Planning, and Public Works:

**Amendment No. 1**

On page 2, line 9, of the printed bill, strike out "in at least one", and insert "at least once in a".

**Amendment No. 2**

On page 2, line 12, of said bill, after "proclamation.", insert "The closure is effective upon issuance of the proclamation by the Director of Natural Resources."

Amendments read, and adopted.

Bill ordered reprinted, and engrossed.

**REPORTS OF STANDING COMMITTEES**

**Committee on Transportation and Commerce**

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Transportation and Commerce, to which was referred:

Assembly Bill No. 1

Has had the same under consideration, and reports the same back with the recommendation: Do pass, as amended, and be re-referred to Committee on Ways and Means.

LUCKEL, Chairman

Above reported bill ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 1**—An act to add Division 2B, comprising Sections 139.75 to 139.96, inclusive, to the Vehicle Code, and Section 4805 to the Labor Code, relating to the California Highway Patrol Reserve Corps, making an appropriation, and declaring the urgency thereof, to take effect immediately.

Bill read second time.

**Consideration of Committee Amendments**

The following amendments were proposed by the Committee on Transportation and Commerce:

**Amendment No. 1**

On page 1 of the printed bill, strike out lines 14 to 18.

**Amendment No. 2**

On page 1, line 14, of said bill, insert "provided that the corps cannot be used, directly or indirectly, or as part of their training under Section 139.77, in connection with any labor dispute."

Amendments read, and adopted.

Bill ordered reprinted, engrossed, and to be re-referred to the Committee on Ways and Means.

**REPORTS OF STANDING COMMITTEES****Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

**MR. SPEAKER:** Your Committee on Legislative Procedure has examined:

Assembly Bill No. 16

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

**Committee on Ways and Means**

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

**MR. SPEAKER:** Your Committee on Ways and Means, to which were referred:

Assembly Bill No. 6

Assembly Bill No. 9

Assembly Bill No. 7

Assembly Bill No. 10

Assembly Bill No. 8

Assembly Bill No. 11

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

SHERWIN, Chairman

Above reported bills ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)****Assembly Bill No. 6**—An act making an appropriation in augmentation of the appropriation in Item 179 of the Budget Act of 1950 for support of the Adjutant General and California National Guard, relating to internal security providing for the support of the California Defense and Security Corps, to take effect immediately.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 7**—An act making an appropriation to carry out the provisions of the California Disaster Act for the relief and alleviation of a state of extreme emergency, and declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 8**—An act relating to the unified program for construction, improvement and equipment for state agencies, making an appropriation, and declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 9**—An act making an appropriation for support of the California Disaster Act, to take effect immediately.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 10**—An act making an appropriation for preparation of plans and specifications of an office building for the Department of Employment, to take effect immediately.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 11**—An act making an appropriation to the Attorney General to be expended during the 1950-51 Fiscal Year, to take effect immediately.

Bill read second time, and ordered engrossed.

# REPORTS OF STANDING COMMITTEES

## Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred

Assembly Concurrent Resolution No. 6

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKEY, Chairman

Above reported resolution ordered engrossed.

## Committee on Elections and Reapportionment

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Elections and Reapportionment, to which was referred:

Assembly Bill No. 26

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

WATERS, Chairman

Above reported bill ordered to second reading.

# SECOND READING OF ASSEMBLY BILLS (RESUMED)

## (BY UNANIMOUS CONSENT)

**Assembly Bill No. 26**—An act to add Sections 48, 49, 50, 51, 132.6, 293.5, 296.5, 5901.5, 5904.5, 5931.6, 5932.5, 5935.5, 5936.5, 7801.5 and 7842.5 to the Elections Code, relating to elections, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed

# REPORTS OF STANDING COMMITTEES

## Committee on Military Affairs

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Military Affairs, to which was referred:

Assembly Bill No. 30

Has had the same under consideration, and reports the same back with amendments with the recommendation: Amend, and do pass, as amended

McCOLLISTER, Chairman

Above reported bill ordered to second reading.

# SECOND READING OF ASSEMBLY BILLS (RESUMED)

## (BY UNANIMOUS CONSENT)

**Assembly Bill No. 30**—An act to amend Section 699.5 of the Military and Veterans Code, and to ratify actions of the Department of Veterans Affairs, relating to assistance to veterans and their dependents.

Bill read second time.

## Consideration of Committee Amendments

The following amendment was proposed by the Committee on Military Affairs:

### Amendment No. 1

On page 1, line 5, of the printed bill, strike out "deceased"

Amendment read, and adopted.

Bill ordered reprinted, and engrossed.

**REPORTS OF STANDING COMMITTEES****Committee on Elections and Reapportionment**

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER. Your Committee on Elections and Reapportionment, to which was referred:

Assembly Bill No. 15

Has had the same under consideration, and reports the same back with amendments with the recommendation: Amend, and do pass, as amended.

WATERS, Chairman

Above reported bill ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 15**—An act to add Sections 48, 49, 50, 51, 132.6, 293.5, 296.5, 5901.5, 5904.5, 5931.6, 5932.5, 7801.5, and 7842.5 to the Elections Code, relating to elections, declaring the urgency thereof, to take effect immediately.

Bill read second time.

**Consideration of Committee Amendments**

The following amendments were proposed by the Committee on Elections and Reapportionment:

**Amendment No. 1**

On page 1, line 2, of the printed bill, strike out "convening of the", and insert "ninety-first day after the final adjournment of the 1951".

**Amendment No. 2**

On page 1, lines 3 and 4, of said bill, strike out "held on the first Monday after the first day of January, 1951".

**Amendment No. 3**

On page 4, line 18, of said bill, strike out "8", and insert "8.5".

**Amendment No. 4**

On page 5, line 4, of said bill, strike out "12", and insert "12.5".

**Amendment No. 5**

On page 4, line 33, of said bill, strike out "may", and insert "shall".

Amendments read, and adopted.

Bill ordered reprinted, and engrossed.

**REPORTS OF STANDING COMMITTEES****Committee on Social Welfare**

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Social Welfare, to which was referred:

Assembly Bill No. 41

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

NIEHOUSE, Chairman

Above reported bill ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 41**—An act to add Section 1501.5 to the Welfare and Institutions Code, relating to aid to needy children in respect to

provision for the needs of the relatives with whom such children are living, and declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

**INTRODUCTION, FIRST READING, AND REFERENCE  
OF ASSEMBLY BILLS (RESUMED)**

The following bills were introduced, and read the first time :

**Assembly Bill No. 52:** By Messrs. Caldecott, Maloney, McColliester, Conrad, Babbage, Levering, Brady, and Stewart—An act to add Sections 1502.5, 1503, 1508, and 1509, Article 2.5, comprising Sections 1518 to 1518.3, inclusive, and Article 4.5, comprising Sections 1535 to 1535.6, inclusive, to Chapter 1 of Division 7 of the Military and Veterans Code, relating to civil defense, and declaring the urgency thereof, to take effect immediately.

Referred to Committee on Military Affairs.

**Assembly Bill No. 53:** By Mr. Hawkins—An act relating to the protection of strategic defense plants.

Referred to Committee on Military Affairs.

**Assembly Bill No. 54:** By Messrs. Hawkins, Anderson, Elliott, and McMillan—An act to amend Sections 1501, 1502, 1504, 1507, 1509.6, 1509.9, 1510, 1511, 1512, 1514, 1541, 1560, 1562, 1571, 1572, 1586, 1587, 1589, 1591, 1595, 1599 of; to add Sections 1503, 1509.7, 1513, Article 4, comprising Sections 1530, 1531, and 1532 to Chapter 1 of Division 7, 1542, 1560.5, 1560.6, 1582 to; and to repeal Sections 1509.7, 1509.8, 1513, Article 4, comprising Section 1530, of Chapter 1 of Division 7, 1540, of the Military and Veterans Code, relating to preparedness for and the handling of disasters and civil defense.

Referred to Committee on Military Affairs.

**Assembly Bill No. 55:** By Messrs. Yorty, Hagen, and Brady—An act relating to civil defense, providing for the employment of additional special agents and investigators by the Attorney General, making an appropriation, and declaring the urgency thereof, to take effect immediately.

Referred to Committee on Military Affairs.

**Assembly Bill No. 56:** By Messrs. Fleury, Moss, Brown, and Caldecott—An act to add Chapter 8, comprising Sections 13775 to 13781 inclusive to Part 3, Division 3, Title 2 of the Government Code, relating to social security coverage for state and local public employees, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Social Welfare.

**Assembly Concurrent Resolution No. 9:** By Messrs. Hawkins, Hollibaugh, Anderson, and Evans—Relative to the creation of a Joint Interim Committee on Civilian Defense and defining its powers and duties.

Referred to Committee on Rules.

**REPORTS OF STANDING COMMITTEES****Committee on Social Welfare**

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Social Welfare, to which were referred:

Assembly Bill No. 40

Assembly Bill No. 42

Assembly Bill No. 45

Has had the same under consideration, and reports the same back with amendments with the recommendation: Amend, and re-refer to the committee

NIEHOUSE, Chairman

Above reported bills ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 40**—An act to amend Sections 2160 and 2160.7 of, and to add Section 2160.2 to, the Welfare and Institutions Code, relating to the aid of old age security recipients in medical institutions, and declaring the urgency thereof, to take effect immediately.

Bill read second time.

**Consideration of Committee Amendments**

The following amendments were proposed by the Committee on Social Welfare:

**Amendment No. 1**

On page 2, line 24, of the printed bill, after "any", insert "federal institution and who is not an inmate of any other"

**Amendment No. 2**

On page 3 of said bill, strike out lines 21 to 27, inclusive, and insert "2160.2. For the purposes of this chapter, an applicant for or recipient of aid under this chapter who is an inmate and patient in a state institution shall be deemed to be a person who has no county residence as provided in this chapter for such time as he remains an inmate and patient in a state institution."

Amendments read, and adopted.

Bill ordered reprinted, engrossed, and to be re-referred to the Committee on Social Welfare.

**Assembly Bill No. 42**—An act to amend Sections 3044 and 3044.1 of, and to add Section 3044.05 to, the Welfare and Institutions Code, relating to aid to needy blind, to provide for the aid to needy blind persons in public medical institutions, and declaring the urgency thereof, to take effect immediately.

Bill read second time.

**Consideration of Committee Amendments**

The following amendments were proposed by the Committee on Social Welfare:

**Amendment No. 1**

On page 1, line 4, of the printed bill, after "any", insert "federal institution or while he is an inmate of any".

**Amendment No. 2**

On page 2, of said bill, strike out lines 38 to 44, inclusive, and insert "3044.05. For the purposes of this chapter, an applicant for or recipient of aid under this chapter who is an inmate and patient in a state institution shall be deemed

to be a person who has no county residence as provided in this chapter for such time as he remains an inmate and patient in a state institution."

Amendments read, and adopted.

Bill ordered reprinted, engrossed, and to be re-referred to the Committee on Social Welfare.

**Assembly Bill No. 45**—An act to add Part 2, comprising Chapter 1, Sections 4000 to 4192, inclusive, to Division 5 of the Welfare and Institutions Code, to add Sections 104.1, 104.2, and 104.3 to said code, to amend Sections 7.5, 103.5, 104.6, 114.5, 118.2, 119.5, 124, 145, 145.1, and 145.4 thereof, and to amend Section 29802 of the Government Code, relating to a program of aid to the needy permanently and totally disabled in accordance with Title XIV of the Federal Social Security Act, and making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

Bill read second time.

#### Consideration of Committee Amendments

The following amendments were proposed by the Committee on Social Welfare:

##### Amendment No. 1

On page 1 of the printed bill, strike out lines 10 and 11, and insert "4000. As used in this chapter, the following terms have the meanings set forth in this section:

(a) "Disabled person" means a person who has a physical or mental impairment of a degree which renders him incapable of following a gainful occupation or otherwise meeting his personal responsibilities, and whose impairment appears reasonably certain to continue. Employment under an approved vocational rehabilitation plan shall not be deemed gainful employment.

(b) "Needy disabled person" means any disabled person".

##### Amendment No. 2

On page 3, line 18, of said bill, strike out "one-seventh of"

##### Amendment No. 3

On page 3, line 22, of said bill, after the comma, insert "and after deducting the amount of state funds made available for the assistance of such persons,".

##### Amendment No. 4

On page 7, line 34, of said bill, strike out "six-sevenths", and insert "the same proportion".

##### Amendment No. 5

On page 7, line 38, of said bill, after the comma, insert "that Section 2187 of this code provides that the State Treasurer shall pay to each county for aid to the aged in respect to persons who have residence in the county (after deducting federal funds paid to the county under subdivision (1) of Section 2186 in respect to such persons),".

##### Amendment No. 6

On page 7, line 43, of said bill, after the period, insert "It is the intention of this paragraph that the proportion of the costs of aid to the disabled to be borne by the counties shall be the same as the proportion of the costs of aid to the aged borne by the counties, and that whenever the proportion of costs of aid to the aged borne by the counties is changed, the proportion of costs of aid to the disabled to be borne by the counties shall be changed correspondingly."

##### Amendment No. 7

On page 4, line 17, of said bill, after "ties.", insert "No rule or regulation shall be adopted or continued in force the operation of which results in discrimination against treatment by prayer or spiritual means in the practice of the religion of any bona fide church, sect, denomination, or organization."

##### Amendment No. 8

On page 4, line 23, of said bill, strike out "may", and insert "shall".

**Amendment No. 9**

On page 5, line 23, of said bill, after the comma, insert "or parent,".

**Amendment No. 10**

On page 4, lines 29 and 30, of said bill, strike out "rules and regulations governing questions of eligibility as to", and insert "the medical aspects of".

**Amendment No. 11**

On page 5, line 6, of said bill, after "any", insert "federal institution and who is not an inmate of any other".

**Amendment No. 12**

On page 5 of said bill, strike out lines 29 to 35, inclusive, and insert "4160 5. No aid shall be granted under this chapter to any individual with respect to any period with respect to which he is receiving old age security, aid to the needy blind, aid to the partially self-supporting blind or aid to needy children."

**Amendment No. 13**

On page 5 of said bill, between lines 28 and 29, insert "4160 3. For the purposes of this chapter, an applicant for or recipient of aid under this chapter who is an inmate and patient in a state institution shall be deemed to be a person who has no county residence as provided in this chapter for such time as he remains an inmate and patient in a state institution."

**Amendment No. 14**

On page 14, line 19, of said bill, after the period, insert "This basic sum of four million seven hundred thousand dollars (\$4,700,000) is intended to cover a maximum caseload by June 30, 1951, of 28,000. Should the appropriation of four million seven hundred thousand dollars (\$4,700,000) be exhausted prior to July 1, 1950, there is further appropriated out of the General Fund for maintaining and supporting disabled persons who come within the provisions of Chapter 1 of Part 2 of Division 5 of the Welfare and Institutions Code for the 1950-1951 Fiscal Year the additional sum of two million dollars (\$2,000,000) which shall be made available for expenditure by the Director of Finance to pay the total amount of the state and county proportions of such aid until July 1, 1951. From the additional sum of two million dollars (\$2,000,000) the State Treasurer shall pay to each county, in addition to all other sums paid to the county for maintaining and supporting disabled persons who come within the provisions of Chapter 1 of Part 2 of Division 5 of the Welfare and Institutions Code the remainder of the sums expended by the county for maintaining and supporting such disabled persons from the time the two million dollars (\$2,000,000) becomes available for expenditure until July 1, 1951. Such payments by the State Treasurer under this section shall be computed and paid in the method provided in Section 4187 of the Welfare and Institutions Code."

Amendments read, and adopted.

Bill ordered reprinted, engrossed, and to be re-referred to the Committee on Social Welfare.

**Motion to Place Rush Order on Printing of Assembly Bill No. 45**

Mrs. Niehouse moved that a rush order be placed upon the printing of Assembly Bill No. 45.

Motion carried.

**REPORTS OF STANDING COMMITTEES****Committee on Education**

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

MR SPEAKER: Your Committee on Education, to which was referred:

Assembly Bill No. 17

Has had the same under consideration, and reports the same back with amendments with the recommendation: Amend, and do pass, as amended.

DUNN, Chairman

Above reported bill ordered to second reading.



**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 17**—An act to amend Section 5046 of the Education Code, relating to apportionments to school districts from the Public School Building Loan Fund, declaring the urgency thereof, to take effect immediately.

Bill read second time.

**Consideration of Committee Amendments**

The following amendment was proposed by the Committee on Education:

**Amendment No. 1**

On page 1 of the printed bill, strike out lines 13 to 15, inclusive, and insert "the purchase of desks, tables, chairs, and built-in or fixed equipment, as listed in Part III of the California School Accounting Manual contained in the Bulletin of the California State Department of Education, Volume XIII, No. 2, June 1944 or as amended or revised; and (c) the planning".

Amendment read, and adopted.

Bill ordered reprinted, and engrossed

**REPORTS OF STANDING COMMITTEES**

**Committee on Military Affairs**

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Military Affairs, to which were referred:

Assembly Bill No. 27

Assembly Bill No. 34

Assembly Bill No. 31

Assembly Bill No. 35

Assembly Bill No. 33

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

McCOLLISTER, Chairman

Above reported bills ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 27**—An act to amend the title to Chapter 3, Part 2, Division 2, to amend Sections 51, 120, 422, 551, 552, 553, 554, 555, 557, 560, 561, 562, and to add 566 and 643.1 to the Military and Veterans Code, relating to the creation, organization and administration of a Security and Reserve Force, the rules and regulations for government of such forces and reserves, the pay and allowances of said forces, the appointment of armory boards, federal service, Uniform Code of Military Justice, workmen's compensation, employment of members of National Guard with said forces, restoration of state duty after federal service, disposition of National Guard funds, termination of commissions and discharge of members of said forces, unemployment insurance, decorations, wearing of the uniform and composition of office of the Adjutant General, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 31**—An act to amend Section 890 of the Military and Veterans Code, relating to educational assistance for dependents of veterans.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 33**—An act making an appropriation for the organization and maintenance of the California Defense and Security Corps or any other authorized militia organized to replace the National Guard of this State while said guard is in active federal service, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 34**—An act to amend the title to Chapter 3, Part 2, Division 2, to amend Sections 51, 120, 422, 551, 552, 553, 554, 555, 557, 560, 561, 562, and to add 566 and 643.1 to the Military and Veterans Code, relating to the creation, organization and administration of a security and reserve force, the rules and regulations for government of such forces and reserves, the pay and allowances of said forces, the appointment of armory boards, federal service, Uniform Code of Military Justice, workmen's compensation, employment of members of National Guard with said forces, restoration of state duty after federal service, disposition of National Guard funds, termination of commissions and discharge of members of said forces, unemployment insurance, decorations, wearing of the uniform and composition of office of the Adjutant General, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 35**—An act to amend Sections 395 and 395.1 of the Military and Veterans Code, relating to rights of public officers and employees to return to office or employment after military service, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

#### CONSIDERATION OF DAILY FILE THIRD READING OF ASSEMBLY BILLS

**Assembly Bill No. 2**—An act making an appropriation for the mileage of the Members and Officers of the Assembly, to take effect immediately.

Bill read third time.

The roll was called, and the bill passed by the following vote:

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Coniad, Cooke, Crichton, Crowley, Dicke, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunkley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—73.

NOES—None.

Bill ordered transmitted to the Senate.

**Assembly Bill No. 3**—An act making an appropriation for the contingent expenses of the Assembly, including committee expenses, to take effect immediately.

Bill read third time.

The roll was called, and the bill passed by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloved, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunkley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—73.

**NOES**—None.

Bill ordered transmitted to the Senate.

**Assembly Bill No. 4**—An act making an appropriation for payment of the expenses of Members of the Assembly necessarily incurred by them while attending the 1950 Third Extraordinary Session of the Legislature, to take effect immediately.

Bill read third time.

The roll was called, and the bill passed by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloved, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunkley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—73.

**NOES**—None.

Bill ordered transmitted to the Senate.

## RESOLUTIONS

The following resolutions were offered:

By Mr. Geddes:

### House Resolution No. 18

*Resolved by the Assembly of the State of California*, That the Controller be and he is hereby directed to draw his warrant upon the Contingent Fund of the Assembly in favor of the Chief Clerk of the Assembly, and the State Treasurer is hereby directed to pay the same, in the amount of three thousand nine hundred fifty dollars (\$3,950), said amount being for the purchase of postage stamps to be used by Members of the Assembly for official mail; and he it further

*Resolved*, That the Chief Clerk be and he is hereby directed to purchase postage stamps in such amounts and denominations, not exceeding three thousand nine hundred fifty dollars (\$3,950) in the aggregate, as shall be necessary for the use of the Members of the Assembly for official mail; and he it further

*Resolved*, That the amount of stamps requisitioned by any one Member of the Assembly for official mail shall not exceed the sum of fifty dollars (\$50)

### Request for Unanimous Consent

Mr. Dickey asked for, and was granted, unanimous consent to take up House Resolution No. 18, at this time, without reference to committee or file.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloved, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunkley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood,

Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—73.

NOES—None.

By Mr. Crowley :

### House Resolution No. 19

*Resolved by the Assembly of the State of California,* That the State Controller be and he is hereby directed and ordered to draw his warrants on the proper fund in favor of the following Members and Officers of the Assembly for the amount set opposite their respective names, and the State Treasurer is hereby directed and ordered to pay the same :

District	Name	Address	Distance from county seat, less county seat, more	Distance from county seat, less county seat, more	Mileage one way	Total mileage	Amount at 5 cents per mile
2	Lester Thomas Davis	Portola, Plumas County	136	40	176	352	\$17 60
3	Lloyd W Lowrey	Rumsey, Yolo County	23	36	59	118	5 90
4	Arthur W Coats, Jr	Yuba City, Sutter County	58		58	116	5 80
5	Ernest C Crowley	Fairfield, Solano County	40		40	80	4 00
6	Francis C Lindsay	Loomis, Placer County	37		10	27	54 2 70
7	Richard H McCollister	Mill Valley, Marin County	105	8	113	226	11 30
8	Gordon A Fleury	Sacramento, Sacramento County					
9	John E Moss, Jr	Sacramento, Sacramento County					
10	Robert L Condon	Walnut Creek, Contra Costa County	62	11	73	146	7 30
11	Charles M Weber	Stockton, San Joaquin County	48		48	96	4 80
12	Verne W Hoffman	Acampo, San Joaquin County	48		14	34	68 3 40
13	Francis Dunn, Jr	Oakland, Alameda County	84		84	168	8 40
14	Randal F Dickey	Alameda, Alameda County	84	5	89	178	8 90
15	Luther H Abe Lincoln	Oakland, Alameda County	84		84	168	8 40
16	Marvin Sherwin	Piedmont, Alameda County	84		84	168	8 40
17	William Byron Rumford	Berkeley, Alameda County	84		1	83	166 8 30
18	Thomas W Caldwell	Berkeley, Alameda County	84		1	83	166 8 30
19	Bernard R Brady	San Francisco, San Francisco County	90		90	180	9 00
20	Thomas A Maloney	San Francisco, San Francisco County	90		90	180	9 00
21	Arthur H Connolly, Jr	San Francisco, San Francisco County	90		90	180	9 00
22	George D Collins, Jr	San Francisco, San Francisco County	90		90	180	9 00
23	William Clifton Berry	San Francisco, San Francisco County	90		90	180	9 00
24	Charles W Meyers	San Francisco, San Francisco County	90		90	180	9 00
25	Robert I McCarthy	San Francisco, San Francisco County	90		90	180	9 00
26	Edward M Gaffney	San Francisco, San Francisco County	90		90	180	9 00
27	Richard J Dolwig	South San Francisco, San Mateo County	119	11	108	216	10 80
28	Robert C Kirkwood	Saratoga, Santa Clara County	128	12	140	280	14 00
29	John F Thompson	San Jose, Santa Clara County	128		128	256	12 80
30	Ralph M Brown	Modesto, Stanislaus County	77		77	154	7 70
31	George A Clarke	Planada, Merced County	114	10	124	248	12 40
32	Donald L Grunsky	Watsonville, Santa Cruz County	198	20	218	436	21 80
33	James W Stillman	Salinas, Monterey County	208		208	416	20 80
34	James G Crichton	Fresno, Fresno County	169		169	338	16 90
35	William W Hansen	Fresno, Fresno County	169	3	172	344	17 20
36	Harlan Hagen	Hanford, Kings County	214		214	428	21 40
37	Stanley T Tomlinson	Santa Barbara, Santa Barbara County	460		460	920	46 00
38	John B Cooke	Ventura, Ventura County	490		490	980	49 00
39	Joe C Lewis	Buttowsillow, Kern County	278	21	299	598	29 90
41	Julian Beck	San Fernando, Los Angeles County	447		21	426	852 42 60
42	Everett G Burkhalter	North Hollywood, Los Angeles County	447			447	894 44 70
43	H Allen Smith	Glendale, Los Angeles County	447		10	437	874 43 70
44	Edward E Elliott	Los Angeles, Los Angeles County	447			447	894 44 70
45	Thomas J Doyle	Los Angeles, Los Angeles County	447			447	894 44 70
46	Glenn M Anderson	Hawthorne, Los Angeles County	447	12	459	918	45 90
47	Albert I Stewart	Pasadena, Los Angeles County	447	13	460	920	46 00
48	Bruce V Reagan	Pasadena, Los Angeles County	447	13	460	920	46 00
49	Ernest R Geddes	Claremont, Los Angeles County	447	26	473	946	47 30
50	Thomas M Erwin	Puente, Los Angeles County	447	19	466	932	46 60
51	Elwyn S Bennett	Los Angeles, Los Angeles County	447	6	447	894	44 70
52	Jonathan J Hollibaugh	Huntington Park, Los Angeles County	447	6	453	906	45 30
53	Montivel A Burke	Alhambra, Los Angeles County	447	9	456	912	45 60
54	John L E Collier	Los Angeles, Los Angeles County	447		447	894	44 70
55	Vernon Kilpatrick	Los Angeles, Los Angeles County	447		447	894	44 70
56	Glenard P Lipscomb	Los Angeles, Los Angeles County	447		447	894	44 70
57	Charles J Conrad	Hollywood, Los Angeles County	447		447	894	44 70
58	Laughlin E Waters	Los Angeles, Los Angeles County	447		447	894	44 70
60	Harold K Levering	Los Angeles, Los Angeles County	447		447	894	44 70

Amount at 5 cents per mile-----	Total mileage-----	Mileage one way-----	Distance from county seat, less-----	Distance from county seat, more-----	Distance from county seat-----	Address	Name	District-----
61	Lester A. McMillan-----	Los Angeles, Los Angeles County-----	447	--	--	447	894	\$44 70
62	Augustus F. Hawkins-----	Los Angeles, Los Angeles County-----	447	--	--	447	894	44 70
63	G. Delbert Morris-----	Los Angeles, Los Angeles County-----	447	--	--	447	894	44 70
64	Samuel William Yorty-----	Los Angeles, Los Angeles County-----	447	--	--	447	894	44 70
65	John W. Evans-----	Los Angeles, Los Angeles County-----	447	--	--	447	894	44 70
66	Gordon R. Hahn-----	Los Angeles, Los Angeles County-----	447	--	--	447	894	44 70
67	Clayton A. Dills-----	Gardena, Los Angeles County-----	447	11	--	458	916	45 80
68	Vincent Thomas-----	San Pedro, Los Angeles County-----	447	23	--	470	940	47 00
69	Carley V. Porter-----	Compton, Los Angeles County-----	447	18	--	465	930	46 50
70	William S. Grant-----	Long Beach, Los Angeles County-----	447	22	--	469	938	46 90
71	Carl Fletcher-----	Long Beach, Los Angeles County-----	447	22	--	469	938	46 90
72	R. Fred Price-----	Upland, San Bernardino County-----	508	--	23	485	970	48 50
73	L. Stewart Hinckley-----	Redlands, San Bernardino County-----	508	9	--	517	1,034	51 70
74	Earl W. Stanley-----	Balboa Island, Orange County-----	481	8	--	489	978	48 90
75	Sam L. Collins-----	Fullerton, Orange County-----	481	--	11	470	940	47 00
76	John D. Babbage-----	Riverside, Riverside County-----	512	--	--	512	1,024	51 20
77	George R. Butters-----	Brawley, Imperial County-----	661	--	14	647	1,294	64 70
78	Frank Luckel-----	San Diego, San Diego County-----	573	--	--	573	1,146	57 30
79	Kathryn T. Nichouse-----	San Diego, San Diego County-----	573	--	--	573	1,146	57 30
80	Ralph R. Cloyd-----	Chula Vista, San Diego County-----	573	10	--	583	1,166	58 30

Amount at 10 cents per mile-----	Total mileage-----	Mileage one way-----	Distance from county seat, less-----	Distance from county seat, more-----	Distance from county seat-----	Address	Name
Arthur A. Ohnimus-----	San Francisco, San Francisco County--	447	--	--	447	894	\$89 40
Geraldine B. Hadsell-----	Los Angeles, Los Angeles County-----	447	--	--	447	894	\$89 40
Wilkie Ogg-----	Sacramento, Sacramento County-----	--	--	--	--	--	--

#### Request for Unanimous Consent

Mr. Dickey asked for, and was granted, unanimous consent to take up House Resolution No. 19, at this time, without reference to committee or file.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Gondon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Guinsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Nichouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—73.

**NOES**—None.

By Mr. Dickey:

#### House Resolution No. 20

*Resolved by the Assembly of the State of California*, That the Controller be and he is hereby authorized and directed to draw his warrants on the Contingent Fund of the Assembly in favor of Arthur A. Ohnimus, Chief Clerk of the Assembly, and the State Treasurer is hereby directed to pay the same, for the sum of one hundred dollars (\$100), said amount being for the payment of postage, telegraphing, expressage, and incidental expenses of the Chief Clerk's office.

**Request for Unanimous Consent**

Mr. Dickey asked for, and was granted, unanimous consent to take up House Resolution No. 20, at this time, without reference to committee or file.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunkley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—73.

**NOES**—None.

**CONSIDERATION OF DAILY FILE (RESUMED)****THIRD READING OF ASSEMBLY BILLS (RESUMED)**

**Assembly Concurrent Resolution No. 1**—Relative to approving amendments to the charter of the City of Watsonville, a municipal corporation in the County of Santa Cruz, State of California, voted for and ratified by the qualified electors of said city at a special municipal election held therein on the nineteenth day of June, 1950.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunkley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—73.

**NOES**—None.

Resolution ordered transmitted to the Senate.

**Assembly Concurrent Resolution No. 2**—Relative to adjournment in respect to the memory of Mr. Nion R. Tucker.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunkley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—73.

**NOES**—None.

Resolution ordered transmitted to the Senate.

**Statement by Mr. Dolwig**

Had I been present in the Assembly Chamber when Assembly Concurrent Resolution No. 2 was introduced, said resolution introduced out of respect to the memory of the late Nion R. Tucker, I would have been a co-author of the resolution.

(Signed)

**RICHARD J. DOLWIG**

**Assembly Concurrent Resolution No. 3**—In honor of the late John P. McLaughlin.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloved, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickev, Dills, Dolwig, Doyle, Duann, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Huckleley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Nichouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—73.

**NOES**—None.

Resolution ordered transmitted to the Senate.

**MOTION THAT REMARKS BY MR. GAFFNEY BE PRINTED  
IN THE JOURNAL**

Mr. Crowley moved that the remarks by Mr. Gaffney, relative to Assembly Concurrent Resolution No. 3 be reduced to writing, and ordered printed in the Journal.

Mr. Berry seconded the motion.

Motion carried.

**Remarks by Mr. Gaffney Relative to Assembly Concurrent Resolution No. 3**

*Mr. Speaker and Members of the Assembly* It is fitting that we pause in respect to the passing of John P. McLaughlin of San Francisco, one of America's greatest labor leaders of the past half century.

John McLaughlin became an officer of the Teamster's Union at a time when labor conditions and hours of toil were deplorably close to the abject slavery of feudal times. He served as secretary of his local union for 40 years, and attained a vice presidency of the International Brotherhood.

Because of his sterling character, faith, and courage, he lived to see the gradual, but steady, improvement in wages, hours, working conditions, and educational opportunities that placed the members of his craft in their rightful position of dignity, and advancement in their community, State and Nation.

During all these years of struggle, even in the days of scant bread and shelter for a workingman's family, John McLaughlin and his compatriot, Michael Casey, never for a moment lost their faith in American institutions and the gradual but eventual adjustment of issues between employers and workingmen and women under the free enterprise system.

In those earlier years, John McLaughlin exposed and fought the false doctrine of socialism as a snare to enslave labor, and in later years as valiantly opposed its vicious Communistic spawn as a threat to the freedom of all mankind.

In the passing of John P. McLaughlin, San Francisco and California has lost an honored citizen, the labor movement, local and national, has lost a sterling leader, and our common Country has lost a great American.

**CONSIDERATION OF DAILY FILE (RESUMED)**

**THIRD READING OF ASSEMBLY BILLS (RESUMED)**

**Assembly Bill No. 18**—An act to add Section 5048.1 to the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read.

**Point of Order**

Mr. Evans arose to the following point of order: That the bill under consideration was heard in the Committee on Governmental Efficiency and Economy, and that it is not properly correct that the bill now be presented by the Committee on Education.

**Ruling by Speaker**

Speaker pro Tempore Maloney ruled that Assembly Bill No. 18 is in order, and properly before the House.

**Request for Unanimous Consent to Expunge Record, and Rescind Action on Motion That Assembly Bill No. 18 Be Continued Until the Next Legislative Day**

Mr. Beck asked for, and was granted, unanimous consent to expunge the record, and rescind the action whereby the Assembly, on this day, continued consideration of Assembly Bill No. 18 until the next legislative day.

**Motion That Assembly Bill No. 18 Be Temporarily Passed on File**

Mr. Beck moved that Assembly Bill No. 18 be temporarily passed on file, at this time.

Mr. Lowrey seconded the motion.

Motion carried.

**Assembly Bill No. 24**—An act to add Section 5051.1 to Chapter 1.6 of Division 3 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—73.  
**NOES**—None.

**Request for Unanimous Consent That Name Be Placed Upon Roll Call on Urgency Clause to Assembly Bill No. 24**

Mr. Lewis asked for, and was granted, unanimous consent that his name be placed upon the roll call on the urgency clause to Assembly Bill No. 24.

The question being on the passage of the bill.

The roll was called, and the bill passed by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—73.  
**NOES**—None.

Bill ordered transmitted to the Senate.



**Assembly Bill No. 12**—An act to amend Sections 5103 and 5107 of, and to add Section 5105.1 to, the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read third time.

#### Urgency Clause

Urgency clause read.

#### Demand for Previous Question

Messrs. Waters, Weber, Connolly, Hansen, and Grant demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of the urgency clause to Assembly Bill No. 12.

The roll was called, and the urgency clause adopted by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, and Yorty—69.

**NOES**—Anderson and Evans—2.

The roll was called, and the bill passed by the following vote:

**AYES**—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, and Yorty—65.

**NOES**—Anderson and Evans—2.

Bill ordered transmitted to the Senate.

#### MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER. I am directed to inform your honorable body that the Senate on this day passed.

Assembly Bill No. 2

Assembly Bill No. 3

Assembly Bill No. 4

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

Above bills ordered enrolled.

#### RESOLUTIONS

The following resolution was offered:

By Messrs. Conrad and Doyle:

#### House Resolution No. 21

Relative to commending all cities, cities and counties, and counties which commemorated the State's one hundredth anniversary by Centennial Celebrations

WHEREAS, The State of California has reached its one hundredth anniversary as a state, giving the people of this State cause to rejoice and celebrate, and

WHEREAS, The cities, cities and counties, and counties throughout the State of California have joined in the observance of the Centennial by planning and participating in various ceremonies and festivities which recalled to mind events of California's colorful history and heroic deeds of those who have contributed to this State's greatness; now, therefore, be it

*Resolved by the Assembly of the State of California*, That the Members of this Assembly congratulate and commend all cities, cities and counties, and counties, and all other public agencies which planned and participated in Centennial celebrations; and be it further

*Resolved*, That the Chief Clerk of the Assembly forward suitably prepared copies of this resolution to Joseph R. Knowland, Chairman of the California Centennials Commission, and to the appropriate officers of each public agency participating in such celebrations.

Resolution read, and ordered referred to the Committee on Rules.

## REPORTS OF STANDING COMMITTEES

### Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

House Resolution No. 21

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKEY, Chairman

## CONSIDERATION OF HOUSE RESOLUTION NO. 21

By Messrs. Conrad and Doyle:

### House Resolution No. 21

Relative to commending all cities, cities and counties, and counties which commemorated the State's one hundredth anniversary by Centennial Celebrations

WHEREAS, The State of California has reached its one hundredth anniversary as a State, giving the people of this State cause to rejoice and celebrate; and

WHEREAS, The cities, cities and counties, and counties throughout the State of California have joined in the observance of the Centennial by planning and participating in various ceremonies and festivities which recalled to mind events of California's colorful history and heroic deeds of those who have contributed to this State's greatness; now, therefore, be it

*Resolved by the Assembly of the State of California*, That the Members of this Assembly congratulate and commend all cities, cities and counties, and counties, and all other public agencies which planned and participated in Centennial celebrations; and be it further

*Resolved*, That the Chief Clerk of the Assembly forward suitably prepared copies of this resolution to Joseph R. Knowland, Chairman of the California Centennials Commission, and to the appropriate officers of each public agency participating in such celebrations.

Resolution read, and adopted unanimously.

## RESOLUTIONS

The following resolution was offered:

By Mr. Dickey:

### House Resolution No. 22

Creating the 1950 Third Extraordinary Session Assembly Legislative Process Committee and defining its powers and duties

WHEREAS, Many of the legislative proposals involve problems within the jurisdiction of more than one standing committee of the Assembly, and the adequate consideration of such measures requires the cooperation of such several committees in order to avoid duplicating the work of one such committee by another, and much delay in the legislative process could be avoided if it were possible to eliminate such duplication of effort and provide a means for expediting the consideration of such measures; and

WHEREAS, There is need for a committee equipped to ascertain facts and secure information upon assigned topics from time to time during the 1950 Third Extraordinary Session, a committee acting in aid of and in collaboration with the several standing committees of the Assembly; now, therefore, be it

*Resolved by the Assembly of the State of California, As follows :*

1 A special committee designated the "1950 Third Extraordinary Session Assembly Legislative Process Committee" is hereby created and authorized and directed to take such steps as may be necessary to coordinate the work of the various standing committees of the 1950 Third Extraordinary Session in considering questions before such session in order that there may be no duplication of work or effort, and to make such studies as may be necessary, ascertain such facts and information, and secure such statistics for the use of the members and committees of the Assembly as may be of aid to them in considering and acting upon legislative proposals at this session.

2 The committee shall consist of the members of the Rules Committee. The Chairman of the Rules Committee shall be Chairman of the Process Committee. Vacancies occurring or existing in the membership of the committee shall be filled by the appointing power.

3 The committee is authorized to act during this session of the Legislature, including any recess, but not after final adjournment.

4. The committee and its members shall have and exercise all of the rights, duties and powers conferred upon investigating committees and their members by the provisions of the Joint Rules of the Senate and Assembly and of the Standing Rules of the Assembly as they are adopted from time to time, which provisions are incorporated herein and made applicable to this committee and its members.

5 The committee has the following additional powers and duties :

(a) To select a chairman and a vice chairman from its membership.

(b) To contract with such other agencies, public or private, as it deems necessary for the rendition and affording of such services, facilities, studies and reports to the committee as will best assist it to carry out the purposes for which it is created.

(c) To cooperate with and secure the cooperation of county, city, city and county, and other local law enforcement agencies in investigating any matter within the scope of this resolution and to direct the sheriff of any county to serve subpoenas, orders and other process issued by the committee.

(d) To report its findings and recommendations to the Legislature and to the people from time to time and at any time, not later than herein provided.

(e) To do any and all other things necessary or convenient to enable it fully and adequately to exercise its powers, perform its duties, and accomplish the objects and purposes of this resolution.

6 The sum of twenty thousand dollars (\$20,000) or so much thereof as may be necessary is hereby made available from the Contingent Fund of the Assembly for the expenses of the committee and its members and for any charges, expenses or claims it may incur under this resolution, to be paid from the said Contingent Fund and disbursed, after certification by the chairman of the committee, upon warrants drawn by the State Controller upon the State Treasurer.

Resolution read, and ordered referred to the Committee on Rules.

## REPORTS OF STANDING COMMITTEES

### Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred :

House Resolution No. 22

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKEY, Chairman

## CONSIDERATION OF HOUSE RESOLUTION NO. 22

By Mr. Dickey :

### House Resolution No. 22

Creating the 1950 Third Extraordinary Session Assembly Legislative Process Committee and defining its powers and duties

WHEREAS, Many of the legislative proposals involve problems within the jurisdiction of more than one standing committee of the Assembly, and the adequate consideration of such measures requires the cooperation of such several committees in order to avoid duplicating the work of one such committee by another, and much delay in the legislative process could be avoided if it were possible to eliminate such duplication of effort and provide a means for expediting the consideration of such measures; and

WHEREAS, There is need for a committee equipped to ascertain facts and secure information upon assigned topics from time to time during the 1950 Third Extraordinary Session, a committee acting in aid of and in collaboration with the several standing committees of the Assembly; now, therefore, be it

*Resolved by the Assembly of the State of California, As follows:*

1 A special committee designated the "1950 Third Extraordinary Session Assembly Legislative Process Committee" is hereby created and authorized and directed to take such steps as may be necessary to coordinate the work of the various standing committees of the 1950 Third Extraordinary Session in considering questions before such session in order that there may be no duplication of work or effort, and to make such studies as may be necessary, ascertain such facts and information, and secure such statistics for the use of the members and committees of the Assembly as may be of aid to them in considering and acting upon legislative proposals at this session.

2. The committee shall consist of the members of the Rules Committee. The Chairman of the Rules Committee shall be Chairman of the Process Committee. Vacancies occurring or existing in the membership of the committee shall be filled by the appointing power.

3 The committee is authorized to act during this session of the Legislature, including any recess, but not after final adjournment.

4 The committee and its members shall have and exercise all of the rights, duties and powers conferred upon investigating committees and their members by the provisions of the Joint Rules of the Senate and Assembly and of the Standing Rules of the Assembly as they are adopted from time to time, which provisions are incorporated herein and made applicable to this committee and its members.

5. The committee has the following additional powers and duties:

(a) To select a chairman and a vice chairman from its membership.

(b) To contract with such other agencies, public or private, as it deems necessary for the rendition and affording of such services, facilities, studies and reports to the committee as will best assist it to carry out the purposes for which it is created.

(c) To cooperate with and secure the cooperation of county, city, city and county, and other local law enforcement agencies in investigating any matter within the scope of this resolution and to direct the sheriff of any county to serve subpoenas, orders and other process issued by the committee.

(d) To report its findings and recommendations to the Legislature and to the people from time to time and at any time, not later than herein provided.

(e) To do any and all other things necessary or convenient to enable it fully and adequately to exercise its powers, perform its duties, and accomplish the objects and purposes of this resolution.

6. The sum of twenty thousand dollars (\$20,000) or so much thereof as may be necessary is hereby made available from the Contingent Fund of the Assembly for the expenses of the committee and its members and for any charges, expenses or claims it may incur under this resolution, to be paid from the said Contingent Fund and disbursed, after certification by the chairman of the committee, upon warrants drawn by the State Controller upon the State Treasurer.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Weber, and Yorty—67

NOES—None.

## REPORTS OF STANDING COMMITTEES

### Committee on Civil Service and State Personnel

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER: Your Committee on Civil Service and State Personnel, to which was referred.

Assembly Bill No. 44

Has had the same under consideration, and reports the same back with the recommendation. Do pass.

CALDECOTT, Chairman

Above reported bill ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 44**—An act to add Section 20890.5 to the Government Code, relating to retirement rights of members of the State Employees' Retirement System, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

**REPORTS OF STANDING COMMITTEES**

**Committee on Rules**

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

Assembly Concurrent Resolution No. 5

Has had the same under consideration, and reports the same back with the recommendation. Be adopted.

DICKEY, Chairman

Above reported resolution ordered engrossed.

**Committee on Education**

ASSEMBLY CHAMBER, SACRAMENTO, September 21, 1950

MR. SPEAKER: Your Committee on Education, to which was referred:

Assembly Bill No. 20

Has had the same under consideration, and reports the same back with amendments with the recommendation: Amend, and do pass, as amended.

DUNN, Chairman

Above reported bill ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 20**—An act to amend Sections 5055 and 5056 of, and to add Sections 5048.2 and 5057.1 to, Chapter 1.6 of Division 3 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read second time.

**Consideration of Committee Amendments**

The following amendments were proposed by the Committee on Education:

**Amendment No. 1**

On page 1, line 3, of the printed bill, strike out "approve", and insert "give conditional approval".

**Amendment No. 2**

On page 1, line 3, of said bill, after the second comma, insert "to".

**Amendment No. 3**

On page 1, line 5, of said bill, strike out "and".

**Amendment No. 4**

On page 1, line 6, of said bill, after the period, insert "Such conditional approval shall be deemed to be a conditional apportionment for the purposes of Sections 5048, 5049, 5050, 5050.1, 5051, and 5052 and shall become final only when the actions required to make a conditional apportionment final have been taken. Sections 5048, 5049, 5050, 5050.1, 5051, and 5052 are not applicable to apportionments made under this section."

**Amendment No. 5**

On page 1, line 7, of said bill, after "upon", insert "the".

**Amendment No. 6**

On page 1, line 8, of said bill, after the first comma, insert "becoming final".

**Amendment No. 7**

On page 1 of said bill, beginning in line 8, strike out "a conditional", and insert "an".

**Amendment No. 8**

On page 1, line 9, of said bill, strike out "conditional".

Amendments read, and adopted.

Bill ordered reprinted, and engrossed.

**INTRODUCTION, FIRST READING, AND REFERENCE  
OF ASSEMBLY BILLS (RESUMED)**

The following bills were introduced, and read the first time:

**Assembly Bill No. 57:** By Messrs. Brown, Fleury, Rumford, McCollister, and Mrs. Niehouse—An act to add Section 987.11 to the Military and Veterans Code, relating to veterans' farm and home purchases.

Referred to Committee on Military Affairs.

**Assembly Bill No. 58:** By Mr. Sherwin—An act making an appropriation in augmentation of the appropriation made in Item 259 of the Budget Act of 1950, for support of the Department of Social Welfare, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Ways and Means.

**Assembly Bill No. 59:** By Messrs. Moss, Fleury, and Caldecott—An act to amend Sections 19533, 19533.1 of and to add Section 19533.2 to the Government Code in respect to the rights of veterans in the state civil service.

Referred to Committee on Civil Service and State Personnel.

**Assembly Bill No. 60:** By Messrs. Levering, Reagan, Morris, Babbage, Burke, Butters, Cloyed, Collier, Connolly, Dolwig, Doyle, Erwin, Grant, Hahn, Hansen, Hinckley, Hollibaugh, Lipscomb, Luckel, Price, and Smith—An act to increase production by providing for exemptions from various requirements, relating to employment and working conditions of female employees essential to the current defense program, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Industrial Relations.

**Assembly Bill No. 61:** By Messrs. Levering, Reagan, Morris, Beck, Babbage, Burke, Butters, Cloyed, Connolly, Conrad, Dickey, Dolwig, Doyle, Erwin, Grant, Hahn, Hansen, Hinckley, Hollibaugh, Lipscomb, Luckel, Mrs. Niehouse, Messrs. Porter, Price, Smith, and Tomlinson—An act to add Chapter 8 to Division 4, Title 1 of the Government Code, relating to an oath of allegiance for civil defense workers and public employees, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Governmental Efficiency and Economy.

**Assembly Bill No. 62:** By Messrs. Anderson, Evans, and Hawkins—An act to amend Section 16257 of the Education Code, relating to transportation of school pupils.

Referred to Committee on Education.

**Assembly Concurrent Resolution No. 10:** By Messrs. Moss and Fleury—Relative to traffic hazard between buildings of Capitol Extension.

Referred to Committee on Rules.

**Assembly Joint Resolution No. 2:** By Messrs. Dunn, Gaffney, McCollister, and Geddes—Relative to the priority of schools under federal allocation program affecting construction.

Referred to Committee on Rules.

### REPORTS OF STANDING COMMITTEES

#### Committee on Civil Service and State Personnel

ASSEMBLY CHAMBLER, SACRAMENTO, September 22, 1950

MR. SPLAKER: Your Committee on Civil Service and State Personnel, to which were referred:

Assembly Bill No. 37

Assembly Bill No. 39

Has had the same under consideration, and reports the same back with amendments with the recommendation. Amend, and do pass, as amended

CALDECOTT, Chairman

Above reported bills ordered to second reading.

### SECOND READING OF ASSEMBLY BILLS (RESUMED) (BY UNANIMOUS CONSENT)

**Assembly Bill No. 37**—An act to add Article 2.5, comprising Sections 21000 to 21002, inclusive, to Chapter 8 of Part 3 of Division 5 of Title 2 of the Government Code, relating to the State Employees' Retirement System in respect to state employment of persons who have attained the age of compulsory retirement and declaring the urgency thereof, to take effect immediately.

Bill read second time.

#### Consideration of Committee Amendments

The following amendments were proposed by the Committee on Civil Service and State Personnel:

##### Amendment No. 1

On page 1, line 15, of the printed bill, following "forthwith", strike out the period, and insert "and he shall become a member of this system as of the date of his reinstatement"

##### Amendment No. 2

On page 2, line 1, of said bill, strike out "time", and insert "date".

##### Amendment No. 3

On page 2, line 3, of said bill, strike out "time", and insert "date".

##### Amendment No. 4

On page 2, lines 3, 4, 5, 6, and 7, of said bill, strike out "and his rate of contribution for future years shall be the same as if he had continued in state service during the period of his retirement. Such person shall receive credit for prior service in the same manner as if he had never been retired," and insert ". His future rate of contributions and his retirement allowance upon subsequent retirement shall be determined in accordance with Chapter 5 and Chapter 9 of this part, respectively."

**Amendment No. 5**

On page 2, line 10, of said bill, strike out "office or department", and insert "agency".

**Amendment No. 6**

On page 2, line 17, of said bill, strike out "state".

**Amendment No. 7**

On page 2, line 23, of said bill, strike out "office or department", and insert "agency".

Amendments read, and adopted.

Bill ordered reprinted, and engrossed.

**Assembly Bill No. 39**—An act to amend Sections 20890 and 20894.5 of the Government Code and Sections 14449, 14495.2, and 14702 of the Education Code, relating to public retirement systems in respect to absence of members in military service and contributions therefor, and declaring the urgency thereof, to take effect immediately.

Bill read second time.

**Consideration of Committee Amendments**

The following amendment was proposed by the Committee on Civil Service and State Personnel:

**Amendment No. 1**

On page 3, line 9, of the printed bill, following "Government", insert ", or with the Federal Bureau of Investigation,".

Amendment read, and adopted.

Bill ordered reprinted, and engrossed.

**ANNOUNCEMENT**

Speaker pro Tempore Maloney announced the arrival in the Assembly Chamber of Mr. Silliman, who has been absent because of illness which confined him to the Monterey Hospital, and expressed best wishes, on behalf of the Members of the Assembly, for his continued good health.

**RESOLUTIONS**

The following resolutions were offered:

By Mr. Reagan:

**House Resolution No. 23**

Relative to the passing of Arthur P. Will

WHEREAS, The Members of the Assembly have learned with sorrow and regret of the passing of Arthur P. Will at his home in Altadena on August 26, 1950.

Arthur P. Will was the first Legislative Counsel of the State of California, serving the Legislature in that capacity in 1914 until 1920, and later serving as Special Consultant to the Legislative Counsel from 1935 to 1943. His outstanding legal ability, his devotion to duty, and his high standard of public service justly merited the high regard in which he was held by all who knew him and his work.

Arthur P. Will was born at Walter's Falls, Ontario, Canada, in 1868 and attended law school at the University of Michigan where he received the degrees of Bachelor of Laws and Master of Laws.

During his long and successful career as an attorney-at-law, Arthur P. Will was admitted to the Bar in the states of Michigan, New York, and California. He lectured on law at the University of Minnesota and the University of Southern California and was the editor or author of several legal works. He served as referee of the Superior Court for Los Angeles County from 1920 to 1933.

Although Arthur P. Will has passed from our presence to that of the Great Divine, the memory of him shall always remain as an inspiration and guide for all who were privileged to know him; now, therefore, be it



*Resolved by the Assembly of the State of California, That the Members of the Assembly express their deepest sorrow to Mrs. Flora Maude Will, wife of the late Arthur P. Will, and to their sons, Arthur Joseph and Percival Drake Will, in the loss of a good husband and devoted father and an outstanding citizen of the State of California; and be it further*

*Resolved, That when the Assembly adjourns this day it do so in respect to the memory of Arthur P. Will; and be it further*

*Resolved, That the Chief Clerk of the Assembly transmit a suitably prepared copy of this resolution to Mrs. Flora Maude Will.*

Resolution read, and ordered referred to the Committee on Rules.

By Mr. Brady:

**House Resolution No. 24**

Relating to an investigation, performance, and report relative to a separation of grade between certain thoroughfares in the City and County of San Francisco

WHEREAS, The State Legislature has been convened in special session, and it is possible at once to determine that we as legislators shall take heed and act, and urge departments of our State Government to take heed and act—for there is the necessity presently upon us to provide for civilian defense in all its aspects; and

WHEREAS, With the fear of atomic warfare pervading the minds of all citizens—and the fear of all men, women, and children that extraordinary weapons might be loosed upon them; and

WHEREAS, The mobility of masses of military forces and equipment—and the possible removal of large segments of our population demands that we in the State Legislature concern ourselves with the physical features of our respective areas in order to accommodate both the military and the civilian population; and

WHEREAS, In the Park Presidio District in San Francisco there is the main north-south thoroughfare communicating between the Golden Gate Bridge to Golden Gate Park and thence southward through San Francisco to the San Mateo Peninsula; and

WHEREAS, State Highway No. 56, also known in the Richmond District of San Francisco as Park Presidio Drive, intersects at grade with Fulton Street and with Geary Boulevard in the City and County of San Francisco; and

WHEREAS, The east-west traffic moving on the same level as this part of Highway No. 56, is constantly congested now—and in the event of a catastrophe or disaster either the north-south, or east-west traffic would necessarily become immobile; therefore, be it

*Resolved by the Assembly of the State of California, That the Division of Highways, Department of Public Works, and the appropriate officials of the City and County of San Francisco, including the Department of Public Works, are requested to make an engineering survey as a preliminary step in the separation of grade at the above described intersections, and to call for bids, or start construction, or report to the Assembly not later than January 15, 1951; and be it further*

*Resolved, That the Chief Clerk of the Assembly be instructed to forward a copy of this resolution to Mr. Charles H. Purcell, the Department of Public Works, Division of Highways, and the Department of Public Works City and County of San Francisco, and the Director of Civilian Defense for the City and County of San Francisco.*

Resolution read, and ordered referred to the Committee on Rules.

By Mr. Cooke:

**House Resolution No. 25**

Relative to commending the Lions Club of Meiners Oaks for completing the building of a cafeteria for the Meiners Oaks School District

WHEREAS, In the course of human relations there may come a time when an entire community becomes obligated to some of its citizens for a service which is far above the duty of every person to promote and contribute to the welfare of his community; and

WHEREAS, The Lions Club of Meiners Oaks has so served the Meiners School District by taking upon itself the responsibility of completing the building of a cafeteria at the Meiners Oaks Elementary School, which was halted by a lack of funds, and further, by assuming the entire cost thereof; and

WHEREAS, Such a noble act benefits the Meiners Oaks School District and the State of California as well, it should be recognized by this Assembly as a service to the citizens and taxpayers of this State, and commended as a great public service; now, therefore, be it

*Resolved by the Assembly of the State of California, That this Assembly commends the Lions Club of Memers Oaks for its generous and unselfish service to the Memers School District and to the people of the State of California; and be it further*  
*Resolved, That the Chief Clerk of the Assembly prepare and forward a suitably engrossed copy of this resolution to the Lions Club of Memers Oaks, California.*

Resolution read, and ordered referred to the Committee on Rules.

**CONSIDERATION OF DAILY FILE (RESUMED)**  
**THIRD READING OF ASSEMBLY BILLS (RESUMED)**

**Assembly Bill No. 13**—An act to amend Sections 4353 and 3211.92 of the Labor Code, relating to disaster service workers, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunkley, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—72.

**NOES**—None.

The roll was called, and the bill passed by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunkley, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—72.

**NOES**—None.

Bill ordered transmitted to the Senate.

**REMARKS ON CONDITION OF THE FILE**

Mr. Sherwin spoke on the condition of the file.

**ANNOUNCEMENT**

Mr. Dickey announced that the members who were unable to participate in yesterday's tour of the Capitol Annex may join a tour arranged for today. Members are to meet in Room 116 at 3 p. m., and will be accompanied on the tour by guides.

**RECESS**

At 12.03 p. m., on motion of Mr. Dickey, the Assembly recessed until 4.30 p. m.

**REASSEMBLED**

At 4.30 p. m. the Assembly reconvened.

Hon. Thomas A. Maloney, Speaker pro Tempore of the Assembly, presiding.

Chief Clerk Arthur A. Ohnimus at the desk.

# REPORTS OF STANDING COMMITTEES

## Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:  
Assembly Bill No. 26

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 6	Assembly Bill No. 31
Assembly Bill No. 7	Assembly Bill No. 33
Assembly Bill No. 8	Assembly Bill No. 35
Assembly Bill No. 9	Assembly Bill No. 41
Assembly Bill No. 10	Assembly Bill No. 44
Assembly Bill No. 11	

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bills ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Concurrent Resolution No. 5  
Assembly Concurrent Resolution No. 6

And reports the same correctly engrossed

GRUNSKY, Vice Chairman

Above reported resolutions ordered on file for adoption.

## Committee on Governmental Efficiency and Economy

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER: Your Committee on Governmental Efficiency and Economy, to which was referred:

Assembly Bill No. 43

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

STEWART, Chairman

Above reported bill ordered to second reading.

## SECOND READING OF ASSEMBLY BILLS (RESUMED) (BY UNANIMOUS CONSENT)

**Assembly Bill No. 43**—An act to add Section 5048.3 to the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

## CONSIDERATION OF DAILY FILE (RESUMED) THIRD READING OF ASSEMBLY BILLS (RESUMED)

**Assembly Bill No. 14**—An act to add Section 5046.1 to the Education Code, relating to apportionments to school districts from the Public School Building Loan Fund, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read.

**Point of Order**

Mr. Grunsky arose to the following point of order: That copies of the bill are not on the desks of the members, and that Assembly Bill No. 14 should not be considered at this time

**Ruling by Speaker**

Speaker pro Tempore Maloney ruled the point of order well taken. Assembly Bill No. 14 ordered passed on file until the next legislative day.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Concurrent Resolution No. 1

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

**FIRST READING AND REFERENCE OF SENATE BILLS**

The following resolution was read:

**Senate Concurrent Resolution No. 1**—Relative to approving amendments to the charter of the City of Piedmont, a municipal corporation in the County of Alameda, State of California, voted for and ratified by the qualified electors of said city at a regular municipal election held therein on the eleventh day of April, 1950.

Referred to Committee on Rules.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Concurrent Resolution No. 2

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

**FIRST READING AND REFERENCE OF SENATE BILLS (RESUMED)**

The following resolution was read:

**Senate Concurrent Resolution No. 2**—Relative to approving amendments to the charter of the City of San Leandro, a municipal corporation in the County of Alameda, State of California, voted for and ratified by the qualified electors of said city at a municipal election held therein on the fourth day of April, 1950.

Referred to Committee on Rules.

**REPORTS OF STANDING COMMITTEES****Committee on Rules**

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred:

Senate Concurrent Resolution No. 1

Senate Concurrent Resolution No. 2

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKEY, Chairman

**CONSIDERATION OF SENATE CONCURRENT RESOLUTION NO. 1  
(BY UNANIMOUS CONSENT)**

**Senate Concurrent Resolution No. 1**—Relative to approving amendments to the charter of the City of Piedmont, a municipal corporation in the County of Alameda, State of California, voted for and ratified by the qualified electors of said city at a regular municipal election held therein on the eleventh day of April, 1950.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Anderson, Berry, Brady, Brown, Burke, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Grant, Grunsky, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Luckel, Maloney, McCarthv, McMillan, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Silliman, Stanley, Thompson, Tomlinson, Waters, and Yorty—56.

**NOES**—None.

Resolution ordered transmitted to the Senate.

**CONSIDERATION OF SENATE CONCURRENT RESOLUTION NO. 2  
(BY UNANIMOUS CONSENT)**

**Senate Concurrent Resolution No. 2**—Relative to approving amendments to the charter of the City of San Leandro, a municipal corporation in the County of Alameda, State of California, voted for and ratified by the qualified electors of said city at a municipal election held therein on the fourth day of April, 1950.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Anderson, Berry, Brady, Brown, Burke, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Grant, Grunsky, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Luckel, Maloney, McCarthv, McMillan, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Silliman, Stanley, Thompson, Tomlinson, Waters, and Yorty—56.

**NOES**—None.

Resolution ordered transmitted to the Senate.

**REPORTS OF STANDING COMMITTEES**

**Committee on Rules**

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

**MR. SPEAKER:** Your Committee on Rules, to which was referred:

Assembly Concurrent Resolution No. 8

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKY, Chairman

Above reported resolution ordered engrossed.

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred:

House Resolution No. 17

House Resolution No. 23

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKEY, Chairman

Above reported resolutions ordered on file for adoption.

#### Committee on Judiciary

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER: Your Committee on Judiciary, to which was referred:

Assembly Bill No 25

Has had the same under consideration, and reports the same back with amendments with the recommendation: Amend, and do pass, as amended.

BROWN, Chairman

Above reported bill ordered to second reading.

### SECOND READING OF ASSEMBLY BILLS (RESUMED) (BY UNANIMOUS CONSENT)

**Assembly Bill No. 25**—An act to amend Sections 1, 2, 3, 7, 8, 9, and 10, and to repeal Section 15, of the Sabotage Prevention Act, relating to unlawful entries on, injuries to, and interference with, property, and unlawful entries on closed streets, declaring the urgency thereof, to take effect immediately.

Bill read second time.

#### Consideration of Committee Amendments

The following amendments were proposed by the Committee on Judiciary:

##### Amendment No. 1

Strike out lines 1 to 4, inclusive, of the title of the printed bill, and insert

"An act to protect property by making criminal certain unlawful entries on, injuries to and interference with, property, authorizing the closing of streets, and to provide penalties for the violation thereof, declaring".

##### Amendment No. 2

On page 1 of said bill, strike out lines 1 to 17, inclusive; and strike out pages 2 to 5, inclusive, and insert

"SECTION 1. As used in this act:

"Highway" includes any private or public street, way or other place used for travel to or from property.

"Highway commissioners" means any board or other body having authority under then existing law to discontinue the use of the highway which it is desired to restrict or close to public use and travel.

"Public utility" includes any pipe line, gas, electric, heat, water, sewer, telephone, telegraph, radio, television, railway, railroad, airplane, transportation, communication or other system, by whomsoever owned or operated for public use.

"War" means: (a) whenever Congress has declared war and peace has not been formally restored; (b) whenever the United States is engaged in active military operations against any foreign power, whether or not war has been formally declared; or (c) whenever the United States is assisting the United Nations, in actions involving the use of armed force, to restore international peace and security.

SEC. 2 Whoever intentionally destroys, impairs, injures, interferes or tampers with real or personal property with reasonable grounds to believe that such act will hinder, delay or interfere with the preparation of the United States or of any of the

states for defense or for war, or with the prosecution of war by the United States, or with the rendering of assistance by the United States to any other nation in connection with that nation's defense, shall be punished by death or imprisonment in the state prison for life, at the discretion of the jury trying the case, or at the discretion of the court where a jury does not try the case, in cases where the death of, or great bodily injury to, any person is caused by such act; and shall be punished by imprisonment in the state prison for not more than 20 years, or by a fine of not more than ten thousand dollars (\$10,000), or both, in cases where the death of, or great bodily injury to, any person is not thereby caused, except that if such person so acts with the intent to hinder, delay or interfere with the preparation of the United States or of any of the states for defense or for war, or with the prosecution of war by the United States, or with the rendering of assistance by the United States to any other nation in connection with that nation's defense, the minimum punishment shall be imprisonment in the state prison for not less than one year, nor more than 20 years, or by a fine of not more than ten thousand dollars (\$10,000), or both.

SEC. 3. Whoever intentionally and maliciously makes or causes to be made or intentionally and maliciously omits to note on inspection any defect in any article or thing with reasonable grounds to believe that such article or thing is intended to be used in connection with the preparation of the United States or any of the states for defense or for war, or for the prosecution of war by the United States, or with the rendering of assistance by the United States to any other nation in connection with that nation's defense, or that such article or thing is one of a number of similar articles or things, some of which are intended so to be used, shall be punished by death or imprisonment in the state prison for life, at the discretion of the jury trying the case, or at the discretion of the court where a jury does not try the case, in cases where the death of, or great bodily injury to, any person is caused by such act or failure to act; and shall be punished by imprisonment in the state prison for not more than 20 years, or a fine of not more than ten thousand dollars (\$10,000), or both, in cases where the death of, or great bodily injury to, any person is not thereby caused, except that if such person so acts or so fails to act with the intent to hinder, delay or interfere with the preparation of the United States or of any of the states for defense or for war, or with the prosecution of war by the United States, or with the rendering of assistance by the United States to any other nation in connection with that nation's defense, the minimum punishment shall be imprisonment in the state prison for not less than one year, nor more than 20 years, or by a fine of not more than ten thousand dollars (\$10,000), or both.

SEC. 4. Whoever attempts to commit any of the crimes defined by this act shall be liable to one-half the punishment prescribed for the completed crime. In addition to the acts which constitute an attempt to commit a crime under the law of this State, the solicitation or incitement of another to commit any of the crimes defined by this act not followed by the commission of the crime, the collection or assemblage of any materials with the intent that the same are to be used then or at a later time in the commission of such crime, or the entry, with or without permission, of a building, enclosure or other premises of another with the intent to commit any such crime therein or thereon shall constitute an attempt to commit such crime.

SEC. 5. If two or more persons conspire to commit any crime defined by this act, each of such persons is guilty of conspiracy and subject to the same punishment as if he had committed the crime which he conspired to commit, whether or not any act be done in furtherance of the conspiracy. It shall not constitute any defense or ground of suspension of judgment, sentence or punishment on behalf of any person prosecuted under this section, that any of his fellow conspirators has been acquitted, has not been arrested or convicted, is not amenable to justice or has been pardoned or otherwise discharged before or after conviction.

SEC. 6. No person shall be excused from attending and testifying, or producing any books, papers, or other documents before any court, magistrate, referee or grand jury upon any investigation, proceeding or trial, for or relating to or concerned with a violation of any section of this act or attempt to commit such violation, upon the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him by the State may tend to convict him of a crime or to subject him to a penalty or forfeiture; but no person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter or thing concerning which he may so testify or produce evidence, documentary or otherwise, and no testimony so given or produced shall be received against him, upon any criminal investigation, proceeding or trial, except upon a prosecution for perjury or contempt of court based upon the giving or producing of such testimony.

SEC. 7. Any individual, partnership, association, corporation, municipal corporation or state or any political subdivision thereof engaged in, or preparing to engage in, the manufacture, transportation or storage of any product to be used in the preparation of the United States or of any of the states for defense or for war or in the

prosecution of war by the United States, or in the rendering of assistance by the United States to any other nation in connection with that nation's defense or the manufacture, transportation, distribution or storage of gas, oil, coal, electricity or water, or any of said natural or artificial persons operating any public utility, whose property, except where it fronts on water or where there are entrances for railway cars, vehicles, persons or things, is surrounded by a fence or wall, or a fence or wall and buildings, may post around his or its property at each gate, entrance, dock or railway entrance and every 100 feet of water front a sign reading "No Entry Without Permission." Whoever without permission of such owner shall wilfully enter upon premises so posted is guilty of a misdemeanor punishable by imprisonment in the county jail not exceeding six months, or by a fine not exceeding five hundred dollars (\$500), or both.

SEC. 8. Any peace officer or any person employed as watchman, guard, or in a supervisory capacity on premises posted as provided in Section 7 may stop any person found on any premises to which entry without permission is forbidden by Section 7 and may detain him for the purpose of demanding, and may demand, of him his name, address and business in such place. If said peace officer or employee has reason to believe from the answers of the person so interrogated that such person has no right to be in such place, said peace officer or employee may arrest such person without a warrant on the charge of violating the provisions of Section 7.

SEC. 9. Any individual, partnership, association, corporation, municipal corporation or state or any political subdivision thereof engaged in on preparing to engage in the manufacture, transportation or storage of any product to be used in the preparation of the United States or any of the states for defense or for war or in the prosecution of war by the United States or in the rendering of assistance by the United States to any other nation in connection with that nation's defense, or in the manufacture, transportation, distribution or storage of gas, oil, coal, electricity or water, or any of said natural or artificial persons operating any public utility, who has property so used which he or it believes will be endangered if public use and travel is not restricted or prohibited on one or more highways or parts thereof upon which such property abuts, may petition the highway commissioners of any city, town or county to close to public use and travel or to restrict the use of and travel upon such parts of said abutting highway or highways as lie within a distance of 150 feet or less of said property. Upon receipt of such petition, the highway commissioners shall set a day for hearing and give notice thereof by publication in a newspaper having general circulation in the city, town or county in which such property is located, such notice to be at least seven days prior to the date set for hearing. If after hearing the highway commissioners determine that the public safety and the safety of the property of the petitioner so require, they shall by suitable order close to public use and travel or reasonably restrict the use of and travel upon such parts of said abutting highway or highways as lie within a distance of 150 feet or less of said property and as they deem necessary for the public safety and the safety of the property; provided, the highway commissioners may issue written permits to travel over the highways so closed or restricted to responsible and reputable persons for such term, under such conditions and in such form as said commissioners may prescribe. Appropriate notices in letters at least three inches high shall be posted conspicuously at each end of any highway so closed or restricted by such order. The highway commissioners may at any time revoke or modify any order so made.

SEC. 10. Whoever violates any order made under Section 9 is guilty of a misdemeanor punishable by imprisonment in the county jail not exceeding six months, or by a fine not exceeding five hundred dollars (\$500), or both.

SEC. 11. Nothing in this act shall be construed to impair, curtail or destroy the rights of employees and their representatives to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in concerted activities, for the purpose of collective bargaining or other mutual aid or protection. Nor shall anything in this act be construed to impair, curtail or destroy the rights of employees, former employees and their representatives to strike.

SEC. 12. If any provision of this act or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

SEC. 13. This act may be cited as the Sabotage Prevention Act of 1950.

SEC. 14. If conduct prohibited by this act is also made unlawful by another law or other laws, the offender may be convicted for the violation of this act or of such other law or laws.



SEC. 15. This act is an urgency measure necessary for the immediate preservation of the public peace, health or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting such necessity are:

An emergency exists in the United States and the State of California in providing adequate armies and facilities for defense and war. There is an urgent need for the full capacity of factories, warehouses and transportation in order to effect the rapid rearmament of the Nation, and any injury or damage to these facilities would seriously affect the security of the United States and the State of California. Various persons and organizations, individually and collectively, are actively at work in this State, the United States and throughout the world in an endeavor to undermine, destroy and overthrow by force and violence and other criminal means the democratic form of government wherever it exists and as a means to that end to cripple and impair our factories, warehouses and transportation facilities. The Sabotage Prevention Act of 1941 was enacted to meet such dangers. However, doubt exists as to whether that act is now in effect. Defects and weaknesses in that act have been discovered since its enactment. This 1950 act will remove such doubt and correct the defects and weaknesses by re-enacting the Sabotage Prevention Act of 1941 with the necessary changes, and it is therefore necessary that this act take effect immediately."

Amendments read, and adopted.

Bill ordered reprinted, and engrossed.

**NAMES ADDED TO HOUSE RESOLUTION NO. 23 AS CO-AUTHORS  
BY UNANIMOUS CONSENT**

By unanimous consent, the names of Messrs. Sam L. Collins, Stewart, Maloney, and Dickey, were ordered placed upon House Resolution No. 23 as co-authors.

**CONSIDERATION OF HOUSE RESOLUTION NO. 23**

By Messrs. Reagan, Sam L. Collins, Stewart, Maloney, and Dickey :

**House Resolution No. 23**

Relative to the passing of Arthur P. Will

WHEREAS, The Members of the Assembly have learned with sorrow and regret of the passing of Arthur P. Will at his home in Altadena on August 26, 1950

Arthur P. Will was the first Legislative Counsel of the State of California, serving the Legislature in that capacity in 1914 until 1920, and later serving as Special Consultant to the Legislative Counsel from 1935 to 1943. His outstanding legal ability, his devotion to duty, and his high standard of public service justly merited the high regard in which he was held by all who knew him and his work.

Arthur P. Will was born at Walter's Falls, Ontario, Canada, in 1868 and attended law school at the University of Michigan where he received the degrees of Bachelor of Laws and Master of Laws.

During his long and successful career as an attorney-at-law, Arthur P. Will was admitted to the Bar in the states of Michigan, New York, and California. He lectured on law at the University of Minnesota and the University of Southern California and was the editor or author of several legal works. He served as referee of the Superior Court for Los Angeles County from 1920 to 1933.

Although Arthur P. Will has passed from our presence to that of the Great Divine, the memory of him shall always remain as an inspiration and guide for all who were privileged to know him; now, therefore, be it

*Resolved by the Assembly of the State of California.* That the Members of the Assembly express their deepest sorrow to Mrs. Flora Maude Will, wife of the late Arthur P. Will, and to their sons, Arthur Joseph and Percival Drake Will, in the loss of a good husband and devoted father and an outstanding citizen of the State of California; and be it further

*Resolved.* That when the Assembly adjourns this day it do so in respect to the memory of Arthur P. Will; and be it further

*Resolved.* That the Chief Clerk of the Assembly transmit a suitably prepared copy of this resolution to Mrs. Flora Maude Will.

Resolution read, and adopted unanimously.

**REQUEST FOR UNANIMOUS CONSENT TO STRIKE HOUSE  
RESOLUTION NO. 17 FROM FILE**

Mr. Dickey asked for, and was granted, unanimous consent that House Resolution No. 17 be ordered stricken from the file.

**RESOLUTIONS**

The following resolution was offered :

By Mr. Brady :

**House Resolution No. 26**

Relative to the printing of additional copies of the Report of Assembly  
Relief Investigating Committee

*Resolved by the Assembly of the State of California*, That the Chief Clerk of the Assembly be directed to have printed for distribution to and by the Members of the Assembly, 10,000 copies of the Report of Assembly Relief Investigating Committee made to the Assembly at its Fifty-third (Extraordinary) Session.

Resolution read, and ordered referred to the Committee on Rules.

**INTRODUCTION, FIRST READING, AND REFERENCE  
OF ASSEMBLY BILLS (RESUMED)**

The following bills were introduced, and read the first time :

**Assembly Bill No. 63:** By Mr. Stanley—An act relating to institutions under the control of the Department of Mental Hygiene, declaring the urgency thereof to take effect immediately.

Referred to Committee on Ways and Means.

**Assembly Bill No. 64:** By Mr. Stanley—An act relating to institutions under the control of the Department of Mental Hygiene and the use of money appropriated therefor, declaring the urgency of this act, to take effect immediately.

Referred to Committee on Ways and Means.

**REPORTS OF STANDING COMMITTEES**

**Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined :

Assembly Bill No. 45

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered re-referred to the Committee on Social Welfare.

**Committee on Rules**

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred :

House Resolution No. 25

Has had the same under consideration, and reports the same back with the recommendation: Be adopted, as amended.

DICKEY, Chairman

**CONSIDERATION OF HOUSE RESOLUTION NO. 25**

By Mr. Cooke:

**House Resolution No. 25**

Relative to commending the Lions Club of Meiners Oaks for completing the building of a cafeteria for the Meiners Oaks School District

WHEREAS, In the course of human relations there may come a time when an entire community becomes obligated to some of its citizens for a service which is far above the duty of every person to promote and contribute to the welfare of his community; and

WHEREAS, The Lions Club of Meiners Oaks has so served the Meiners School District by taking upon itself the responsibility of completing the building of a cafeteria at the Meiners Oaks Elementary School, which was halted by a lack of funds, and further, by assuming the entire cost thereof; and

WHEREAS, Such a noble act benefits the Meiners Oaks School District and the State of California as well, it should be recognized by this Assembly as a service to the citizens and taxpayers of this State, and commended as a great public service; now, therefore, be it

*Resolved by the Assembly of the State of California*, That this Assembly commends the Lions Club of Meiners Oaks for its generous and unselfish service to the Meiners School District and to the people of the State of California; and be it further

*Resolved*, That the Chief Clerk of the Assembly prepare and forward a suitably engrossed copy of this resolution to the Lions Club of Meiners Oaks, California.

Resolution read.

**Consideration of Committee Amendments**

The following amendments were proposed by the Committee on Rules:

**Amendment No. 1**

In paragraph 2, line 2, of the resolution as typed, after "Meiners", insert "Oaks".

**Amendment No. 2**

In the resolution as typed, on page 2, first line, after "Meiners", insert "Oaks".

**Amendment No. 3**

In the resolution as typed, on page 2, paragraph 2, strike out "suitably engrossed", and insert "suitably prepared".

Amendments read, and adopted.

**Consideration of House Resolution No. 25, as Amended**

By Mr. Cooke:

**House Resolution No. 25**

Relative to commending the Lions Club of Meiners Oaks for completing the building of a cafeteria for the Meiners Oaks School District

WHEREAS, In the course of human relations there may come a time when an entire community becomes obligated to some of its citizens for a service which is far above the duty of every person to promote and contribute to the welfare of his community; and

WHEREAS, The Lions Club of Meiners Oaks has so served the Meiners Oaks School District by taking upon itself the responsibility of completing the building of a cafeteria at the Meiners Oaks Elementary School, which was halted by a lack of funds, and further, by assuming the entire cost thereof; and

WHEREAS, Such a noble act benefits the Meiners Oaks School District and the State of California as well, it should be recognized by this Assembly as a service to the citizens and taxpayers of this State, and commended as a great public service; now, therefore, be it

*Resolved by the Assembly of the State of California*, That this Assembly commends the Lions Club of Meiners Oaks for its generous and unselfish service to the Meiners Oaks School District and to the people of the State of California; and be it further

*Resolved*, That the Chief Clerk of the Assembly prepare and forward a suitably prepared copy of this resolution to the Lions Club of Meiners Oaks, California.

Resolution read, as amended, and adopted.

**REPORTS OF STANDING COMMITTEES****Committee on Social Welfare**

ASSEMBLY CHAMBER, SACRAMENTO, September 22, 1950

**MR. SPEAKER:** Your Committee on Social Welfare, to which was referred:

Assembly Bill No. 45

Has had the same under consideration, and reports the same back with the recommendation: Do pass, and be re-referred to Committee on Ways and Means

NIEHOUSE, Chairman

Above reported bill ordered re-referred to the Committee on Ways and Means.

# **A SECOND PRELIMINARY REPORT ON WORKMEN'S COMPENSATION INSURANCE**

by the

**ASSEMBLY INTERIM COMMITTEE ON  
FINANCE AND INSURANCE  
H. R. 239, 1949 Session**

**MEMBERS OF THE COMMITTEE**

**ERNEST R. GEDDES, *Chairman***

**RICHARD J. DOLWIG**

**JULIAN BECK**

**BERNARD R. BRADY**

**THOMAS J. DOYLE**

**FRANCIS DUNN, JR.**

**DONALD I. GRUNSKY**

**HAROLD K. LEVERING**

**GLENARD P. LIPSCOMB**

**THOMAS A. MALONEY**

**CHARLES W. MEYERS**

**G. DELBERT MORRIS**

**ROBERT L. CONDON**

**HARRY HOWARD, *Executive Secretary***

## **Letter of Transmittal to the Speaker of the Assembly**

**HONORABLE SAM L. COLLINS**

*Speaker of the Assembly*

*California Legislature*

MR. SPEAKER: Your Interim Committee on Finance and Insurance, created by House Resolution 239 of the 1949 Regular Session, has already filed at this Third Extraordinary Session of 1950 a report on Unemployment Problems and Unemployment Insurance, as printed in the Assembly Journal for September 21, 1950, of this session.

As chairman of the committee and under the authority conferred by H. R. 239 of the 1949 Session, I herewith transmit to you, to the members of the committee, and to the Legislature this Second Preliminary Report on Workmen's Compensation.

This report, consisting of information useful as a background in studying the problems of Workmen's Compensation in California, consists of:

- (a) A summation of the matters brought before your committee in the dispute between segments of the Insurance Industry and the California State Compensation Insurance Fund.
- (b) Documents related to the subject under discussion.
- (c) A summary of Workmen's Compensation Insurance and Safety Laws in California.
- (d) An extract from the publication entitled "Government Insurance in the United States," which bears on the subject of this report.

The transcripts of hearings, exhibits, etc., if published in full, would make this report too long to be published in the Journal and not add materially to the information which can be herein obtained.

(Signed)

**ERNEST R. GEDDES, *Chairman***  
**Assembly Interim Committee**  
**on Finance and Insurance**

**SUMMATION OF MATTERS BROUGHT BEFORE THE ASSEMBLY  
INTERIM COMMITTEE ON FINANCE AND INSURANCE**

**In Relation to the Dispute Between Segments of the Insurance  
Industry and the California State Compensation  
Insurance Fund**

Although several hundreds of pages of transcript make up the material relating to the dispute between Insurance Agents and Brokers, charging the California State Compensation Insurance Fund with encroachment on the field of private enterprise, the material culled from the mass and presented here gives the gist of the matter as it stands today.

It will be remembered that at the Sacramento hearing on this matter, which is reported in the Assembly Journal for March 21, 1950, (page 311) Mr. Stewart Walsh, speaking for the insurance producers, furnished this committee with a series of questions to be directed to the State Fund.

The State Fund in a subsequent brief replied to the questions and again recently filed a supplemental statement on September 11, 1950. In this latter document, which is copied herein, a good job of summation has been done. Since the complainant's charges and questions still unanswered to date are repeated, answered and discussed, there would be little purpose to quote the material presented in the time intervening.

However, in order to afford a fair chance to those making the complaint, we first introduce a Resolution of the Society of Insurance Brokers and the letter which accompanied it, directed to the chairman of this committee,

**RESOLUTION OF SOCIETY OF INSURANCE BROKERS**

SOCIETY OF INSURANCE BROKERS

216 Pine Street, San Francisco

April 4, 1950

HON. ERNEST R. GEDDES, *Chairman*

*Assembly Interim Committee on Finance and Insurance*

*Room 527—Investment Building, Pomona, California*

DEAR SIR: For your information, we enclose herewith copy of a resolution adopted by the Governing Committee of the Society of Insurance Brokers, on March 16, 1950, in regard to hearings being held by your committee concerning the activities and procedures of the State Compensation Insurance Fund.

Yours very truly,

SOCIETY OF INSURANCE BROKERS

By B. D. SANBORN, Secretary-Treasurer

SOCIETY OF INSURANCE BROKERS

March 16, 1950

WHEREAS, An Interim Committee of the California Assembly Committee on Finance and Insurance is holding hearings for the purpose of investigating certain activities and procedures of the State Compensation Insurance Fund; and

WHEREAS, This society and its members are opposed to the intrusion of governmental agencies in the business of insurance, or other business enterprise of any form, in which private enterprise can afford adequate and proper service at a fair cost to the public in general, and to commercial and industrial organizations in particular; and

WHEREAS, It is the long standing and well-established opinion of this society and its members, as the result of the extended activities of such members as insurance producers in all fields of insurance in this State, that private insurers provide, and always have provided adequate and proper insurance coverage in the field of workmen's compensation insurance at a reasonable cost, and have otherwise discharged their obligation with integrity; and

WHEREAS, According to the Insurance Code of the State of California, the State Compensation Insurance Fund is required to become fairly competitive with other insurance carriers and neither more nor less than self-supporting, (and it was, therefore, not intended that it should be permanently subsidized by taxpayers of the State of California), it is the belief of this society that this requirement cannot be fulfilled unless the additional costs to the State of California incurred by the reason of the existence and operation of the State Compensation Insurance Fund by the State of California are included in the operating or administrative expenses of the State Compensation Insurance Fund; and, therefore, it is proper for the Interim Committee on Finance and Insurance, in the interest of the general taxpaying public as well as the insurance industry (an industry which paid into the treasury of the State of California premium taxes of over \$24,000,000 in the year 1949), to inquire into and determine whether the State Compensation Insurance Fund has been charged with the true value of services rendered by the other state agencies, such as the Attorney General's Office, Industrial Accident Commission, the State Treasurer, the Department of Finance, the Legislature and legislative committees, etc., and the fair market value of rent, telephone service, printing, supplies, automobile operation, etc., and, if necessary, to initiate action to the end that this type of expense, which is an expense necessarily incurred by a competing private carrier, may be made a charge against the State Compensation Insurance Fund, and the taxpayers relieved of the burden of indirectly subsidizing the State Compensation Insurance Fund for the benefit of certain favored policyholders; and

WHEREAS, This society believes that as a matter of public interest the financial procedures of the fund, including its dividend schedules and allocations thereof of policyholders, should be open to public inspection in the same manner as other public or quasi public financial transactions, and it should be definitely established that there have been and are no discriminatory practices in regard to the calculation or payment of such dividends; now, therefore, be it

*Resolved*, That this society present to the interim committee its objections to the intrusion of any governmental agency into any form of insurance for which private insurers provide adequate and proper coverage; and furthermore, that the State Compensation Insurance Fund finances become subject to public review; and finally that this society endorse the investigation now in progress as a timely and valuable service to the people of the State of California.

**A BRIEF OF COMPLAINT FILED BY THE CALIFORNIA ASSOCIATION OF INSURANCE AGENTS, INSURANCE BROKERS EXCHANGE OF CALIFORNIA AND INSURANCE BROKERS SOCIETY OF SOUTHERN CALIFORNIA**

Also expressing the position of the complaining members of the insurance industry is their brief of May 4, 1950, also answered by the State Fund. The subject brief follows:

May 4, 1950

HON. ERNEST R. GEDDES, *Chairman*  
*And Members of the Assembly Interim Committee on*  
*Finance and Insurance*  
*Sacramento, California*

GENTLEMEN: In the original statement submitted to your committee by the insurance producers' groups on February 10, 1950, it was suggested that a thorough study of the policies and operations of the State Compensation Insurance Fund might be appropriately undertaken by your committee, no public inquiry of this sort having been made since the fund was originally established by the Boynton Act of 1913.

Since offering that suggestion we have had an opportunity to review the informative statement which the management of the fund presented to your committee under date of February 10th, together with the statements submitted by the Insurance Commissioner, the Director of Industrial Relations, and the Director of Finance. We have also reviewed the supplementary statement submitted by the fund management in answer to the specific questions which we raised at the hearing at Sacramento on February 20th.

We feel that these statements clearly indicate the need for the sort of study that has been suggested. They show that the fund is unique among California state agencies in conducting a large-scale competitive business enterprise. They show that the fund regards private companies in the compensation insurance field as operating by special favor of the State rather than by a basic concept of private enterprise. They show that the fund enjoys what appear to be important cost and revenue advantages which are inherent in its status as a public agency and are not available to private companies.

Therefore it seems important that a study of the fund's operations should include a careful review of the fund's relationships to private insurance carriers, and particularly the intent and application of the phrase "fairly competitive" which occurs in the text of the original act by which the fund was created.

The interpretation of this phrase is discussed by the management of the fund at several points in the statement submitted to your committee on February 10th.

On page 168 of the Assembly Daily Journal for March 21, 1950, in which that statement is printed, the following paragraphs appear:

"Workmen's compensation insurance is not a type of service to the employer created by private enterprise. On the contrary, this member of the insurance family, never existing in California prior to 1911, in this year was born and commenced to grow. The California Legislature created it, and imposed \* \* \* the obligation to obtain such insurance.



“The fund was created to serve private enterprise and its entire success is due to the efficiency with which it has carried out this purpose. Can anyone claim that the Legislature invades the field of private enterprise when it makes this tax on industry available to its citizens at cost?

“Individual enterprise means, we suggest, the private creating of commodities and services, and the distribution of such privately created commodities and services, as free as possible from government restriction. We do not believe it ever meant that individual entrepreneurs have a traditional and exclusive right to create, at a profit, and to distribute at a profit a commodity or a service which the State **compels** its citizens to buy. Workmen’s compensation insurance is a state-created enterprise. Insurance coverage is compulsory. The State makes it so.”

We believe it is proper to point out that the State and its political subdivisions have “created” and compelled many other types of expenditure besides compensation insurance. Our state and local codes are filled with requirements for building materials, health and safety devices, equipment, and many other things and services which presumably would not otherwise be purchased, but the State, which has “created” the market and compelled the use, does not undertake to provide these goods or services at cost. They must be bought from private sources which furnish them at a profit.

Likewise the State relies upon private profit-making enterprise to build its roads and public buildings, to furnish its trucks and other vehicles, to operate concessions in its parks, and to do countless other things which the functions of government require. Labor and business groups have been watchful to restrain the State Department of Public Works from any large-scale employment of day labor, and to prevent the State’s corrective institutions from selling products in competition with private enterprise.

Properly speaking, there is no such thing as a “state-created enterprise” under the American system of government. The enterprises mentioned above are created by economic and social growth, and the State administers or regulates them as public interest demands. Compensation insurance was not “created” by the State; it was a product of industrial and social progress to which the State gave recognition.

Properly speaking again, compensation insurance is not a “tax on industry,” as the fund’s statement calls it, but a necessary expense like heat, light, or protective devices, all of which are required by law in various types of business. Compensation insurance premiums could only be confused with taxes if they were required in all cases to be paid to the State.

The State Legislature of California has from time to time enacted statutes giving protection, encouragement, or support to sundry types of private enterprise when it appeared that the public interest would be served thereby. But the Legislature has been consistently reluctant to create public agencies which would put the State itself into direct large-scale competition with private business activities. The State Compensation Insurance Fund is in fact the only agency of the State that can be so described.

We do not doubt that there was a need for the fund when it was established, or that it performs a useful service today. But we believe that the fund was set up on a competitive basis because the Legislature felt that compensation insurance, like other "state-created" business, was a perfectly proper field for private enterprise.

In a footnote on page 162 of the Assembly Journal for March 21st, following a discussion by the fund management of its competitive position, these sentences occur:

"In interpreting this language ('fairly competitive') the reader should bear in mind that the clause was written before enactment of a minimum rate statute, and the words properly mean, we submit, that after a reasonable time during which it might establish a business, the fund should adopt rates which would be fairly competitive with the rates of other insurance carriers. \* \* \* The suggested meaning is strengthened by the next clause of the section, declaring 'it is the intent of the Legislature that said fund shall ultimately become neither more or less than self-supporting'."

It is probably unnecessary to point out that rates are only one of the important factors in the competitive economic picture. For example, as the fund management doubtless knows, the National Association of Insurance Commissioners is presently sponsoring a model unfair trade practices act (introduced in the last regular session of the California Legislature as Senate Bill No. 1285) which covers many aspects of competition, **not including rates.**

Among the factors in the competitive position of insurance carriers are operating revenues and costs. We submit that the State Fund is not "fairly competitive" with private carriers if it enjoys cost and revenue advantages by reason of its public status that no private carriers are able to share. From the statements presented to your committee by the fund and the Department of Finance it appears that the funds does enjoy such advantages, which may be discussed briefly as follows:

**1. The fund pays no federal income taxes.** These taxes fall in varying degree on different types of private carriers. In the case of reciprocal and mutual carriers, which are least burdened, federal income taxes are about 1 percent of gross business. If the fund had paid this tax for 1949 it would have been about a quarter of a million dollars.

**2. The fund pays no federal excise taxes.** On the rail and bus fares of its field staff, as well as on telephone and telegraph communications, the fund enjoys an exemption from federal excise taxes of 15 percent. On the purchase of equipment and supplies subject to other federal excise taxes the fund is likewise exempt.

**3. The fund pays no state or local real estate tax.** While a private carrier may deduct from the gross premium tax (which the State Fund does pay) only the real estate taxes on its home office, the fund can establish branch offices throughout the State on which no real estate taxes will be assessed. We are advised that the fund has purchased property on which it proposes to erect a 50,000 square foot, three-story office building in Los Angeles. The lot and the building will presumably be tax-free.

The fund in its statements to your committee has referred to these tax exemptions as being trivial. Considered singly they might be so described, but we submit that their combined total appears to represent a substantial advantage which the fund as a government agency enjoys. If an objective study of the fund's operations bears out this view, then your committee might consider whether corrective legislation is desirable.

As the management of the fund has pointed out, Section 12264 of the Revenue and Taxation Code enacted in 1943 provides that the fund shall pay an equivalent of the gross premium tax which is assessed against private carriers. This step was taken, according to the fund management's statement to your committee, "with intent to fully equalize the tax obligation of the fund with the obligation of other workmen's compensation insurers." If a study shows that the respective tax obligations have not been fully equalized, it would seem proper to recommend the further step of requiring payment to the State's General Fund of an amount equal to the sum of the state and federal taxes that would be incurred by the State Compensation Insurance Fund if it were operating without tax exemption.

**4. The State Fund enjoys exclusively the privilege of insuring political subdivisions**—cities, counties, and districts of all kinds—and therefore operates noncompetitively in a very large field. While the rates in this field are set by the Inspection Rating Bureau, no objective study has ever been made to determine whether these rates are fairly applied or how the costs of writing and servicing these policies differ from costs in the competitive portion of the fund's operations. A thorough study would show whether the fund is in effect more than self-supporting in its business with political subdivisions, and whether it is thus able to apply extra earnings in that field to increase its total dividend payments.

Furthermore we feel that your committee should examine the basis for the fund's exclusive right to this public business, for the purpose of determining whether that privilege should be longer continued. In this field there is no "state created" or compulsory market, for all political subdivisions may be self-insurers. We submit that if cities, counties, or districts choose to purchase compensation insurance there is no special reason for compelling them to buy it from the State Fund. The fund management in its statement to your committee has said that the removal of its exclusive privilege in this field would throw the workmen's compensation insurance business of public agencies into the political arena. In view of the fact that public agencies purchase practically everything else in the "political arena" we see no merit in that argument. There appears to be no more reason for restricting public agencies to buying their compensation insurance from the State Fund than there would be for requiring them to buy traffic lights, parking meters, road equipment, or fire trucks from some designated state agency.

We believe that this exclusive privilege was originally granted to the State Fund in order to help it get established, and that having served this purpose there is no justification in public policy for continuing this portion of the fund's activity on an exclusive and non-competitive basis.

It seems evident that only a thorough and objective analysis of the fund's internal operations can provide a basis for reaching sound conclusions on the points herein discussed, and for the formulation of any

legislative measures that would appear to be desirable. Such an analysis might be undertaken, at the request of your committee, by the State Department of Finance, but since their examinations of the fund's records have never gone into any details of insurance procedure, it might be preferred that the analysis be made by a firm of certified public accountants familiar with the insurance field. We have been advised by the California Society of Certified Public Accountants that they would be glad to assist your committee, if called upon, by indicating qualified members of their group who would undertake such an analysis on a special minimum cost basis.

We should like to emphasize again that we are not advocating any steps which would "curtail the fund's right to serve California employers and their injured workers in the compensation insurance field." We are advocating only such action as appears to be in the public interest, and which will enable the fund as well as other compensation insurance carriers and representatives to better serve the public interest.

#### SUMMARY

In conclusion, our views as here set forth may be summarized as follows:

1. We feel that your committee has already performed a useful service to the public by securing and placing on record the statements presented by the Insurance Commissioner, the Director of Industrial Relations, the Director of Finance, the State Controller, and the management of the State Fund.

2. We feel that these statements, while disclosing a great deal of pertinent information, clearly indicate the need for a thorough and objective study of the fund's policies and operations, with particular regard to its competitive relationships.

3. We feel that in suggesting such a study there is no reflection upon the success or soundness of the fund, especially since it has not been subjected to any public review since its inception 36 years ago.

We shall be prepared to discuss any of these matters in further detail at the scheduled hearing of your committee in San Francisco May 11th-12th, if your committee so desires.

Respectfully submitted,

STUART PARRY WALSH, *Economic Counsel for*

CALIFORNIA ASSOCIATION OF INSURANCE AGENTS

Harold E. Barnhart, President

INSURANCE BROKERS EXCHANGE OF CALIFORNIA

Walter P. Simi, President

INSURANCE BROKERS SOCIETY OF SOUTHERN CALIFORNIA

Thomas A. Ashbrook, President

**REPLY OF STATE COMPENSATION INSURANCE FUND  
TO CHARGES OF AGENTS AND BROKERS**

Here follows the Reply of the State Compensation Insurance Fund to the Complainants of the Insurance Agents and Brokers.

**SECOND SUPPLEMENTAL STATEMENT IN PROCEEDINGS BEFORE THE  
INTERIM COMMITTEE ON FINANCE AND INSURANCE  
OF THE LEGISLATURE OF THE STATE OF CALIFORNIA  
INQUIRING INTO THE FORMATION, OBJECTIVES, OPERATION AND  
CONDUCT OF THE  
STATE COMPENSATION INSURANCE FUND**

**STATE COMPENSATION INSURANCE FUND  
OF THE STATE OF CALIFORNIA**

450 McAllister Street  
San Francisco 1, California

September 11, 1950

HON. ERNEST R. GEDDES, *Chairman*

*Assembly Interim Committee*

*on Finance and Insurance*

*Assembly Chambers, State Capitol, Sacramento, California*

DEAR MR. GEDDES: I am enclosing herewith 14 copies of the State Compensation Insurance Fund's second supplemental statement in the proceedings before your committee initiated by the California Association of Insurance Agents, the Insurance Brokers Exchange of California and the Insurance Brokers Society of Southern California. We have mailed Mr. Stuart P. Walsh a copy of this statement

I wish again to express our willingness to provide to your committee such information as you may find needful for a fair disposition of your inquiry.

Very truly yours,

(Signed)

JOSEPH J. GALLAGHER, *Manager*

September 11, 1950

On May 11, 1950, your committee held its last inquiry into the formation, objectives, operation and conduct of the State Compensation Insurance Fund. During these proceedings you invited a reply to the statement by Mr. Stuart P. Walsh, dated May 4, 1950, filed on behalf of the California Association of Insurance Agents, Insurance Brokers Exchange of California, and Insurance Brokers Society of Southern California, and our comments on such portions of the transcript of the May 11th hearings as we believed required answer. This statement is submitted in response to your invitation.

**Certain Original Issues Now Excluded**

Presumably, the broker-agent critics of the State Compensation Insurance Fund have now completed their case, and therefore we should like first of all to exclude those matters which originally were but have now apparently ceased to be in issue.

You will recall that as early as November, 1949, serious charges were made in trade editorials and in news releases that the State Compensation

Insurance Fund was soliciting and acquiring business through deliberate misrepresentations, falsehoods, and reprehensible practices of every kind. This campaign of slander reached an irreducible low in a widely circulated, scurrilous letter relating to the State Compensation Insurance Fund and its operations, distributed under date of December 2, 1949.<sup>1</sup> When, therefore, on January 30, 1950, you asked me to make an opening presentation, and suggested that "since there has been such wide publicity given to the dissatisfactions expressed by the spokesmen for segments of the insurance industry, you probably will not pass up the opportunity to answer some of the charges and put things straight,"<sup>2</sup> I found it necessary to meet these charges head on. In retrospect, however, this possibly was unnecessary, for the complaints now made against the fund, and presented to your committee, exclude these slanders.

On February 10, 1950, the three complaining associations of insurance agents and brokers wrote you as follows: <sup>3</sup>

"Undoubtedly, points of criticism concerning competitive practices could be developed, not only with respect to the State Compensation Insurance Fund, but as to some and perhaps all private insurers. We mention this because of a feeling that inquiry merely on that subject would lead to recriminations and antagonisms which would not be helpful \* \* \*"

and again, on May 4, 1950:

"\* \* \* there is no reflection on the success or soundness of the fund \* \* \*." <sup>4</sup>

On May 11, 1950, before your committee, the representative of the complaining groups declared that, " \* \* \* we are not in any way meaning to imply that there is anything irregular or wrong or unlawful or in any way subject to criticism necessarily in the operations of the State Fund";<sup>5</sup> and again, "I have found nothing at all irregular—using your own language—irregular or wrong in the operation of the fund up to date. We have no complaints to present to your committee along that line."<sup>6</sup> Then, later in the transcript, we find this dialogue between Chairman Geddes and Mr. J. D. Rodgers, Vice President of Western States Insurance Brokers: <sup>7</sup>

"Chairman Geddes: Now, have you any instances of particular unfair competition?

"Mr. Rodgers: No, sir."

Then, as we proceed further in the transcript, we find this dialogue: <sup>8</sup>

"Mr. Maloney: \* \* \* These gentlemen \* \* \* stated this morning that there is nothing wrong or irregular with the fund.

"Mr. Levering: That's right, no one questions that."

Finally, Mr. Maloney again declares, " \* \* \* nobody has found any complaint with the fund \* \* \*."

<sup>1</sup> Filed as Fund's Exhibit No. 1. See Assembly Journal, March 21, 1950, page 190.

<sup>2</sup> Assembly Journal, March 21, 1950, page 205.

<sup>3</sup> Assembly Journal, March 21, 1950, page 260.

<sup>4</sup> Statement of May 4, 1950, page 9.

<sup>5</sup> Transcript, May 11, 1950, page 4.

<sup>6</sup> Transcript, May 11, 1950, page 6.

<sup>7</sup> Transcript, May 11, 1950, page 10.

<sup>8</sup> Transcript, May 11, 1950, page 52.

<sup>9</sup> Transcript, May 11, 1950, page 55.

I believe you will agree that no charge has been presented to your committee relating to misrepresentation, deceit, or reprehensible conduct on the part of the fund or its personnel, nor any charge of mismanagement or of irregularity—much less any evidence in substantiation thereof.

### **Real Parties In Interest Not Complaining**

Second, we should like to point out that those persons and groups who might be expected to be parties to this proceeding, if relief from this committee were indeed needed, have taken no part in it. No State Fund insured, nor indeed any employer, has presented himself as a witness before your committee to criticize the fund or to endorse the proposals which its antagonists advance. A representative of the California State Federation of Labor, Charles P. Scully, gave his views at the close of the last hearing. He said:<sup>10</sup>

“\* \* \* as I understood the original basis of the act, it was to protect the workers. \* \* \* The primary objective was to adequately compensate injured workmen, and to eliminate certain of their detriments \* \* \*. As I recall the Constitution, it provides that the basic objection” (we believe this should read “objective”). “is to afford adequate compensation at the lowest possible cost. \* \* \* as I understand the position of the brokers and agents \* \* \* there appears to be a hope of changing the Constitution by providing that the **least** benefits shall be provided at the **highest** cost. \* \* \* As I see it, it is a simple question. Namely, whether the State Fund can do a better job than we can. How can we hamstring them so that they cannot do as good a job? \* \* \* actually all it amounts to is an argument by the brokers that we cannot get a brokerage fee for placing business with the State Fund and some means or manner should be devised so that can be done. \* \* \* As I have listened today, frankly, it appears that private industry has stated that we cannot do as good a job as the State in affording benefits at the cheapest cost. \* \* \*. The purpose of the Constitutional Amendment was to afford protection. \* \* \* Yet the only argument—and it was frankly stated by the gentlemen today—they are each interested in nothing but evaluating the cost factor, and so what they are actually saying is to charge the employers more. Not so that you can get greater benefits, not so that you can get better service, because they concede that the State Fund is doing a good job, but that we can compete and get the business away from them. \* \* \* I think we are firmly opposed to that position. We think it is destructive in its essence \* \* \* when they come in on a purely destructive basis, saying ‘we are interested only in raising the cost of a state agency, we are not interested in increasing benefits,’ then no case of any kind has been presented. \* \* \*” (Emphasis added.)

So, we have a situation in which the employer and employee, for whose benefit the State Compensation Insurance Fund was created, are silent. Indeed, no insurance company, of the scores in this State, competitors of the State Compensation Insurance Fund, has identified itself with the movers in this inquiry.

<sup>10</sup> Transcript, May 11, 1950, pages 58-59

The complainants concede that the fund "performs a useful service today."<sup>11</sup> This generous concession reminds us (though with somewhat of a change of accent) of the statement issued by the draftsmen of the Boynton Act as related in report of the Industrial Accident Commission for January 1, 1914, to June 30, 1914:

**"This latter plan"** (i. e., a State Compensation Insurance Fund which would be competitive rather than exclusive) **"was adopted in this state with the idea that CORPORATE insurance carriers when properly regulated, might perform a useful social service."** (Emphasis added.)

We shall not reargue the point whether workmen's compensation insurance is a "state created enterprise"<sup>12</sup> or quibble on whether the premium for workmen's compensation insurance constituted a "tax"<sup>13</sup> on industry. Suffice it to say, in respect to the former, that the law of liability irrespective of fault<sup>14</sup> was "created" (over the protests of private insurance interests) and that insurance against this liability could have been, and except for the intervention of that board which became the administrative board of the State Compensation Insurance Fund likely would have been, entrusted to an exclusive state fund; and as to the latter, before using the expression "tax" we consulted Webster's International Dictionary and also *American Fuel Company v. Industrial Commission*,<sup>15</sup> and suggest that the spokesmen for the complainants do the same.

So much on the negative side with respect to complaints.

### Modified Charges and Proposed Actions

On the positive side, the moderated charges made and actions proposed have reduced themselves to these:

**A charge** that the State Fund pays no federal income taxes; no federal excise taxes; no state or local real estate taxes.

**Proposed action:** Assess the equivalent against the fund for payment into the State General Fund.<sup>16</sup>

**A charge** that the State Fund alone, of workmen's compensation insurers, may insure cities, counties, and districts which choose to be insured.

**Proposed action:** Legislation to allow brokers to solicit such insurance for the account of private carriers, so as to allow for payment of brokers' commissions.

**A charge** that no public inquiry into the policies and operations of the fund has been made since the fund was originally established by the Boynton Act of 1913.<sup>17</sup>

**Proposed action:** "A thorough cost analysis \* \* \* a detailed cost accounting analysis of the fund's operations. \* \* \*"<sup>18</sup>

These several actions are proposed by the complainants in order to put into true and realistic effect their interpretation of the intent of

<sup>11</sup> Complainants' statement, May 4, 1950, page 4

<sup>12</sup> Complainants' statement, May 4, 1950, page 3

<sup>13</sup> 55 Utah 483, 187 Pac 633, 8 A L R. 1342 (1920).

<sup>14</sup> Complainants' statement, May 4, 1950, page 6

<sup>15</sup> Complainants' statement, May 4, 1950, page 1

<sup>16</sup> Transcript, May 11, 1950, page 48



Insurance Code Section 11775 that the fund shall be "fairly competitive with other insurers."

We shall discuss these four charges and proposed actions in order.

### TAXES

#### 1. CHARGE: The Fund Pays No Federal Income Taxes

It is true that the State Compensation Insurance Fund does not pay a federal corporate income tax. It does not do so for the very adequate reason that it does not have any liability to do so, as developed heretofore at great length.<sup>17</sup> This tax is on profit, while, on the other hand, the fund is the only California workmen's compensation insurer which is **required** by law to be "neither more nor less than self-supporting,"<sup>18</sup> and to return to the insured employer his proportion of any excess of assets over liabilities, reserves and reasonable surplus.<sup>19</sup> The fund therefore has no profit. Furthermore, the mutual and reciprocal insurers licensed for workmen's compensation insurance in California, whose methods of operation are most nearly comparable to the methods of the State Compensation Insurance Fund, incurred federal income taxes for 1948 of only four-fifths of 1 percent, of premiums written, upon an all-line and nation-wide basis. It is not unreasonable to assume that some lines written by a multiple-line carrier are more profitable than the closely supervised workmen's compensation line, and that some states afford opportunities for greater profit than California, particularly—as to workmen's compensation—those states in which private workmen's compensation insurers have a monopoly. So that the incurred tax on California mutual and reciprocal workmen's compensation business may well be even less than four-fifths of 1 percent.<sup>20</sup>

#### 2. CHARGE: The Fund Pays No Federal Excise Taxes

This caption is untrue, and the fact that the complainants refer in the small type in which they discuss the caption only to **certain** categories of expense, does not extenuate this offense. In fact, the fund pays federal excise taxes on the very considerable sums it expends for bus and rail transportation of injured workers incidental to the furnishing of hospitalization, medical examination and treatment.<sup>21</sup>

Note, with respect to charge No. 1 and charge No. 2, that the State Compensation Insurance Fund does not **keep** any federal tax saving. It returns all its savings to the insured employer, thus reducing his net cost of workmen's compensation insurance, i e, reduces **his** tax on production costs. This is precisely what the Legislature created the State Compensation Insurance Fund to do: to insure California employers against workmen's compensation liability at the lowest possible cost.

How would the complainants have the Legislature "correct" these two alleged federal tax discriminations? By having the Legislature assess an arbitrary special tax against the State Compensation Insurance Fund, payable to the General Fund of the State? A distinguished California jurist characterizes this wishful suggestion as "subsidy in reverse." As

<sup>17</sup> State Fund's Supplemental Statement, April 4, 1950, page 33, and Assembly Journal, March 21, 1950, page 173.

<sup>18</sup> Insurance Code, Section 11775.

<sup>19</sup> Insurance Code, Sections 11776, 11777.

<sup>20</sup> We are not all persuaded that all California insurers pay a federal corporate income tax on their California business.

<sup>21</sup> Answer to complainants' question No. 15, State Fund's Supplemental Statement, April 4, 1950, page 34.

Chairman Geddes succinctly explained: "To increase their cost encourages wasteful operation. Then to put their dividends back into the State Treasury would make them collect taxes in the guise of insurance \* \* \*";<sup>22</sup> and again "Are we going to put the State Compensation Fund in the position of diverting money, received as premiums from employers, to other state purposes. \* \* \* In any case you are forcing a state agency to collect taxes over and above the actual amount necessary to operate it \* \* \*";<sup>23</sup>

Not only would legislation of this character reflect poor policy, and inure to the exclusive benefit of special groups and to the detriment of thousands of employers, but, we respectfully suggest, would also be unconstitutional.

Furthermore, may we re-emphasize that, as against these small tax payments, the State Compensation Insurance Fund labors under more than equivalent competitive disadvantages. Mr. Assemblyman Dunn puts it very well when he says:

"I don't think that you can very well discuss the question of the advantages the State Fund enjoys with reference to taxation, without at the same time considering the bad risks which have been discussed here today \* \* \*";<sup>24</sup>

Mr. Dunn mentions only one competitive disadvantage. There are others, which we have enumerated before.<sup>25</sup> In brief, the fund, as Mr. Dunn has said, operates under a more restricted right of selection of risks than other insurers and—unlike some insurers—has no prohibited list;<sup>26</sup> then, also, it is restricted to the workmen's compensation field; it cannot, like its competitors, sell its prospects an insurance "package deal";<sup>27</sup> it is restricted to California employers; it is restricted by civil service procedures in selection, retention and remuneration of its employees; it is restricted in its investment; and it pays 8 percent of its total pay roll towards the retirement allowances of its employees.

It is doubtful whether private insurance carriers, particularly mutuals and reciprocals, would choose to forego the advantages they enjoy in such things as selection and rejection of risks, personnel procurement, lower social security payments, and investment and control of funds, in exchange for exemption from the federal corporate income and federal excise taxes.

Also, the fund must struggle under that perennial cliché which declares that the employer, representing "private enterprise," willingly

<sup>22</sup> Transcript, May 11, 1950, page 31

<sup>23</sup> Transcript, May 11, 1950, page 57

<sup>24</sup> Transcript, May 11, 1950, page 57

<sup>25</sup> State Fund Supplemental Statement, April 4, 1950, page 13 et seq.

<sup>26</sup> Insurance Code Section 11784 forbids the fund to refuse to insure any workmen's compensation risk tendered with the premium unless the risk fails to comply with the minimum requirements of the Industrial Accident prevention authorities with regard to construction, equipment, and operation or unless it is beyond the safe carrying of the fund. Thus, Senator Maloney comments in the May 11th transcript, page 53:

"Now we all have to agree that the fund is a necessity. Because without the fund there would be a lot of people going without compensation in California. That is true because I have it in my office and every other broker has it in his office. We have to send the garbage sometimes up to the fund."

<sup>27</sup> The broker not only sells a package deal, he regards himself as entitled to the whole package. Thus, an insurance broker witness, testifying at the May 11th hearing, page 23, declares if he has the other lines then he has "the right" to the compensation policy.

ought to pay more for his workmen's compensation insurance coverage to a private carrier rather than place his insurance with the "State."<sup>28</sup>

One of the reasons advanced for proposing an arbitrary tax assessment against the fund is suggested by the fact that the fund's acquisition (selling) cost is less than its competitors', a fact which can be due only to efficiency of fund administration. Thus, in an exchange with Mr. Assemblyman Levering, a witness declares<sup>29</sup> that the fund should be compelled to pay (into the State General Fund presumably) an assessment which would equalize, among other things, the private insurers' commissions to brokers and their other selling expenses. Similarly, another broker witness believes<sup>30</sup> the State Compensation Insurance Fund is unfairly competitive for several reasons, one of which, incredibly, is because its management keeps its acquisition (selling) costs lower than its competitors', and that he would have no difficulty in meeting the fund's competition if, to these extents, the fund would subsidize its competitors.<sup>31</sup>

### 3. CHARGE: The Fund Pays No State or Local Real Estate Tax

The above caption, of course, either is false or is an equivocation, depending on how you read it. While the fund does not, in a literal sense, pay a tax on its principal office real estate, it does pay an equivalently higher gross premium tax than does the private insurer which owns principal office real estate, for the private insurer deducts its principal office tax from its incurred gross premium tax. So that the **result**, in dollars and cents, is in each case the same, as the complainants well know.<sup>32</sup>

It was this misleading caption, doubtless, which led Mr. Assemblyman Levering to assume that State Fund pays no tax on its principal office real estate, as reflected in his questions in the May 11th transcript at pages 20 and 34.

Complainants insinuate, but do not expressly declare, that the fund's tax exemption on branch office real estate<sup>33</sup> constitutes an important reason why private insurers find themselves at a competitive disadvantage. This insinuation is false, as they well know. We challenge them to name which companies have paid branch office real estate taxes, and how much. The great majority of California workmen's compensation insurers (we estimate more than 95 percent) have paid no such tax at

<sup>28</sup> One witness, testifying before your committee at the May 11th hearing, page 23, says

"Sure it" (i. e., switching from a state fund group policy to a private carrier group) "is going to cost them more money, but if they are going to talk private enterprise it's time they started practicing it and we find that is what they are doing."

It is interesting to read other reactions to the phrase "free" or "private" enterprise. Thus Barron's "National Business and Financial Weekly" for April 17, 1950, says editorially:

"(It (the coffee market) suggests all over again that while Americans are forever talking 'free enterprise' out of one side of the mouth they talk something quite different out of the other side—namely belief in price-fixing. Yet free enterprise without free prices is a snare and a delusion. If Socialism comes to America, it will not be through revolution but through slow erosion of faith in the market." Honorable Thomas E. Dewey, in an address at Princeton University on April 13, 1950, said:

"The Republican Party has a long and honorable tradition of support for the rights of free labor. Yet, from time to time, individual, unrepresentative members of my party—seldom holding public office, have presumed to regard the rights of labor as inferior to the rights of property. When such men have shouted 'free enterprise' they have not meant 'free enterprise' at all. They have been thinking of their own narrow interests without considering the fact that no Republican president from Abraham Lincoln to Herbert Hoover, ever endorsed so reactionary a position."

<sup>29</sup> Transcript, May 11, 1950, page 20

<sup>30</sup> Transcript, May 11, 1950, page 34

<sup>31</sup> The fund now employs less than 50 compensation service representatives who, without commission incentive, spend a part of their time in active solicitation of new accounts. Contrastd with these few, there are thousands of agents and brokers.

<sup>32</sup> Assembly Journal, March 21, 1950, page 174, State Fund Supplemental Statement, April 4, 1950, page 9, et seq.

<sup>33</sup> Complainants say in their prepared statement under date of May 4, 1950, at page 6, that the State Compensation Insurance Fund refers to this tax as "trivial," but gives no specific page reference. We ourselves do not find such reference.

all, for the very good reason that either they conduct no branch office operations or, like the fund, they rent their branch office space.

What do complainants propose to do to remedy this supposedly grave inequity? Why, they propose to lump it in with the federal corporate income equivalent and excise equivalent, as a special tax, and require the fund to pay it into the State General Fund!

The State Compensation Insurance Fund owns no branch office real estate except a vacant lot in Los Angeles on which it contemplates the construction of a building. The fund believes it should pay a tax on branch office real estate exactly as those few private carriers must do who own branch office real estate, and in due course the fund will present to this committee a draft of proposed legislation designed to accomplish this result fully.

#### **POLITICAL SUBDIVISIONS AND WORKMEN'S COMPENSATION**

##### **4. CHARGE: Only the State Fund May Insure Political Subdivisions**

It is true that the State Fund enjoys exclusively the privilege of insuring political subdivisions and their employees. Complainants declare that this privilege violates Insurance Code Section 11775, requiring the State Compensation Insurance Fund to be "fairly competitive with other insurers."

The fund, on the other hand, denies that this prerogative violates the statutory requirement that the State Fund shall be fairly competitive with other insurers, and urges that it represents sound public policy.

##### **Legislative Intent**

Let us go briefly into the history of this provision.

The original Boynton Act, effective January 1, 1914, declared in Section 37c that "said fund shall, \* \* \* be fairly competitive with other insurance carriers," while Section 46 of the same act declared that "each county, city and county, city, school district or other public corporation \* \* \* may insure against its liability for compensation with the State Compensation Insurance Fund and not with any other insurance carrier, unless such fund shall refuse to accept the risk when the application for insurance is made \* \* \*." Obviously, when the Legislature was telling the fund in Section 37c that it must be "fairly competitive with other insurance carriers" it was not talking about competition for the insurance business of public bodies, for nothing is more elementary than the rule of construction that the entire law will be inspected for the purpose of construing each or any of its provisions.

California's cities and counties, and the State Fund, and private insurance carriers, functioned for four years under the Boynton Act from January 1, 1914, to January 1, 1918, when the law known as the "Workmen's Compensation, Insurance and Safety Laws of 1917" became effective. This law repeated the requirement, still identified as Section 37c, that the State Fund should be fairly competitive with private insurance carriers, and repeated in Section 46 that public bodies might insure against their liability for compensation with the State Compensation Insurance Fund and not with any other insurance carrier, unless the fund should refuse to accept the risk when the application for insurance

was made. Some 11 months later (November 5, 1918) the people adopted a constitutional amendment in which they declared:

“\* \* \* A complete system of workmen's compensation includes \* \* \* full provision for adequate insurance coverage against liability to pay or furnish compensation; full provision for regulating such insurance coverage in all its aspects, including the establishment and management of a State Compensation Insurance Fund \* \* \*. Nothing contained herein shall be taken or construed to impair or render ineffectual in any measure the creation and existence of \* \* \* the State Compensation Insurance Fund, the creation and existence of which with all functions vested in them, are hereby ratified and confirmed.”<sup>34</sup>

Finally, in 1935, the Legislature codified into the Insurance Code certain laws theretofore existing in the “Workmen's Compensation, Insurance and Safety Laws,” declaring in Insurance Code Section 11775 that the State Fund shall “be fairly competitive with other insurers,” and in Section 11870 that cities, counties, etc., “may insure against their liability for compensation with the State Compensation Insurance Fund and not with any other insurer, unless such fund refuses to accept the risk when application for insurance is made.” So there cannot be the slightest doubt that in these repeated and consistent enactments the Legislature and also the people meant that the fund alone should insure public employers who wanted insurance, and should be “fairly competitive” for private insurance business.

The complainants would have your committee believe that when the Legislature originally required public bodies, if they insured, to insure with the State Compensation Insurance Fund, this action was no more than a paternalistic gesture “in order to help (the fund) get established.”<sup>35</sup> That this interpretation is pure and wishful fiction is shown first, by the fact that they cite no authority; second, by the absence of any word or phrase to suggest that the requirement is meant to apply for this purpose or on a temporary basis; third, by the thrice repeated enactment of this requirement, most recently in 1935; fourth, by the repeated refusal of the Legislature to enact bills to change it; and fifth, by the fact that the Legislature did in fact take steps, but of a different kind, “in order to help (the fund) get established.” This assistance was in the form of a money appropriation of \$100,000, which was never used and in due course was returned to the State General Fund. The language of the requirement under discussion is plain and unequivocal.

#### **Good Public Policy**

We believe it is not untimely to say that the present legislation regarding the insurance of public bodies for workmen's compensation benefits represents good public policy, and respectfully to advance some reasons therefor.

In the first place, most other lines of insurance and all tangible commodities have costs which are determinable in advance, whereas the cost of workmen's compensation insurance can be determined only after

<sup>34</sup> California State Constitution, Art. XX, Sec. 21

<sup>35</sup> Complainants' statement, May 4, 1950, page 7.

expiration of the policy term. This circumstance prevents the conscientious public servant from adhering strictly to the requirement that the public employer, unlike the private individual who is in the market for a commodity or service, must disregard local attachments and consider only the factors of quality and cost.

Then, too, workmen's compensation insurance, an admittedly very complex subject, lends itself to the local broker's rationalization that advantages in **service** given by his company, perhaps a non-participating carrier, will offset the saving in money provided by State Fund premium refunds. The falseness of such rationalization (and it would be false) is not something that can be objectively demonstrated, like the weight of a loaf of bread or the figures on price tags.

Therefore, in contradiction of complainants' contention,<sup>36</sup> there is more reason for restricting public agencies in the matter of buying their workmen's compensation insurance than there would be in respect to buying "traffic lights, parking meters, road equipment or fire trucks." Indeed, the political aspects would reverse the claimed evil by tending to give private insurers a "monopoly" on public workmen's compensation insurance business.

As to the buying of "traffic lights, parking meters, road equipment, or fire trucks,"<sup>37</sup> it is worth noting that while the State does not manufacture any of **these** commodities, it does, through the State Compensation Insurance Fund, supply workmen's compensation insurance!

If the prerogative granted the State Compensation Insurance Fund to insure those public bodies which choose to insure<sup>37</sup> should be repealed, one of the natural consequences could be expected to be a multiplicity of private workmen's compensation insurance policies issued to the same body, as illustrated in the Massachusetts case of Edwin Stoltze,<sup>38</sup> which we would like to call briefly to your attention.

In this Massachusetts case,<sup>38</sup> it appears that an employee of the City of Westfield sustained an injury but had difficulty in obtaining a recovery of workmen's compensation, and the Supreme Judicial Court recites the facts concerning insurance coverage as follows:

"\* \* \* there were no less than five policies of workmen's compensation insurance, each purporting to cover a different department of the city. The two insurers who are parties to the present case are American Casualty Company, on a policy purporting to cover the public works department; and Aetna Casualty and Surety Company, on a policy purporting to cover the gas and electric light department. The record mentions three other policies, respectively purporting to cover the school, water and aviation departments, but does not give the names of the insurers. There may be still other policies purporting to cover other departments."

In the *Stoltze* case the two carriers before the court were trying each to pass the liability to the other, and one of them, in addition, was contending that those individuals who purported to bind the city had no authority to do so and that the policy the carrier had written was, therefore, invalid.

<sup>36</sup> Complainants' statement of May 4, 1950, p. 7

<sup>37</sup> Insurance Code, Section 11870

<sup>38</sup> 92 N E 2d 260 (April 27, 1950). Note that there is no State Compensation Insurance Fund in Massachusetts

The court found that both policies were valid and that each policy covered all city employees. The result in California, however, would not necessarily be the same, since California Insurance Code, Section 11657, permits an insurer to issue limited policies insuring either the whole or any part of the liability of the employer for compensation. We should like to ask the complainants if they truly believe that the City of Westfield purchased each of those five or more concurrent policies of workmen's compensation insurance on a strictly competitive basis?

The adjustment by the State Compensation Insurance Fund of workmen's compensation insurance claims of all public employees, as against a policy of allowing each public body to select its own carrier, promotes uniform as well as humane adjustments, and minimizes different and discriminating treatment, as is easily possible in administration of the special laws relating to public employees.<sup>39</sup>

We should like at this point to ask the committee to make a supposition. Suppose that in the 1930's the California law had permitted public bodies to insure with private carriers. Is it not morally certain that some of them would have carried their insurance with one or more of the 18 private carriers, licensed to write workmen's compensation insurance in California, who suffered impaired solvency during the depression of those years, or transferred their assets and obligations to private carriers which shortly thereafter became insolvent? After the insolvency, would such public bodies have felt they had done all they could do or should do for their employees who thus had been suddenly cut off from compensation, or would they have felt compelled to find some lawful means by which the taxpayer, having already paid the premium, should also now pay the loss? You know they would have tried to find means to prevent their injured employees from suffering loss on account of the insolvency of the workmen's compensation carrier in whose selections the employee had no choice; and you know also that such a situation can arise again. We do not mean to imply that some private carriers are not as financially sound as the State Compensation Insurance Fund, but we surely do mean to assert that many are not.

If the Legislature should amend the present law to permit public bodies to obtain their workmen's compensation insurance from any insurer, who then would profit by the change? Undoubtedly a few broker-members of the complaining associations would stand to make commissions—and more brokers would profit but at less commission per broker if the public body adopted the multiple carrier principle as in the instance of the City of Westfield, mentioned above. The private insurers writing the business presumably would profit. But to the extent that any of those interests might profit, the city and its taxpayers, of course, would lose. And the complainants have failed to suggest any advantage to the injured worker or his dependents.

A request from persons and interests who could profit by change of law to permit cities, counties, and other political subdivisions to obtain their workmen's compensation insurance from private carriers is not new in California. We know of no instance, however, in which such a move has been supported by representatives of employers, or of employees, or of the associations representing the political subdivisions involved, or of

<sup>39</sup> Labor Code Sections 3212, 3212.5, 3361, 4458, 4460, 4707, 4850, etc

taxpayers. On the contrary, each such move has met resistance from all these sources. Thus, when a move to allow counties, etc., to insure their workmen's compensation liability with private carriers was last pressed in the Legislature (1945), the County Supervisors Association opposed it. The reasons for this opposition, as stated in the press on March 23, 1945, were that "provision for workmen's compensation insurance coverage by the State Compensation Insurance Fund on public employees is a proper function of a public agency," "the proposed bill would abolish the present satisfactory arrangement," it "would substitute a danger of introducing political expediency for economical administration" and "private insurance would cost more, and so increase the taxpayers' county burden." The executive committee of the Irrigation Districts Association of California also opposed the same move, as reported in the press on March 28, 1945.

The views of Hon. C. C. Young, Governor, expressed on a similar occasion, are instructive. He said:

"I see no means by which" (such a statutory change) "will aid the injured workman, for no other carrier offers safer coverage than the State Fund. I see no possible aid to the cities, counties, or districts, for no private carrier can provide the coverage at a net cost as low as does the State Fund." (May 11, 1929.)

#### Substantial Savings

It is manifestly the duty of political subdivisions to curtail public expenditures wherever practicable. Since the State Compensation Insurance Fund renders service at least equal to that given by any private carrier, and since it is admitted <sup>40</sup> that the fund provides protection at lower cost, for what reason other than political reasons would public bodies decide to insure elsewhere? As stated heretofore,<sup>41</sup> for the State to create a nonprofit carrier to provide workmen's compensation benefits and then not to use that carrier for its own public agencies, would certainly be unsound and illogical.

Confirming evidence from the lips of its opponents of the greater savings given by the State Fund are presented below:

Mr. J. D. Rodgers, Vice President of Western States Insurance Brokers, testified before your committee: <sup>42</sup>

Mr. Rodgers: " \* \* \* I would say that \* \* \* if he" (an employer) "is buying that type of insurance" (i.e., no-dividend or low-dividend workmen's compensation insurance) "it must be from the standpoint of feeling that the engineering service offered by that type of company if (is) superior to any refund which he might get at the end of the year." <sup>43</sup>

And again:

" \* \* \* in competition with State Fund agents for workmen's compensation insurance business we have been successful in winning some and some we have not won. The primary reason, I believe, that we have lost some of those has been because of the increased dividend which the State Fund is able to offer the purchasers of State Fund

<sup>40</sup> See *infra*, this page et seq.

<sup>41</sup> Assembly Journal, March 21, 1950, page 180.

<sup>42</sup> Transcript, May 11, 1950, page 11.

<sup>43</sup> This is sales "malarkey." The safety engineering service provided by the State Compensation Insurance Fund is excelled by none.



workmen's compensation insurance. \* \* \* We cannot and never have been able to compete from the standpoint of dividends \* \* \*,"<sup>44</sup>

Mr. Don Doyle, an Oakland insurance broker, testified before your committee:

"\* \* \* I doubt that few companies have the exact answer or way in which to compete" (against the fund) "on a strictly dividend basis, and gentlemen, of all the employers I have talked to, that is the reason they give me for being in the State Fund. \* \* \* No, we can't meet their dividends. We can meet their price." (i. e., standard minimum rates) "We all go in on the same price. We can't come back with the same dividend \* \* \*,"<sup>45</sup>

Mr. Dulley, testifying at the May 11th hearing, says:

"As time went on I found that I was not able to get certain risks on account of differentials in dividends. I knew from my past experience that I would bump into that and I knew what (sic) the differences rested in costs; that the fund had certain lower costs than my carriers would have." \* \* \*<sup>46</sup>

Mr. James C. Meyers, a San Francisco insurance broker, testified before your committee in these words:

"Well, sir, the ultimate cost to an individual on his insurance is the premium outlay less dividend. That is the net cost. In that respect no private carrier can compete with the fund." "

The fact is that the dividend itself is one of the strongest inducements to the adoption of adequate safety measures, prompted by enlightened selfish interest, for the maintenance of safe conditions of employment inevitably increases the dividend participation. This is underscored in the following dialogue: "<sup>47</sup>

"Mr. Dunn: In other words, you need this high dividend, which is what you complain of in the State Fund, to provide greater safeguards and make working conditions less hazardous.

"Mr. Rodgers: That is correct."

The number of brokers who direct desirable workmen's compensation insurance business to the fund is a tribute to the fund and an acknowledgment from conversant and certainly unbiased sources of the advantages of fund workmen's compensation insurance coverage.

But, say the complainants, while the rates in the political subdivision insurance field are set by the California Inspection Rating Bureau,

"No objective study has ever been made to determine whether these (city, county, etc.) rates are fairly applied or how the costs of writing and servicing these policies differ from costs in the competitive portion of the fund's operations."

This statement is an attempt to obscure by innuendo the real issue by injecting the question of cost of administration. Just what is implied by the request for "an objective study—to determine whether these rates are fairly applied," is simply beyond our power of comprehension. Even

<sup>44</sup> Transcript, May 11, 1950, page 8.

<sup>45</sup> Transcript, May 11, 1950, pages 22 and 23.

<sup>46</sup> Transcript, May 11, 1950, page 33.

<sup>47</sup> Transcript, May 11, 1950, page 37.

<sup>48</sup> Transcript, May 11, 1950, page 12.

a newcomer to the compensation business should know that rates for public bodies are arrived at by the California Inspection Rating Bureau, and approved by the Insurance Commissioner, in the same way as rates for private business; in fact they are the same rates, interchangeable, according to the nature of occupation. Every policy, including those issued to political subdivisions, must be submitted with rates to the California Inspection Rating Bureau for its scrutiny and approval. It is conceded<sup>49</sup> that the rates charged in the public agency field are the legal minimum rates established by the bureau and approved by the Insurance Commissioner of the State of California. Furthermore, through the "test audit" procedures of the California Inspection Rating Bureau the application of these rates is verified in the same way as in the case of any other insurer or insured. Dividends are paid impartially and in the same manner to all policyholders and are subject to audit by the Insurance Commissioner, both as to propriety and impartiality.

At the May 11th hearing before your committee complainants stated that "the fund does not have any competitive acquisition cost" "sales cost"—in this public agency field of business,<sup>50</sup> and that the fund thereby enjoys a great competitive cost saving. This statement is without foundation. Because no public agency is compelled to purchase insurance, the majority of cities, counties, etc., had to be **sold** on the advantages of insuring and thus of fixing their liability to a cost certain, as opposed to the financial hazards of remaining uninsured.<sup>51</sup> This "selling" job is constantly recurring as industrial and population concentrations shift, new governing bodies are elected and other conditions change, plus the competitive sales effort required to offset the frequent recommendations made by insurance "counsellors" urging a return to an uninsurance program which they (the counsellors) will gladly supervise for a fee.

Secondly, from the standpoint of complexity of operations and multiplicity of problems surrounding proper workmen's compensation administration, the average city or county will outrank the largest industrial establishments. The fund recognizes this administrative responsibility and provides all of the continuing services that are contemplated in the "sales" costs.<sup>52</sup>

We respectfully suggest that if the opponents have evidence that rates are **unfairly** applied to public agencies or to any insured that they produce it, and not suggest it by innuendo, nor urge upon the committee the task of conducting a "witch hunt" for something that does not exist.

Since the State Fund serves as a standard for fair claims adjustments and provides service equal or superior to any provided by other insurance carriers, at less cost, the only reason that political subdivisions would have for insuring elsewhere than in the fund would be for political considerations.

#### The Why of State Fund Dividends

The State Compensation Insurance Fund admits, as its opponents have testified, that the dividends that it pays to its insureds are con-

<sup>49</sup> Complainants' statement, May 4, 1950, page 6

<sup>50</sup> Transcript, May 11, 1950, page 5, paragraph 1

<sup>51</sup> Many compensation cases are presently costing in excess of \$100,000 each

<sup>52</sup> See Assembly Journal for March 21, 1950, beginning at page 170, for discussion of various factors of overhead, including acquisition (sales) costs

sistently higher than those paid by its dividend-paying competitors. At the same time it provides safety engineering service and claims adjustment service excelled by none.

What is the explanation of the State Fund's higher dividend savings?

The answer is no secret, and it certainly is not be found in a **maximum** 1 percent excess of federal taxes paid in the average by competing reciprocal and interinsurance exchanges; nor is it to be found in the prerogative which the Legislature has granted to the State Compensation Insurance Fund to insure those public bodies which desire to be insured, for no part of any premium from such public bodies is applied to the payment of dividends to private employers.

#### **The Expense Loading**

The reason for the fund's greater dividend disbursements lies in large measure in the fact that, like many other insurers, the fund is a "direct writing" insurer which, for this reason does not utilize the services of agents and brokers. A full explanation of the fund's greater dividend savings is found in the fund's original brief, Assembly Journal for March 21, 1950, page 170, and in its supplemental brief of April 4, 1950, page 7, and can be summarized as follows:

The rate for workmen's compensation insurance is a percentage per \$100 of pay roll differing with occupations according to hazard and modified among individual insureds according to their individual loss experience. Thus, the manual rate for carpentry is \$3.30. This rate is standard and, except as modified by experience as determined by the California Inspection Rating Bureau, is applied uniformly to all employers, whether public or private. Only 59.65 percent of the rate is allocated for disability indemnity and medical treatment. As applied to carpentry, only \$1.97 is allocated in the rate for the benefit of the injured worker. The rest of the rate (40.35 percent, or, \$1.33 of the carpentry rate) is allocated to carrier overhead and is termed the "expense loading," as follows:

Acquisition (selling) .....	17.5%
General administration .....	7.5
Claim adjustment .....	8.0
Inspection (safety) .....	2.5
Pay roll audit .....	2.0
Taxes .....	2.85
	<hr/>
	40.35%

The State Compensation Insurance Fund's total overhead has approximated for years 15 percent of the rate. There is so broad a spread between its combined expenditures for disability payments, medical treatment and overhead, on the one hand, and the premium on the other hand, as to leave more money available from the "expense loading" for payment of dividends than are available to other insurers. This is the whole story. Every direct writing insurer (i.e., an insurer which does not pay broker-commissions), of which the State Fund is only one of many, saves out of the "acquisition" (selling) expense alone (17.5%), many times the equivalent of the insignificant percentage for federal taxes about which so much is made in this proceeding. The fund's selling expense

approximates 1 percent. Its entire overhead averages about 15 percent. If the fund were eliminated, or moderately strangled, these agents and brokers would still be unable to compete with the direct writing companies. An article in Underwriters' Report for May 11, 1950, page 3, suggests that except for fear of conflict with U. S. Public Law 15, complainants would seek to curtail the operation of all direct writers, (Mutual, Reciprocal, County Mutual Societies, Farm Bureaus, etc.). The article is attached hereto as Fund's Exhibit No. 39.

**5. CHARGE: No Public Inquiry Into the Policies and Operations of the Fund Has Ever Been Made**

The complainants, we suspect, are not sincerely interested in the federal tax issue at all, but are using this issue as a smoke screen under the protection of which they hope to obtain confidential data pertaining to the fund's policies and operation which will inure to their competitive advantage and to the competitive disadvantage of the State Fund. Mr. Assemblyman Levering apparently so understands, for he says in the May 11, transcript at page 49:

"What they want to find out, if I have the crux of this thing, is what money advantages does the fund enjoy over and above private enterprise, that enables them to compete, as they call it, unfairly, by virtue of their lesser cost operation. \* \* \* it's their allegation that if you (State Fund) had those same costs that they, in private enterprise, now have, you couldn't give the amount of dividends that you do \* \* \*. I think that is the kind of study they want made, so they can ascertain what it is costing the fund to operate, and then come up to the Legislature and say, 'Gentlemen, the fund enjoys this. We don't think it should. Now if you don't think it should, you pass a law to take those advantages away from them and divert those funds into the General Fund of the State of California.'"

To this end the complainants seek a new audit of the fund, despite the fact that the Department of Finance periodically audits the State Compensation Insurance Fund with complete objectivity and more thoroughly than private public accountants audit other insurance carriers<sup>53</sup> and that the Insurance Commissioner audits the fund to the same extent to which he audits all other insurers.<sup>54</sup>

The eagerness with which the complainants inform the committee of the lines which such a "study"<sup>55</sup> might follow "just as good public policy," "including" (but not limited to) "certain matters of taxation," and the anxiety with which they look forward to the opportunity to assist the committee in the selection of the individuals whom they desire to have make "a thorough and objective analysis of the fund's internal operations" are too apparent to escape attention.<sup>56</sup>

No "special" audit of the fund would have value, of course, unless all other workmen's compensation insurers were audited to the same extent, not in respect, however, to their nation-wide corporate income and

<sup>53</sup> Assembly Journal, March 21, 1950, pages 322, 323, 326

<sup>54</sup> As this answer is being prepared, representatives of the commissioner's staff are conducting one of their regular examinations. The principal examiner in charge of the examination is a certified public accountant.

<sup>55</sup> Transcript, May 11, 1950, pages 3 and 4

<sup>56</sup> Transcript, May 11, 1950, pages 5 and 6; complainants' statement, May 4, 1950, page 7.

nation-wide federal excise taxes, arbitrarily allocated in part to California, but in respect to the tax incurred on their California business alone and on the workmen's compensation line alone.

During the course of the May 11th hearing, there was much talk about the information which all other insurance companies would make available to auditors whom the committee might select, so that the committee would have data comparable to that which it might obtain from the State Fund. Thus, at page 48, complainants propose a "thorough cost analysis \* \* \* a detailed cost accounting analysis of the fund's operations. That's what we really are suggesting." In response to which Mr. Chairman pro tem Levering suggests that the committee would then compare information so obtained with the private enterprise carriers' cost accounting. He adds (page 50) that he does not believe that the private insurers would object to such a detailed cost analysis of their operations, but then adds that "one of the witnesses stated that all of that information was available now in the office of the Insurance Commissioner." Mr. Levering then says: "You couldn't pull the fund completely apart in order to get at such a study without doing the same thing to private enterprise" and he suggests that the private insurers can be expected to make comparable information available, because he finds private enterprise pretty cooperative.

Now, our comment on the foregoing is that no one has yet spoken for or on behalf of any insurer except the State Compensation Insurance Fund. Mr. Walsh expressly disclaims authority to speak for them. At page 47, when Mr. Assemblyman Lipscomb asks him if he could submit financial statements of private insurers for the committee's examiners, he answers, "I will have to point out that I am not representing today any insurance companies."

It is true that other insurers are not required to disclose any information in their examinations by and reports to the Insurance Commissioner that must not equally be disclosed by the State Fund, and therefore there is no point to an outside audit unless the committee has in mind going into subjects not covered in the examinations by and reports to the Insurance Commissioner, in which event the insurers themselves should declare whether or not they wish to open their books to the accountants selected by this committee.

While it is true that matters which must be disclosed by other insurers are also disclosed by the fund, it is not equally true in reverse. Many companies, mostly those represented by agents and brokers, merge their California expenses in their nation-wide statistics. This was a subject of complaint by the State Fund to the Insurance Commissioner as far back as 1941, when it sought a reduction in the expense loading, which would have had the effect of reducing rates as well as dividends. The complaint was ineffective. In fact, whenever an attempt has been made to examine the somewhat arbitrary divisions as between acquisition expense, administration, audit, etc., which combine together to make the total expense loading of 40.35 percent,<sup>67</sup> the answer has been made that it is not possible, or at least is entirely impracticable for carriers who operate in more than one state, to break down the various items of expense (e. g. federal taxes),

<sup>67</sup> See page 30, *supra*.

by individual states, much less by individual insurance line (e. g. workmen's compensation). Now, however, under date of March 1, 1950, Hon. Wallace K. Downey, Insurance Commissioner, writes:

"A fixed expense loading of 40.35 percent has been used by petitioner (California Inspection Rating Bureau) in converting pure premium selections to proposed gross rates. Petitioner assigns the following as its reasons for proposing this expense loading of 40.35 percent:

'This is the standard loading which has been in force in this State for many years. \* \* \*

'In testing the validity of the loading formula the following arguments were kept in mind:

'i. That the loading should be adequate for the type of insurance carrier with the highest average cost of operation; that is, for nonparticipating stock companies.

'ii. That due to the lack of uniformity in the accounting procedures of different carriers, aggregate figures have only an approximate meaning and, consequently, too great refinements in the derivation of expense ratios are not warranted.

'iii. That most insurance companies operate in many states, that many expense factors cannot be properly broken down by state except by judgment or approximate methods, and that there is no obvious reason why expense ratios should vary materially by state; and therefore country-wide statistics will best be used to support the California expense loading.'

"Based upon the premise that the expense loading should be pitched to the nation-wide workmen's compensation insurance expenses of that type of insurance carrier with the highest average cost of operation, viz., nonparticipating stock companies, which premise had indeed been accepted in past rate revisions" (a designated exhibit), "shows that nation-wide expenses incurred during the calendar years 1947 and 1948 by that class of insurers whose methods of operation are most costly reasonably approximate the expense loading proposed by petitioner. \* \* \*

"Representing, as it does, so substantial a portion of the gross premium rate, the expense loading is a matter of constant and continuing concern to the commissioner. The present and proposed loading should not, and will not, be accepted year after year merely because it is time honored; full justification on the merits will continue to be required both statistically and as respects the underlying premise. The present proposal in this respect is sufficiently supported statistically, and it appears that its underlying premise may reasonably be accepted for this revision as it has been accepted for past revisions. However, it seems pertinent to point out, for consideration in connection with future rate revisions, that however sound the 'arguments' of petitioner hereinabove quoted may have been when the underlying premise that the expense loading should be geared to the nation-wide expenses of that class of insurers whose method of operation is most costly was first adopted, progressive changes in

conditions in the workmen's compensation insurance business in California and nation-wide throughout the intervening years have detracted materially from their force.

"The proportion of the nation-wide workmen's compensation insurance business written by nonparticipating stock insurers is substantial, approaching 50 percent thereof \* \* \* whereas the proportion of the California Workmen's Compensation insurance business written by such insurers is only 10.5 percent \* \* \*. Of the overwhelming proportion of the California business written by participating insurers, substantial portions thereof are written by insurers whose activities in the workmen's compensation field are confined principally to California \* \* \*. These developments and conditions might very well be cited as casting serious doubts as to the soundness of the underlying assumption that conditions in California as respects expenses of operation do not differ greatly from those obtaining nation-wide.

"Under these circumstances, reappraisal, before the next regular rate revision proposal, of the fundamental considerations which have served as a basis for the present expense loading is indicated and will be required."

And yet the brokers—agents ask that an "objective" study be made of the **Fund's** cost of doing business!

### Summary

At the outset of this proceeding Mr. Chairman Geddes advised the fund that charges (then in the hearsay stage) had been made concerning the fund, presumably by insurance agents and brokers, and that a thorough and impartial investigation by **this** committee was proposed. It now appears that complainants, having failed to make a case before **this** committee, propose a second investigation, still unsupported by allegations or proof, but through which, perchance, the fund can be made to disclose something out of which complainants can make self-serving competitive capital. They propose that this second investigation shall be in the nature of a detailed cost accounting analysis of all the fund's operations.<sup>68</sup> They have lost sight of the purposes for which the fund is established; that it exists to serve the **employer** by providing the best insurance at the least cost, and to serve the **employee** by establishing standards of correct claims adjustment. What complainants truly seek is their own private brand of monopoly.

The complainants have grasped the spotlight and attempted so to slant it as to make it appear that the workmen's compensation insurance business exists for them, and that the State Fund is interfering with their prerogative. But if the spotlight were centered on the broad insurance picture, it would immediately appear that the fund is performing its intended purpose to the employer and employee, and that in the entire picture the broker and agent play only a supporting role, and at many points an entirely unnecessary role. Witness the successful operations of the many direct writing workmen's compensation insurers, to say nothing of the fund.

<sup>68</sup> Transcript, May 11, 1950, page 48

The positions taken by the various witnesses before your committee have been contradictory; sometimes the same individual contradicts himself. Thus, one witness is shown in the May 11th transcript to say, at page 22, that the fund "is something we needed, it is something we have, it is something that has worked and it is something we have to live with," and again, at page 24, " \* \* \* the State Fund, when it was originally set up, \* \* \*, was set up for a good purpose. I still think it is there for a good purpose. \* \* \*." Contrariwise, at page 23, he characterizes the State Compensation Insurance Fund as "socialized insurance" and declares he is against socialized insurance, as he is equally against socialized housing, socialized medicine, etc. This illustrates the point we have made before. Our opponents declare that they believe the State Fund serves a useful purpose but actually they are intent on destroying the State Fund, if this is what they can accomplish.

The same witness, in the May 11th transcript, at page 21, says the fund does not solicit small risks. He declares, "I think you will find that in the small shops we have no competition from the organization we are talking about today—that is, the State Fund." On the other hand, a second witness, at page 35, says that if the State Compensation Insurance Fund were assessed sufficiently so that its costs would equal the costs of the private company "they (the fund) would not then be engaged in solicitation of accounts of small business men."

Mr. Stuart Walsh himself, if not guilty of contradictory talk is certainly guilty of double talk. At page 54 of the May 11th transcript, he says, " \* \* \* we have not in any phase in our representation to your committee suggested that the fund should pay any additional federal taxes or should pay any additional state taxes." Then he explains, "We have merely suggested \* \* \* it would be proper for the fund to be further burdened for the benefit of the State's General Fund," meaning, the reader will understand, for the benefit of agents and brokers.

As stated before, the State Compensation Insurance Fund does not represent the "State in business," because the State contributed no money and lends no credit to the operations of the fund. It is true that the persons who administer the insurance of those employers who are insured in this enterprise are state employees, but their remuneration for services in the operation of the employers' insurance business is derived exclusively from the premium income received from the fund's policyholders. Otherwise, the State Compensation Insurance Fund is essentially like any mutual insurer.

Our original brief informed you <sup>50</sup> that the percentage of fund premium to total California workmen's compensation insurance premiums has never exceeded 36.9 percent and that high was reached in 1921. In 18 years of the 36 years of which it has been in business, the State Fund has written more than 30 percent of the total California workmen's compensation insurance premiums, and in 18 years it has written less. Of those years in which it has been on the under-side of 30 percent, five were the immediate first five years after commencement of its operations and nine were the last consecutive nine years to date.

We have already taken occasion to indicate the individuals, groups, and interests who are **not** sponsoring and participating in this inquiry. They include taxpayers' organizations, employers, employees and private

<sup>50</sup> Assembly Journal, March 21, 1950, page 167.



insurers, none of whom, up to the present moment, has appeared before your committee to complain about the operations of the State Fund. The **only** complainants are **certain** groups of brokers and agents, and **certain** individual brokers and agents, all of whom contend that the broker's alleged right to commissions<sup>60</sup> in the insurance field justifies whittling the fund down to a point where every broker can successfully compete with the fund and thus expand his commissions, disregarding the fact, or in spite of the fact, that the advantages of the State Fund's economical operation go, not to the fund, but directly to insured employers and indirectly to their employees.

In conclusion, we urge that the opponents of the State Compensation Insurance Fund have failed completely to support their charges, or to justify their requests for additional inquiry, or for specific legislation. We ask respectfully that you make clear, in your report, that the State Compensation Insurance Fund has performed adequately the service it was created to accomplish. We ask also that, except for legislation pertaining to "in lieu taxes"<sup>62</sup> and branch office real estate taxes,<sup>63</sup> you advise the Assembly that no new legislation is required.

### EXHIBIT

#### EDITORIAL (OR SPECIAL FEATURE) FROM UNDERWRITERS' REPORT May 11, 1950, Page 3

##### Direct Writing Threat. Need Seen for Better Service by Local Agent

Local agents in the fire insurance field will have to offer their clients better service than ever before if they hope to compete successfully with the direct-writing mutual and reciprocal companies in this field.

In a survey conducted this week by the Underwriters' Report, stock fire insurance company executives of Pacific Coast departments in San Francisco revealed that the growing threat offered by direct-writing—or direct-selling, as some officials referred to them—companies can be met only by increased effort on the part of producers.

"The companies are cooperating in every way to lower rates and broaden forms," said the assistant manager of one large office, "it's up to the agents now, and better service is certainly one solution."

Elimination of the agent by direct-writing companies gives them the edge in acquisition costs, he pointed out, and permits them to offer strong competition through reduced rates.

"I'm afraid there's going to be a considerable increase in direct-selling here on the Pacific Coast before a solution to the problem is reached," he concluded.

Another company manager offered the opinion that fear of government intervention prevented the stock companies from attempting to combat the direct-producers

<sup>60</sup> A San Francisco insurance broker testified<sup>61</sup> he knows of one broker who runs a one-man office who has an account which brings him in commission something like \$40,000 a year, and he points out, logically, that compensation premiums do run into a lot of money.

<sup>61</sup> Transcript May 11, 1950, page 56.

<sup>62</sup> State Fund's Supplemental Statement, April 4, 1950, page 11.

<sup>63</sup> *Supra*, page 16.

"Any move on our part—through legislation or otherwise—to curtail their operation would be construed as being in restraint of trade under Public Law 15 and would probably bring about action by the Federal Government," he stated.

Direct-writing companies will never attract enough business to become a serious threat was the opinion expressed by another manager, but he also admitted that "our greatest hope lies with the agents themselves."

One executive presented the situation this way: "Money is getting harder to come by, and competition is getting keener every day. An agent can no longer drop a note to his client saying: 'Dear Bill—Here is your June renewal premium. If I can be of any help, call on me'."

Competition in the rural districts is being felt from the county mutual societies and the Farm Bureau here in California, said two company officials. These men said that such groups write what they termed "ridiculous risks" and at the same time undercut stock company rates by as much as 25-30 percent. However, they added that because of present regulations and controls there is, in their opinion, no possibility of a competitive rate war such as has occurred in the past.

A well-known local agent agreed with the company viewpoint that the agent must provide service for his clients in order to meet the competition of the direct-selling companies.

"The agent is usually a local man," he said, "who knows the policyholder and his problems and whose primary interest is the policyholder. As long as he continues to be this, I don't think he need worry too much about competition from direct-writers—although we'll always have them, I believe \* \* \*."

# **DOCUMENTS RELATING TO WORKMEN'S COMPENSATION**

In the Preliminary Report on Workmen's Compensation Insurance made by this committee there appears the complete transcript of hearings at which was heard testimony relating to the conduct and operation of the California State Compensation Insurance Fund, and in the course of this and a subsequent hearing held in San Francisco questions brought to light the need for further information.

We requested the Department of Industrial Relations to furnish us with an estimate of the number of workers covered by the California Workmen's Compensation Act, 1949.

The compilation follows:

## **COMPILATION OF ESTIMATED NUMBER OF WORKERS COVERED BY CALIFORNIA WORKMEN'S COMPENSATION ACT, 1949**

STATE OF CALIFORNIA  
DEPARTMENT OF INDUSTRIAL RELATIONS  
Industrial Relations Building  
905 Mission Street  
SAN FRANCISCO 3

March 8, 1950

HON. ERNEST R. GEDDES

*Member of Assembly*

*State Capitol, Sacramento 14, California*

Dear MR. GEDDES: In compliance with your request, I take pleasure in enclosing a compilation prepared by our Division of Labor Statistics and Research giving the estimated number of workers covered by California's Compensation Act in 1949.

Sincerely,

PAUL SCHARRENBURG  
Director of Industrial  
Relations

### **Estimated Number of Workers Covered by California Workmen's Compensation Act, 1949**

Estimated total wage and salary workers covered by Workmen's Compensation Act .....	3,018,000
Employed by self-insurers * .....	440,000
Estimated wage and salary workers covered by policies of insurance .....	2,578,000
Estimated covered by State Compensation Insurance Fund <sup>b</sup> .....	645,000
Estimated covered by private insurance carriers .....	1,933,000

\* Includes employees of self-insured private firms and government agencies

<sup>b</sup> Estimated as one-fourth of total employees covered by policies of insurance

**OUTLINE OF QUESTIONS POSED BY PERSONNEL BOARD IN  
EXAMINATIONS FOR POSITIONS AS INSURANCE SOLIC-  
ITORS AND SERVICEMEN FOR STATE COMPENSATION  
INSURANCE FUND**

The committee also discussed whether or not the engineers or other persons authorized to solicit business on behalf of the State Fund were of particular fitness and competency. We therefore asked the State Personnel Board for information on this subject and give below the information made available. We have respected the precautions exercised by the board in maintaining proper safeguards over the secrecy of their examination material, and trust the material here presented will satisfy all who are interested.

CALIFORNIA STATE PERSONNEL BOARD  
1015 L Street  
SACRAMENTO 14

March 15, 1950

MR. HARRY HOWARD, *Executive Secretary*  
Assembly Interim Committee on Finance and Insurance  
Room 527, Investment Building, Pomona, California

DEAR MR. HOWARD: In accordance with our conversation on March 19th, I have enclosed copies of the cover sheets for the examinations given for Executive Special Agent, Grade 2, and Executive Special Agent, Grade 1, State Compensation Insurance Fund, and for Compensation Insurance Representative, Grade 4, and Compensation Insurance Representative, Grade 3. Each of these examinations contained the number of items indicated opposite the subject matter. There has been no examination since 1941 for Executive Special Agent, Grade 2. This is probably accounted for by the fact that there are only two positions in the class and there has been no turnover since the date of the last examination.

If you or any of the members of the Committee on Finance and Insurance wish to look at the actual questions contained in the examinations we shall be glad to show them to you. We believe it is entirely appropriate that the members of the committee see the questions if they so desire. Our only desire is to retain custody of the questions and not be put in the possibly embarrassing position of having to acknowledge that copies of our questions have ever been out of our control.

I hope you will assure the members of the committee of our earnest desire that they understand our problems in this matter, and our complete desire to cooperate with them.

Very truly yours,

KELVIN D. SHARP  
Assistant Secretary

STATE OF CALIFORNIA  
STATE PERSONNEL BOARD

EXECUTIVE SPECIAL AGENT, GRADE 1,  
STATE COMPENSATION INSURANCE FUND,  
PROMOTIONAL

Identification No. \_\_\_\_\_ City \_\_\_\_\_ Date \_\_\_\_\_

Your identification number conceals your identity in this examination and insures impartial and impersonal scoring. Disclosure of your identification number or the identity of your examination paper may cause the cancellation of your candidacy. Please do not use your identification number and your name together in any correspondence or conversation with anyone having any part in conducting this test or scoring the papers.

This booklet is the property of the State Personnel Board and must not be taken from the examination room.

Two hours and forty-five minutes will be allowed for this part of the examination.

GENERAL INSTRUCTIONS

Work each test in accordance with the directions given at the beginning of the test. Do not answer any question until you have read it carefully and completely. We believe that you will have ample time to complete the examination if you work at a reasonable rate of speed. Be sure that you have not skipped any pages. Review and recheck your answers if you finish before time is called.

(Applicants must not write in the spaces below)

Test:		Number:	:	:
No.:	Subject	Items	:	:
1	:Knowledge of Compensation Insurance	:	:	:
	:Procedures and Practices, of the	:	:	:
	:Methods of Calculating Compensation	:	:	:
	:Insurance Notes, of the Application	:	:	:
	:of the California Compensation Man-	199	:	:
	:ual and the Schedule of Experience	:	:	:
	:Rating Plans, of the Principles and	:	:	:
	:Application of the California Work-	:	:	:
	:men's Compensation Insurance and	:	:	:
	:Safety Laws and of the United States	:	:	:
2	:Longshoremen's and Harbor Workers'	:	:	:
	:Act; and Ability to Sell Compensa-	:	:	:
	:tion Insurance	:	:	:
3	:Knowledge of the Methods Used for	:	:	:
	:the Prevention and Reduction of	17	:	:
	:Industrial Accidents	:	:	:
4	:Ability to Investigate and Adjust	:	:	:
	:Disputes	14	:	:
	:Knowledge of Modern Office Methods:	:	:	:
4	:and Procedures and Ability to	34	:	:
	:Direct the Work of Others	:	:	:
2.203		TOTAL		
		RATING		

STATE OF CALIFORNIA  
STATE PERSONNEL BOARD

EXECUTIVE SPECIAL AGENT, GRADE 2  
STATE COMPENSATION INSURANCE FUND, PROMOTIONAL

Identification No. \_\_\_\_\_

August 28, 1941

Your identification number conceals your identity in this examination and insures impartial and impersonal scoring. Disclosure of your identification number or the identity of your examination paper may cause the cancellation of your candidacy. Please do not use your identification number and your name together in any correspondence or conversation with anyone having any part in conducting this test or scoring the papers.

Three hours and thirty minutes will be allowed for this part of the examination.

GENERAL INSTRUCTIONS

Work each test in accordance with the directions given at the beginning of the test. Do not answer any question until you have read it carefully and completely. We believe that you will have ample time to complete the examination if you work at a reasonable rate of speed. Be sure that you have not skipped any pages. Review and recheck your answers if you finish before time is called.

(Applicants must not write in the spaces below)

Test: No.:	Subject	Number: Items	:	:	:
1	California Workmen's Compensation Insurance Laws	65	:	:	:
2	United States Longshoremen's and Harbor Workers' Act	13	:	:	:
3	California Workmen's Compensation Manual	81	:	:	:
4	California Experience Rating Plan	23	:	:	:
5	California Inspection Rating Bureau and the Methods of Calculating Compensation Insurance Rates	69	:	:	:
6	Court Decisions and the Leading Decisions of the Industrial Accident Commission	16	:	:	:
7	Organization, Purposes, and Business Practices of the State Compensation Insurance Fund	41	:	:	:
8	Compensation Insurance Principles and Practices and Business Methods of Various Insurance Companies	62	:	:	:
9	Knowledge of Office Administration	27	:	:	:
:			:	:	:

TOTAL \_\_\_\_\_

RATING \_\_\_\_\_

STATE OF CALIFORNIA  
STATE PERSONNEL BOARD

COMPENSATION INSURANCE REPRESENTATIVE, GRADE 3  
PROMOTIONAL

Identification No. \_\_\_\_\_ City \_\_\_\_\_ Date \_\_\_\_\_

Three hours and thirty minutes will be allowed for this examination.

(Applicants must not write in the spaces below)

Test:		Number:	Weight:		
No.:	Subject	Items:	in	Points:	
1	Compensation Insurance and Safety Laws	55	55		
2	Compensation Insurance Principles and Practices	55	55		
3	Pay Roll Auditing	39	45		
4	Business Practices and Conditions	65	65		
5	The Schedule and Experience Rating Plans	30	30		
6	Operations and Processes	1	35		
7	Industrial Hazards and Accident Prevention	45	45		

1.159 Scored according to the number of correct answers.

TOTAL \_\_\_\_\_

RATING \_\_\_\_\_

STATE OF CALIFORNIA  
STATE PERSONNEL BOARD

COMPENSATION INSURANCE REPRESENTATIVE, GRADE 4  
PROMOTIONAL

Identification No. \_\_\_\_\_ City \_\_\_\_\_ Date \_\_\_\_\_

Three hours will be allowed for this examination.

(Applicants must not write in the spaces below)

Test:		Weight:	
No.:	Subject	Number:	in
		Items:	Points:
1	Workmen's Compensation, and The	40	40
	United States Longshoremen's and		
	Harbor Workers' Compensation Act		
2	Rating	1	30
3	Principles and Practices	4	40
4	Safety	12	33
5	Business Practices and In-	3	80
	dustrial Operations		

11,278 Scored according to the number of correct answers.

TOTAL \_\_\_\_\_

RATING \_\_\_\_\_



**OPINIONS OF ATTORNEY GENERAL**

An opinion of the Attorney General bearing on a point under discussion is printed below.

**OFFICE OF THE ATTORNEY GENERAL**

Sacramento 14, California

**FRED N. HOWSER**

Attorney General

<b>OPINION</b> of <b>Fred N. Howser</b> Attorney General <b>August F. Cetti</b> Deputy Attorney General	<b>No. 50/34</b>  <b>April 14, 1950</b>
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The Department of Finance has submitted a request for an opinion on the following questions:

(1) When the State Compensation Insurance Fund finds delinquent workmen's compensation insurance premiums are uncollectible, may the fund cancel from its records the amount of such premiums due without proceeding in accordance with the provisions of Sections 13940-13944, inclusive, of the Government Code, and obtaining approval of the State Board of Control?

(2) Is the State Compensation Insurance Fund required by law to comply with the accounting system prescribed for it by the Department of Finance pursuant to the provisions of Section 13290 of the Government Code?

The conclusions reached are summarized as follows:

(1) When the State Compensation Insurance Fund finds delinquent premiums are uncollectible, the fund may cancel from its records the amount of such premiums without proceeding in accordance with the provisions of Sections 13940 et seq., Government Code, or in any other manner obtaining the approval of the State Board of Control.

(2) The State Compensation Insurance Fund is not required by law to adopt or comply with an accounting system prescribed by the Department of Finance pursuant to the provisions of Section 13290 of the Government Code.

**ANALYSIS**

While the State Compensation Insurance Fund is a state agency (*Gilmore v. State Compensation Insurance Fund* (1937), 23 Cal. App. (2d) 325), it is a self-supporting, self-operating, independent agency of the State and "of a special unique character" (*Burum v. State Compensation Insurance Fund* (1947), 30 Cal. (2d) 575, 585). Section 11771 of the Insurance Code expressly precludes the State from any liability for obligations of the fund beyond the assets of the fund. The fund is a revolving fund consisting of premiums contributed by employers holding policies of workmen's compensation insurance with the State Compensation Insurance Fund, property and securities acquired through the use of such premium moneys, and the interest earned from investing such moneys (Insurance Code, Section 11773). The fund is fairly competitive with private insurance carriers and it operates on a nonprofit basis

(Insurance Code, Section 11775). It is to be noted that the fund does not consist in any part of appropriations made by the Legislature. The \$100,000 originally appropriated by the Legislature to get the fund started was never used and has long since been paid back to the State with interest. Since then the fund has never received any appropriation. All salaries and other expenses of the state fund are paid out of premiums received from its contributing policy holders (Insurance Code, Section 11774). After paying its liabilities and losses on its policies, and after setting aside necessary reserves and a reasonable surplus, the balance of the premiums received from the policy holders is returned each year to them in the form of cash dividends (Insurance Code, Section 11776). The Board of Directors of the State Compensation Insurance Fund is expressly vested with full power, authority and jurisdiction over the fund, and is empowered to perform all acts with regard to the fund "as fully and completely as the governing body of a private insurance carrier" (Insurance Code, Section 11781).

Turning now to the problem of the applicability of Sections 13940 et seq. and Section 13290 of the Government Code to the State Compensation Insurance Fund, Section 13940 provides that:

"Any state agency or employee charged by law with the collection of any state taxes, licenses, fees, or money owing to the State for any reason, which is due and payable, may file a verified application with the board for the discharge from accountability for the collection \* \* \* if the amount is so small as not to justify the cost of collection."

Section 13942 of the Government Code provides that the State Board of Control shall make an order discharging the applicant from further accountability for the collection if the board is satisfied that certain specific conditions exist.

Section 13290 of the Government Code provides:

"The department (of Finance) shall devise, install, supervise, and at its discretion revise and modify a modern and complete accounting system for each agency of the State permitted or charged by law with the handling of public money or its equivalent \* \* \*."

It should be noted that all of the Government Code sections herein mentioned are general provisions which apply generally to all departments and agencies of the State. If these provisions were applied to the State Compensation Insurance Fund they would conflict with the full and complete powers given the Board of Directors of the State Fund by the provisions of Chapter 4, Part 3, Division 2 of the Insurance Code. They would especially conflict with Sections 11781 and 11783(d) of the Insurance Code, which provide as follows:

11781. "The board of directors is hereby vested with full power, authority and jurisdiction over the State Compensation Insurance Fund. The board of directors may perform all acts necessary or convenient in the exercise of any power, authority or jurisdiction over the fund, either in the administration thereof or in connection with the insurance business to be carried on by it under the provisions of this chapter, as fully and completely as the governing body of a private insurance carrier \* \* \*."

11783. "The State Compensation Insurance Fund may: \* \* \*.

(d) Conduct all business and affairs and perform all acts relating to the fund whether or not specifically designated in this chapter."

These provisions along with other provisions of the Insurance Code which expressly and specifically cover the State Compensation Insurance Fund, constitute special statutes which prevail over conflicting general provisions of the Government Code. The case of *Burum v. State Compensation Insurance Fund* (1947), 30 Cal. (2d) 575, 585, is directly in point. In the *Burum* case the California Supreme Court said:

"Sections 667 and 688 of the Political Code are general in their application to the presentation of claims against the state. The Workmen's Compensation law, the Insurance Code and the Labor Code are special statutes. In *Brill v. County of Los Angeles*, 16 Cal. (2d) 726, 732 (108 P. 2d 443), it was held that 'a special statute dealing expressly with a particular subject controls and take priority over a general statute.' (See, also, *Birch v. County of Orange*, 186 Cal. 736, 743-745 (200 P. 647).) In line with these observations, the conclusion is inescapable that the entire framework of the Fund—its organization, its powers, its duties, and its obligations—shows that it was designed to be self-operating, and of a special and unique character; and as such, it may be sued, upon the claim here presented, without a previous filing of such claim with the State Board of Control."

The conclusions reached herein that Sections 13940 et seq. and Section 13290 of the Government Code are not applicable to the State Compensation Insurance Fund, are supported by the rule that the contemporaneous construction of a statute by those charged with its administration must be given great weight. We have been advised by the fund that "since the provisions now embodied in Government Code Section 13940 et seq. were adopted in 1937, requiring the State Board of Control to approve the writing-off of debts owing to the State, as well as prior thereto, the State Fund through its Board of Directors, its manager and its other officers has been exercising its judgment and discretion in writing-off and compromising premiums under its powers granted by the Insurance Code, irrespective of said Government Code sections." We have also been advised that the Department of Finance in its annual audit of the books and records of the State Compensation Insurance Fund as required by Section 11860 of the Insurance Code has suggested various changes in the accounting procedure of the fund. While most of these suggestions have been voluntarily adopted by the fund a few of the suggestions have never been accepted.

In the case of *Coca-Cola Company v. State Board of Equalization* (1945), 25 Cal. (2d) 918, 921, 922, the Supreme Court of this State said:

"Although not necessarily controlling, as where made without the authority of or repugnant to the provisions of a statute, the contemporaneous administrative construction of the enactment by those charged with its enforcement and interpretation is entitled to great weight, and courts generally will not depart from such construction unless it is clearly erroneous or unauthorized. (*Shealor v.*

City of Lodi, 23 Cal. (2d) 647 (145 P. 2d 574); People v. Southern Pacific Co., 209 Cal. 578 (290 P. 25); Riley v. Thompson, 193 Cal. 773 (227 P. 772); Riley v. Forbes, 193 Cal. 740 (227 P. 768)."

The conclusions reached in this opinion are not only in line with the views expressed by the California Supreme Court in the *Burum* case but are also in line with the former opinions rendered by this office on this general subject. As early as February 25, 1932, this office, in Opinion No. 7949, ruled that the State Fund could purchase magazines for its waiting rooms without the approval of the Department of Finance, and that the special sections of the Insurance Code covering the State Fund prevailed over the general statute, Political Code Section 675(a) (now Government Code Sections 13370 et seq.). This opinion was corroborated by a subsequent opinion, NS 3615a dated January 23, 1941. In opinion NS 3215, dated January 18, 1941, this office ruled that the fund had power to enter into written property leases for its various offices irrespective of Section 675 of the Political Code, providing generally that the Director of Finance has the power to lease property upon the request of the State office concerned. In opinion NS 2838 dated August 10, 1940, we said:

"While the State Fund is an agency of the State, from a practical standpoint its operations are quite similar to that of a privately owned stock or workmen's compensation insurer. It would not only therefore, seem proper but expedient that the business of the State fund be conducted as a privately owned stock insurer is conducted, unhampered by those restrictions, which the State generally imposes upon those of its governmental departments and officers, the maintenance and operating costs of which are borne by tax revenues \* \* \*.

"As the Legislature has expressly declared the fund shall operate on a fairly competitive basis with other privately organized insurers, it would seem to follow that it may do and perform those acts which other carriers perform and do in respect to the conservation and protection of its business, except as otherwise limited or prescribed by the laws under which it operates."

## **A SUMMARY OF WORKMEN'S COMPENSATION INSURANCE AND SAFETY LAWS IN THE STATE OF CALIFORNIA**

(Including 1949 Statutes)

Compiled by HARRY HOWARD, Executive Secretary Assembly Interim Committee on Finance and Insurance and edited by ADRIAN A. KRAGEN, Partner, LOEB & LOEB, Attorneys, Los Angeles; CHAS. P. SCULLY, Chief Counsel, California State Federation of Labor; RALPH N. KLEPS, Legislative Counsel, State of California.

### **WORKMEN'S COMPENSATION INSURANCE IN THE STATE OF CALIFORNIA**

The theory of compensation for disability, injury or death sustained during the course of and arising out of employment is inextricably woven into the warp and woof of the laws of the State by Constitutional Enactment; by extensive statutory provisions of the Labor Code and by definitive legislation incorporated in the Insurance Code, the Business and Professions Code, the Education Code, the Government Code, the Military and Veterans Code, the Penal Code, the Political Code and in the General Laws of the State.

The intent is to at least partially compensate the disabled or injured workman or, in case of death, his dependents for suffering and/or loss incurred, irrespective of fault, by providing medical, surgical, hospital or other remedial treatment in addition to calculated monetary payments compatible with the particular case.

To assure the accomplishment of these purposes a State Compensation Insurance Fund was established to be fairly competitive with other insurance carriers, provide a ready means for employers to obtain compensation insurance at a minimum cost, stabilize practices and encourage economies on the part of other carriers and insure the State's own employees and their dependents the compensation provided by law, without resort to technical defenses.

The only exclusive right granted the State Compensation Insurance Fund is to insure public agencies, **if they insure**, but their right to assume their own risks without insurance is not impaired. Other employers have the choice of self-insurance, private carriers or the fund.

Every provision of the law seeks to protect the interest of the disabled or injured workman or, in case of death, his dependents, and self-insurers, private carriers and the fund are equally bound.

The extensive ramifications of the varied interests vitally concerned with the application and operation of Workmen's Compensation Laws make it quite voluminous. For that reason an attempt has here been made to condense and summarize this law in succeeding pages by briefing page after page and paragraph after paragraph, while in other instances the law as amended to this date is quoted directly.

This summary is not designed for other than quick, ready reference to the general provisions of the act, its purposes, application and procedures.

### **CONSTITUTIONAL ENACTMENT**

**Creation (Art. XX, Sec. 21)**—Plenary power is vested in the Legislature by Art. XX, Sec. 21, of the State Constitution for the creation and enforcement of a complete system of workmen's compensation for injury or disability incurred or sustained in the course of employment and for their dependents in case of death.

**Liability**—Liability of the employer is decreed, irrespective of the fault of any party and insurance coverage against both liability and ability to pay such damages is made mandatory.

**Care Provisions**—Full provision is made for such medical, surgical, hospital and other remedial treatment as is requisite to cure and relieve from the effects of such injuries.

**Social Public Policy**—This constitutional provision is declared to be the social public policy of the State and all departments thereof are bound thereby.

#### THE LABOR CODE

**Department of Industrial Relations (Secs. 50-63)**—The Labor Code affirms the establishment of the Department of Industrial Relations, and specifically divides its work into at least eight divisions, two of which are the Industrial Accident Division and the State Compensation Insurance Fund.

**Industrial Accident Commission (Secs. 111-113)**—The code provisions relating to workmen's compensation are administered by the department through the Division of Industrial Accidents, which is under the control of the Industrial Accident Commission.

The commission consists of seven members appointed by the Governor with the consent of the Senate. The chairman of the commission is appointed by the Governor from its membership and is its administrative officer.

**Panels (Secs. 114, 115)**—Two panels, consisting of three commissioners each, are established, one with headquarters in San Francisco and one in Los Angeles, for the purpose of undertaking or holding investigations, inquiries and hearings and every finding, order, decision or award of either panel has the same effect as if enunciated by the entire commission.

**Enforcement of Federal Laws (Sec. 128)**—Permissive power is granted the commission to accept authority to enforce the United States Longshoremen's and Harbor Workers' Compensation Act.

**Peace Officer Powers (Sec. 129)**—All powers of police officers are granted to the secretary of the commission, assistant secretaries and appointed inspectors to carry weapons, make arrests and serve warrants and other process within the State.

**Investigations (Sec. 130)**—The commission, each commissioner, the secretary of commission, assistant secretaries and referees may administer oaths, certify to all official acts, issue subpoenas for the attendance of witnesses and the production of papers, books, accounts, documents and testimony in any inquiry, investigation, hearing or proceeding in any part of the State.

**Witness Fees and Mileage (Secs. 131-132)**—A formula is provided for the payment of mileage and witness fees for appearances ordered by the commission, a commissioner or a referee, and the Superior Court of and for any county in which a proceeding is held may compel attendance, giving of testimony and production of documents specified by any subpoena of the commission.

**Intimidation of Witnesses (Sec. 132a)**—Employers discharging, threatening to discharge or discriminating against employees for filing, making known their intention to file or testifying before the commission

concerning any complaint or application are liable for prosecution under a misdemeanor charge.

**Contempt (Sec. 134)**—Proceedings for contempt may be handled by the commission and its commissioners in the same manner and with the same authority as courts of record.

#### **Workmen's Compensation and Insurance**

**Liberal Construction of Act (Sec. 3202)**—In setting out the provisions of the Workmen's Compensation and Insurance Act the law is particularly definitive, and in addition specifies that all provisions shall be liberally construed by the courts for the purpose of extending their benefits for the protection of persons injured in the course of their employment.

**"Injury" (Sec. 3208)**—"Injury" includes any injury or disease arising out of the employment, including injuries to artificial members, eyeglasses and medical braces of all types; provided, however, that eyeglasses will not be replaced, repaired, or otherwise compensated for, unless injury to them is incident to an injury causing disability in excess of seven days.

**Physician, Etc. (Sec. 3209.3)**—Physician includes physicians and surgeons, optometrists, dentists, chiropodists and osteopathic and chiropractic practitioners licensed by California state law and within the scope of their practice as defined by California state law.

**Medical, Surgical and Hospital Treatment (Sec. 3209.5)**—Medical, surgical, and hospital treatment, including nursing, medicines, medical and surgical supplies, crutches, and apparatus, includes but is not limited to services and supplies by osteopathic and chiropractic practitioners as licensed by California state law and within the scope of their practice as defined by law.

**"Person" (Sec. 3210)**—"Person" includes an individual, firm, voluntary association, or a public, quasi-public, or private corporation.

**"Insurer" (Sec. 3211)**—"Insurer" includes the State Compensation Insurance Fund and any private company, corporation, mutual association, reciprocal or interinsurance exchange authorized under the laws of this State to insure employers against liability for compensation and any employer to whom a certificate of consent to self-insure has been issued.

**Injuries to Certain Public Employees (Secs. 3212, 3212.5)**—In the case of policemen, firemen and certain other public employees; hernia, heart trouble or pneumonia manifested during employment is expressly declared to constitute an injury and is presumed compensable in the absence of evidence to the contrary.

**"Employer" (Sec. 3300)**—An "employer" is defined as:

- (a) The State and every state agency.
- (b) Each county, city, district, and all public and quasi-public corporations and public agencies therein.
- (c) Every person, including any public service corporation which has any natural person in service.
- (d) The legal representative of any deceased employer.

**"Employee" (Secs. 3351, 3358.5-3361)**—"Employee means every person in the service of an employer under any appointment or contract

of hire or apprenticeship, express or implied, oral or written, whether lawfully or unlawfully employed and includes:

- (a) Aliens and minors.
- (b) All elected and appointed paid public officers.
- (c) All officers and members of boards of directors of quasi-public or private corporations while rendering actual service for such corporations for pay.
- (d) One engaged in domestic service for one employer for more than 52 hours per week.
- (e) A working member of a partnership receiving wages irrespective of profits.

(f) Workmen associated under specified partnership agreement.

(g) Male members of volunteer fire departments.

**Exclusions (Secs. 3352-3352.94, 3358)**—"Employee" excludes:

(a) Any person whose employment is both casual and not in the course of the trade, business, profession, or occupation of his employer.

(b) Any person employed in farm, dairy, agricultural, viticultural or horticultural labor, or in stock or poultry raising where the compensation provisions of this division are rejected, or do not apply, in accordance with Chapter 9 of this part.

(c) Any person engaged in vending, selling, offering for sale, or delivering directly to the public any newspaper, magazine or periodical where the title thereto has passed to the person so engaged.

(d) Any person performing services in return for aid or sustenance only, received from any religious, charitable or relief organization.

(e) Any person holding an appointment as deputy clerk, deputy sheriff, or deputy constable appointed for his own convenience and who receives no compensation from the county or municipal corporation or from the citizens thereof for his services as such deputy. This exclusion is operative only as to employment by the county or municipal corporation and does not deprive any person so deputized from recourse against a private person employing him for injury occurring in the course of and arising out of such employment.

(f) Any convict whose labor is used by the State Highway Commission on state highways or roads.

(g) Any person engaged in household domestic service except as provided in Section 3358.5.

(h) Certain civilian defense and disaster service workers.

(i) Watchmen for nonindustrial establishments paid by several persons.

**Presumption (Sec. 3357)**—Any person rendering a service for another, other than as an independent contractor, or unless otherwise expressly excluded, is presumed to be an employee.

**Persons Wholly Dependent (Sec. 3501)**—The law provides for conclusive presumption that the following are wholly dependent for support upon a deceased relative.

(a) A wife upon a husband with whom she was living at the time of his injury, or for whose support such husband was legally liable at the time of his injury.

(b) A child under the age of 18 years or over that age but physically or mentally incapacitated from earning, upon the parent with whom he is living at the time of the injury of the parent or for whose maintenance



the parent was legally liable at the time of injury, there being no surviving dependent parent.

**Determination of Dependency (Sec. 3502)**—In all other cases, questions of entire or partial dependency and questions as to who are dependents and the extent of their dependency shall be determined in accordance with the facts as they exist at the time of the injury of the employee.

**Requisite Relationships (Sec. 3503)**—No person is a dependent of any deceased employee unless in good faith a member of the family or household of the employee, or unless the person bears to the employee the relation of husband or wife, child, posthumous child, adopted child or stepchild, father or mother, father-in-law or mother-in-law, grandfather or grandmother, brother or sister, uncle or aunt, brother-in-law or sister-in-law, nephew or niece.

**Liability for Compensation (Secs. 3600-3603)**—Compensation liability is declared to exist, regardless of negligence, against an employer for any injury or death of employee arising out of and in the course of employment where the following conditions concur:

(a) Where, at the time of the injury, both the employer and the employee are subject to the compensation provisions of this division.

(b) Where, at the time of the injury, the employee is performing service growing out of and incidental to his employment and is acting within the course of his employment.

(c) Where the injury is proximately caused by the employment, either with or without negligence.

(d) Where the injury is not caused by the intoxication of the injured employee.

(e) Where the injury is not intentionally self-inflicted.

If conditions do not concur liability of employer is the same as if division had not been enacted. Payment of compensation in accordance with the order of the commission discharges the employer from other claims therefor.

**Civil Service Employees and Minors (Secs. 3604, 3605)**—State, county, city, district, institution, public and quasi-public corporations are held liable, even though employees may be working in violation of civil service or other laws or regulations respecting the hiring of employees.

Compensation is paid to a minor unless written claim is filed by parent or guardian. Compensation paid to the minor cannot be disaffirmed when he becomes of age.

#### **Compensation Insurance and Security**

**Securing Payment of Compensation (Sec. 3700)**—Every employer except the State and its subdivisions and institutions must secure payment of compensation in one or more of the following ways:

(a) By being insured against liability to pay compensation in one or more insurers duly authorized to write compensation insurance in this State.

(b) By securing from the Director of Industrial Relations a certificate of consent to self-insure, which may be given upon furnishing proof satisfactory to the Director of Industrial Relations of ability to self-insure and to pay any compensation that may become due to his employees.

**Deposit of Bonds and Securities by Self-Insurers (Sec. 3701)**—The Director of Industrial Relations may require a self-insuring employer to deposit with the State Treasurer a bond or securities, but not both, approved by the Director of Industrial Relations, and in an amount determined by the Director.

**Revocation of Consent to Self-Insure (Sec. 3702)**—Certificates of consent to self-insure may be revoked for cause by the Director of Industrial Relations, after hearing. Cause includes: the impairment of the solvency of employer, inability to fulfill obligations assumed, or the practice of:

(a) Inducing claimants to accept less than their just due or forcing them to resort to proceedings in order to secure such compensation.

(b) Discharging compensation obligations in a dishonest manner.

(c) Discharging compensation obligations in such manner as to cause injury to the public or those dealing with him.

**Administration of Benefits by Self-Insurer (Sec. 3703)**—If certificate has not been revoked and requisite bond or securities have been maintained with the State Treasurer, self-insurers are not obligated to pay into the State Compensation Fund any funds covering liability for compensation excepting life pensions, and may fully administer any compensation benefits assessed against them.

**Payment by Surety (Sec. 3704)**—In case of default by self-insurer, surety on bond becomes liable or securities deposited may be drawn upon by the commission for settlement of claims. Payment by surety, upon ratification or order, entitles surety to full reimbursement by employer or his estate, including attorney fees, etc., without prior claim or proceedings by injured employee or beneficiaries.

**Preference Over Other Debts (Sec. 3705)**—Surety making payments has the same preference over other debts of employer or his estate as person entitled to compensation.

**Failure to Secure Payment (Secs. 3706, 3707, 3709)**—Employers failing to secure payment of compensation are subject to proceedings before the commission and the courts but only the greater of the sums awarded may be collected. Attachment may be made on property of employer in the court action in amount fixed by the court, to insure payment of judgment.

**Presumption of Negligence (Sec. 3708)**—In such action it is presumed that the injury to the employee was a direct result and grew out of the negligence of the employer, and the burden of proof is upon the employer to rebut the presumption of negligence. It is not a defense to the employer that the employee was guilty of contributory negligence, or assumed the risk of the hazard complained of, or that the injury was caused by the negligence of a fellow servant. No contract or regulation shall restore to the employer any of the foregoing defenses.

**Penalty (Sec. 3710)**—Failure to secure the payment of compensation is a misdemeanor. Proof of continued violation of this section for 30 days makes mandatory on the tribunal before whom the charge of violation of this section is tried the imposition of a fine of not less than three hundred dollars (\$300).

Prosecutions for criminal violations of the provisions of this act may be conducted by the appropriate public official of the county in which the offense is committed, by the Attorney General, by the attorney for the Industrial Accident Commission or by any attorney in the civil service of the Department of Industrial Relations specifically designated by the director for such purpose.

**Evidence of Insurance (Sec. 3711)**—Employer may at anytime be required to show evidence showing name of insurer or manner of compliance with provisions of this act. Failure to do so within 10 days is declared prima facie evidence of failure or neglect and burden of proof is on him to show payment of proper compensation in one of the two ways provided.

**Nuisance Abatement Through Injunction (Sec. 3712)**—Conduct or operation of business without proper compensation insurance is declared a nuisance which may be abated by suit in name of Director of Industrial Relations before superior court of any county where all or part of such business is being conducted. Restraining order may be issued with bond being prerequisite, and may be continued for so long as violation continues.

**Notice of Insurance (Sec. 3713)**—Every employer must keep posted in conspicuous place notice containing name of his insurer or the fact that he is the self-insurer. Failure to do so is declared a misdemeanor and prima facie evidence of noninsurance.

**Rights and Privileges (Sec. 3750)**—The workmen's compensation provisions of the code do not affect:

- (a) Organization of any mutual or other insurer.
- (b) Existing contracts of insurance.
- (c) Insuring in mutual or other insurers in part or in whole.
- (d) Provision by mutual or other insurance, or by arrangement with employees, or otherwise, for the payment to such employees, their families, dependents or representatives of sick, accident, or death benefits in addition to those herein provided.
- (e) Right to waive waiting period provided for.

**No Employee Contribution (Sec. 3751)**—Employers are not permitted to exact, take or receive any contribution from the employee to cover the cost of compensation under this act, and to do so is made a misdemeanor.

**Liability Not Reduced by Other Benefits (Sec. 3752)**—Full liability for compensation may not be reduced by receipt of any other insurance, benefit or contribution, except as specifically provided by this act.

**Recovery of Compensation (Sec. 3753, 3754)**—Employees entitled to compensation may recover directly from the employer, regardless of any insurance or other contract, subject to provisions of this act, and in addition may make, the insurer a party to the claim or make a separate claim against him. Part or full payment by either employer or insurer relieves the other of liability to that extent only.

**Relief From Liability by Substitution of Insurer (Sec. 3755-57)—**

If upon injury claimant is served with notice by insurer of responsibility for compensation employer is relieved of responsibility, by filing copy of such notice with the commission and insurer is substituted in any and all proceedings by claimant for compensation recovery. If employer is insured for full amount of compensation payable, he may serve such notice upon both claimant and insurer with copy to the commission, and if it appears to the satisfaction of the commission that insurer has assumed full liability employer is relieved of responsibility and insurer substituted therefor.

**Construction Permit (Sec. 3800)**—Construction permits required to be issued by counties or cities in connection with structures can only be issued if applicant files or has on file:

- (1) A certificate of consent to self-insure issued by the Director of Industrial Relations, or
- (2) A certificate of workmen's compensation insurance issued by an admitted insurer, or
- (3) An exact copy or duplicate thereof certified by the director or the insurer.

**Hospital Inspection (Secs. 3950-3954)**—Power is granted the commission to inspect and determine the adequacy of hospital facilities furnished by employers or mutual associations for treatment of employees. No employee deduction or contribution is permitted to be used for providing the cost of compensation specified by the act. Annual reports of receipts, disbursements and services rendered are required. Judgment of commission is final concerning adequacy of equipment and treatment but may be amended, modified or rescinded on show of good cause. Nothing in the act prevents free treatment of employees.

**Medical Examinations (Secs. 4050-4056)**—Employees entitled to compensation must submit to medical examinations at reasonable intervals by physicians of the employer or commission at a convenient designated time and place but may have their own physicians present.

Refusal to submit to or obstruction of the examination suspends compensation proceedings and after direction by the commission bars the right to disability payments for the period of the refusal or obstruction.

An attending physician may be required to testify to or report the results of the examination.

Death or disability due to unreasonable refusal to submit to medical treatment is not compensable.

**Election to Be Subject to Compensation Liability (Secs. 4150-4155)**—Employers having persons employed by them but not included under the definition of "employee" as heretofore defined, may place themselves and such employees under the provision of this act, by insuring against liability or filing statement with the commission accepting compensation provisions of the act. Such statement operates for a term of one year from date of filing and thereafter for like successive terms unless at least sixty (60) days prior to the end of any such year notice is filed of withdrawal. Included are all persons in casual employment and not in course of trade, business or profession or occupation of

employer unless expressly excluded. When such election has been made by employer, and person in his employ is deemed to have accepted the compensation provisions of this division unless upon employment or within five days thereafter he files statement of election not to be subject to the act.

State, county, city, district, public agency and state institutions are conclusively presumed to have elected to come within the provisions of the act as to all employments otherwise excluded.

**Rejection of Compensation (Secs. 4250-4256)**—Persons engaged in farming, dairy, agricultural, viticultural or horticultural employments or in stock or poultry raising whose pay rolls for the preceding calendar year exceed \$500 and those employed by him who otherwise are not subject to the compensation provisions of this act are conclusively presumed to be covered thereby in the absence of an express rejection.

Provisions are made for the manner of giving notice both by the employer and the employee, the forms to be used, the expiration of rejections, the withdrawal of notice and the effect of election to come under the act.

**Civilian Defense and Disaster Service Workers (Secs. 4301-4305, 4311-4318, 4331-4337, 4351, 4355, 4361-4368, 4381-4386)**—Chapters 10 and 10.5 set up specific provisions for the coverage under this act of both civilian defense workers and disaster service workers.

Benefits are specifically set out, as well as, the method for adjustment of claims.

#### **Computation of Compensation**

**Average Annual Earnings (Secs. 4451-4452)**—Computed at 52 times the average weekly earnings and four times such average annual earnings, taken as not less than one thousand dollars (\$1,000) or more than seven thousand two hundred dollars (\$7,200) in disability cases, and in death cases not less than the minimum or more than the maximum provided in the code.

**Average Weekly Earnings (Secs. 4453, 4454)**—Computed at not less than fifteen dollars (\$15) nor more than forty-six dollars and sixteen cents (\$46.16) per week with special provision for computations between these limits and the definition that there shall be included overtime, market value of boarding, lodging, fuel and other advantages received by the injured employee as part of his remuneration which can be estimated in money, but such average weekly earnings shall not include any sum which the employer pays to or for the injured employee to cover any special expenses entailed on the employee by the nature of his employment.

**Employees Under 21 (Sec. 4455)**—Injured employee under 21 years of age, suffering permanent incapacity shall be determined to have an average weekly earning which ordinarily he would be able to earn at the age of 21 years in the occupation in which he was employed at the time of injury. If probable earnings at 21 cannot reasonably be determined, his average weekly earnings shall be taken as forty-six dollars and sixteen cents (\$46.16) per week.

**Work Relief Employees (Sec. 4456)**—Disability payments are provided for employees engaged on unemployment work relief programs conducted by the State, any political subdivision or governmental agency, and are determined solely on the monthly earnings or anticipated earnings of such person from such program within the minimum and maximum limits already set forth.

**Workers Associated in Partnership (Sec. 4457)**—In the event average weekly earnings of workmen associating themselves under a partnership agreement, the principal purpose of which is the performance of labor on a particular piece of work, are not otherwise ascertainable, they shall be deemed to be twelve dollars (\$12).

**Member of Volunteer Fire Department (Secs. 4458, 4458.5)**—If a male member registered as an active fire fighting member of any regularly organized volunteer fire department as described in Section 3361 suffers injury or death while in the performance of his duty as fireman, then, irrespective of his remuneration from this or other employment or from both, his average weekly earnings shall be taken as thirty-eight dollars and forty-six cents (\$38.46).<sup>\*</sup> Three times his average annual earnings shall be taken as five thousand nine hundred ninety-nine dollars and seventy-six cents (\$5,999.76) in disability cases, and three and one-half times his average annual earnings as a maximum of six thousand dollars (\$6,000) in the event of death. Any minor or adult impressed or ordered into fire control service as provided by Section 4010 of the Public Resources Code who suffers injury or the dependents of such person who suffers death while in the performance of the impressed or ordered duties shall receive benefits as provided for a male member registered as an active fire fighting member of a regularly organized volunteer fire department by the provisions of Section 4458 of this code.\*

**Effect of Previous Disability (Sec. 4459)**—Previous disability or receipt of compensation therefore does not preclude compensation for later injury or dependents from compensation for death resulting from injury. Determination for compensation or death from later injury shall be fixed at a sum reasonably representing his average weekly earnings at the time of the later injury.

**Computation of Disability Indemnity (Sec. 4460)**—Forty-six dollars and sixteen cents (\$46.16) per week is taken as the maximum average weekly earnings for computing temporary or permanent disability indemnity payable to any employee sustaining an original injury under this act.

#### Compensation Schedules

**General Provisions (Secs. 4550-4556)**—Where liability for compensation exists, such payments must be made by the employer.

Where injury is caused by serious and wilful misconduct of injured employee, compensation is reduced one-half, except for death or permanent disability of 70 percent or over; where injury is caused by failure of employer to comply with provisions of law, or safety orders, or where injured employee is under 16 years of age at the time of injury.

<sup>\*</sup> Section 4458 and probably Section 4458.5 have been modified by Section 4460 as amended by Statutes of 1947, Chapter 1033, which provides that after the effective date of the amendment the maximum average weekly earnings of volunteer firemen shall be taken as \$46.16

Special provision is made, to the effect that reduction of compensation because of serious and wilful misconduct of an employee is not enforceable, valid or binding until the commission has so determined by its findings and award. Amount of compensation otherwise recoverable may be increased one-half where employee is injured by reason of serious and wilful misconduct of:

- (a) Employer or his managing representative.
- (b) One of partners in partnership, managing representative or general superintendent thereof.
- (c) Executive, managing officer, or general superintendent of a corporation.

However, in no case can increase of award exceed three thousand seven hundred fifty dollars (\$3,750). Wilful failure by employer to secure compensation payment for injury or death, may subject him to an increase of 10 percent of the recoverable amount, but not exceeding one thousand dollars (\$1,000). Such failure on the part of the employer is prima facie evidence of wilfulness on his part.

Reasonable attorney's fees, in addition to the amount of compensation recoverable may be awarded in case of failure by an employer to secure payment of compensation.

Increases provided for by this article are not limited by previous provisions relating to maximum amounts in the computation of average earnings.

#### Medical and Hospital Treatment

**(Sec. 4600)**—Medical, surgical, and hospital treatment, including nursing, medicines, medical and surgical supplies, crutches, and apparatus, including artificial members, which is reasonably required to cure or relieve from the effects of the injury shall be provided by the employer. In the case of his neglect or refusal reasonably to do so, the employer is liable for the reasonable expense incurred by or on behalf of the employee in providing treatment.

In accordance with the rules of practice and procedure of the commission, the employee, or the dependents of a deceased employee, shall be reimbursed for expenses reasonably, actually, and necessarily incurred for X-rays and medical reports required to successfully prove a contested claim.

**Physicians, Changes, Exceptions, Controversies, Etc. (Secs. 4601-4605)**—Upon the employee's request, one change of physician shall be tendered by employer by nomination of at least three additional practicing physicians, competent to treat the particular case and in serious cases employee is entitled upon request, to the services of a consulting physician, and all such treatment shall be at the expense of the employer.

If employee requests, employer must provide certification of competency of the consulting or additional physicians by the commission. However, these provisions regarding a change of physician do not apply to those cases where employer maintains for his own employees a hospital and hospital staff, the adequacy and competency of which have been approved by the commission. Controversies between employer and employee shall be determined by the commission upon the request of either party and it is specifically provided that nothing in this act

limits the right of the employee to provide at his own expense any consulting or attending physician whom he may desire.

#### **Disability Payments**

**Disability Payments, Commencement of (Sec. 4650)**—Disability payment is made for one week in advance as wages on the eighth day after the injured employee leaves work. If injury causes disability of more than 49 days, payment shall be made from the first day employee left work as result of the injury.

If injury causes permanent disability, payment shall be made for one week in advance as wages on the eighth day after the injury becomes permanent, or the date of last payment for temporary disability, whichever date first occurs.

**When and How Payable (Sec. 4651)**—Payments must be made not less than twice a month, unless on special order of the commission and must be negotiable and payable in cash, on demand, without discount.

**Petition re Change of Disability (Sec. 4651.1)**—Petitions concerning decreased or terminated disability presumes that such temporary disability continues for at least one week following the filing of such petition and payment is made for that week unless employee has returned to work, at or prior to the date of such filing.

**Waiting Period (Sec. 4652)**—Disability payments are not recoverable for the first seven days after employees leave work as result of the injury, unless the period of temporary disability exceeds 49 days.

**Temporary Total Disability (Secs. 4653, 4654)**—If the injury causes temporary total disability, the disability payment is 65 percent of the average weekly earnings during the period of such disability, consideration being given to the ability of the injured employee to compete in an open labor market. If partial temporary disability results the disability payment is 65 percent of the weekly loss in wages.

**Temporary Partial Disability (Sec. 4655)**—If injury causes temporary disability, which is at times total, and at times partial, the weekly disability payment during the period of each total or partial disability is in accordance with the two previous sections.

**Aggregate Payments: Temporary Disability (Sec. 4656)**—Aggregate disability payments for a single injury causing temporary disability shall not exceed four times the average annual earnings of the employee, nor shall the aggregate disability period for such temporary disability in any event extend beyond 240 weeks from the date of the injury.

**Loss in Wages: Temporary Partial Disability (Sec. 4657)**—In case of temporary partial disability the weekly loss in wages shall consist of the difference between the average weekly earnings of the injured employee and the weekly amount which the injured employee will probably be able to earn during the disability, to be determined in view of the nature and extent of the injury. In computing such probable earnings, due regard shall be given to the ability of the injured employee to compete in an open labor market.

If evidence of exact loss of earnings is lacking, such weekly loss in wages may be computed from the proportionate loss of physical ability or earning power caused by the injury.



**Permanent Disability Percentage (Sec. 4658)**—If the injury causes permanent disability, the percentage of disability to total disability shall be determined and the disability payment computed and allowed according to the following schedule:

<i>Percentage of permanent disability incurred</i>	<i>Number of weeks for which 65 percent of average weekly earnings allowed</i>	<i>Percentage of average weekly earnings allowed for remainder of life after period for which 65 percent of average weekly earnings allowed</i>
1	4	0
10	40	0
20	80	0
30	120	0
40	160	0
50	200	0
60	240	0
70	280	10
80	320	20
90	360	30
100	400	40

**Computation (Sec. 4659)**—The payment for permanent disabilities intermediate to those fixed by the foregoing schedule shall be computed and allowed as follows:

(a) Sixty-five percent of the average weekly earnings for four weeks for each 1 percent of disability.

(b) If 70 percent or over, 1 percent of the average weekly earnings for each 1 percent of disability in excess of 60 percent to be paid during the remainder of life, after payment for the maximum number of weeks specified in the foregoing schedule has been made.

**Determining Percentage of Permanent Disability (Sec. 4660)**—In determining the percentages of permanent disability, account shall be taken of the nature of the physical injury or disfigurement, the occupation of the injured employee, and his age at the time of such injury, consideration being given to the diminished ability of such injured employee to compete in an open labor market.

**Disability Both Temporary and Permanent (Sec. 4661)**—Where an injury causes both temporary and permanent disability, the injured employee is entitled to compensation for any permanent disability sustained by him in addition to any payment received by such injured employee for temporary disability.

Every computation made pursuant to this section shall be made only with reference to disability resulting from an original injury sustained after this section as amended during the 1949 Regular Session of the Legislature becomes effective; provided, however, that all rights presently existing under this section shall be continued in force.

**Presumption of Permanent Total Disability (Sec. 4662)**—Any of the following permanent disabilities shall be conclusively presumed to be total in character:

- (a) Loss of both eyes or the sight thereof.
- (b) Loss of both hands or the use thereof.
- (c) An injury resulting in a practically total paralysis.
- (d) An injury to the brain resulting in incurable imbecility or insanity.

In all other cases, permanent total disability shall be determined in accordance with the fact.

**Aggravation of Prior Disease (Sec. 4663)**—In case of aggravation of any disease existing prior to a compensable injury, compensation shall be allowed only for the proportion of the disability due to the aggravation of such prior disease which is reasonably attributed to the injury.

#### **Death Benefits**

**Accrued Disability Compensation (Sec. 4700)**—The death of an injured employee does not affect the liability of the employer for the payment of disability benefits so far as such liability has accrued and become payable at the date of the death. Any accrued and unpaid compensation shall be paid to the dependents, or, if there are no dependents, to the personal representative of the deceased employee or heirs or other persons entitled thereto, without administration, but such death terminates the disability.

**Extent of Employer's Liability (Sec. 4701)**—Where an injury caused death, either with or without disability, the employer shall be liable, in addition to any other benefits provided by this act, for:

(a) Reasonable expenses of the employee's burial, not exceeding four hundred dollars (\$400).

(b) A death benefit, to be allowed to the dependents when the employee leaves any person dependent upon him for support.

**Death Benefit: Amount and Payment (Sec. 4702)**—The death benefit shall be a sum sufficient to equal:

(a) In a case of total dependency, four times the average annual earnings of the deceased employee.

(b) In a case of partial dependency only, four times the amount annually devoted to support of the dependents by the employee.

The death benefit shall be paid in installments in the same manner and amounts as disability indemnity, payments to be made at least twice each calendar month, unless the commission otherwise orders. Except as provided in the next paragraph the death benefit, when added to all accrued disability indemnity, shall not exceed four times the annual earnings of the employee, nor exceed the sum of six thousand dollars (\$6,000), except in the case of a surviving widow and one or more dependent minor children, in which case the death benefit shall be increased 25 percent, but not to exceed seven thousand five hundred dollars (\$7,500) and, except as otherwise provided in Sections 4553 and 4554. For a total dependency the minimum death benefit shall be three thousand dollars (\$3,000).

Disability indemnity shall not be deducted from the death benefit and shall be paid in addition to the death benefit when the original injury resulting in death occurs after the effective date of the amendment to this section adopted at the 1949 Regular Session of the Legislature.

Every computation made pursuant to this section shall be made only with reference to death resulting from an original injury sustained after this section as amended during the 1949 Regular Session of the Legislature becomes effective; provided, however, that all rights presently existing under this section shall be continued in force.

**Allocation to Dependents (Secs. 4703, 4704)**—Subject to the provisions of Section 4704, this section shall determine the right to a death benefit. If there is any person wholly dependent for support upon a deceased employee, such person shall receive the entire death benefit, and any person partially dependent shall receive no part thereof.

If there is more than one person wholly dependent for support upon a deceased employee, the death benefit shall be divided equally among them.

If there is more than one person partially dependent for support upon a deceased employee, and no person wholly dependent for support, the amount allowed as a death benefit shall be divided among the persons so partially dependent in proportion to the relative extent of their dependency.

The commission may set apart or reassign the death benefit to any one or more of the dependents in accordance with their respective needs and in a just and equitable manner, and may order payment to a dependent subsequent in right, or not otherwise entitled thereto, upon good cause being shown therefor.

The death benefit shall be paid to such one or more of the dependents of the deceased or to a trustee appointed by the commission or a commissioner for the benefit of the person entitled thereto, as determined by the commission.

**Application of Payment (Sec. 4705)**—The person to whom the death benefit is paid for the use of the several beneficiaries shall apply it in compliance with the findings and directions of the commission.

**Death of Dependent Beneficiary (Sec. 4706)**—If a dependent beneficiary of any deceased employee dies and there is no surviving dependent, the death benefit terminates and does not survive to the estate of the deceased dependent, except that payments of the death benefit accrued and payable at the time of the death of the sole remaining dependent shall be paid upon the order of the commission to the heirs of the dependent or, if none, to the heirs of the deceased employee, without administration.

**State Employees' Retirement Benefits (Gov. C., Secs. 20000 et seq.; Sec. 4707)**—No death benefits shall be awarded under this act on account of the death of an employee who is a member of the State Employees' Retirement System unless it shall be determined that a special death benefit, as defined in the State Employees' Retirement Law, will not be paid by the State Employees' Retirement System to the widow or children under 18 years of age, of the deceased, on account of said death, but if the total death allowance paid to said widow and children shall be less than the benefit otherwise payable under this act such widow and children shall be entitled, under this act, to the difference.

#### **Subsequent Injuries Payments**

**Compensation From Employer (Sec. 4750)**—An employee who is suffering from a previous permanent disability or physical impairment and sustains permanent injury thereafter shall not receive from the employer compensation for the latter injury in excess of the compensation allowed for such injury when considered by itself and not in conjunction with or in relation to the previous disability or impairment.

The employer shall not be liable for compensation to such an employee for the combined disability, but only for that portion due to the later injury as though no prior disability or impairment had existed.

**Additional Compensation (Sec. 4751)**—If an employee who is permanently partially disabled received a subsequent compensable injury resulting in additional permanent partial disability so that the degree of disability caused by the combination of both disabilities is greater than that which would have resulted from the subsequent injury alone, and the combined effect of the last injury and the previous disability or impairment is a permanent disability equal to 70 percent or more of total, he shall be paid in addition to the compensation due under this code for the permanent partial disability caused by the last injury, compensation for the remainder of the combined permanent disability existing after the last injury as provided in the provisions of the act relating to subsequent injuries.

**Deductions (Sec. 4753)**—Such additional compensation is not in addition to but shall be reduced to the extent of any monetary payments the employee is receiving from any federal or state fund to which he has not directly contributed, except as to payments being made to the employee or to which he is entitled as a pension or other compensation for disability incurred in service in the armed forces of the United States.

**Representation, Costs Reimbursements (Secs. 4753.5, 4754, 4755)**—Provision is made for the Attorney General to represent the State in any such hearing, investigation or proceeding, under the above provisions and for his reimbursement for costs incurred out of appropriations for the payment of special additional compensation specified in Section 4751. The commission fixes and awards the amounts to be paid by the State Compensation Insurance Fund which amounts can only be paid from funds appropriated for such purposes. Not more than 5 percent of the amount of award paid may be charged back by the fund to reimburse the revolving fund for such expenditures.

**Special Payments to Members of California Highway Patrol, City Policemen and City Firemen**

**Leave of Absence: Account Disability (Secs. 4800, 4850)**—Special sections of the act provide that whenever any member of the California Highway Patrol, or any city policeman or city fireman who is a member of the State Employees' Retirement System, is disabled by injury or illness arising out of and in the course of his duties, he shall be entitled, regardless of his period of service with the patrol or the city, to a leave of absence while so disabled without loss of salary in lieu of temporary disability payments and for the period of not exceeding one year. These sections apply only to those members of the California Highway Patrol or city police whose principal duties consist of active law enforcement and city firemen whose duties clearly fall within the scope of active fire fighting and prevention services. All other members of such organizations and departments are excluded.

**Determination of Disability (Secs. 4801, 4851)**—The Industrial Accident Commission is directed to determine upon request of the Motor Vehicle Department\* or the Board of Administration of the State Employees' Retirement System whether or not such disability arose out

\* Members of the patrol are now in the Division of California Highway Patrol (Vehicle Code Sec 139 et seq.).

of and in the course of duty; also in any disputed case to determine when such disability ceases.

**Hospital and Medical Expenses (Secs. 4802, 4852)**—Such disabled members of the California State Highway Patrol, regardless of retirement under the State Employees' Retirement System, and injured or disabled city policemen or firemen, are entitled to the medical, surgical and hospital benefits prescribed as part of the compensation for persons injured in the course of and arising out of, their employment. In the case of patrol members, such compensation shall be at the expense of the Department of Motor Vehicles and in the case of city policemen and firemen at the expense of the city in which they are employed and such expense shall be charged upon the fund out of which the compensation of the member is paid.

**Disability in Excess of One Year (Secs. 4803, 4853)**—Such highway patrolman, city policeman or city fireman shall thereafter be subject, as to disability indemnity, to the general provisions of the act, during the remainder of the disability, except that such compensation shall be paid out of funds available for the support of the Department of Motor Vehicles or out of the funds of such city and the leave of absence shall continue. It is further provided that no disability shall be paid to any such city fireman or city policeman on account of, or for permanent disability rating made by the Industrial Accident Commission.

**Limitation on Disability Indemnity (Secs. 4804, 4854)**—No disability indemnity shall be paid to said member concurrently with wages or salary payments.

#### Compensation Claims

**Payment and Assignment (Secs. 4900-4909)**—Compensation claims are not assignable before payment or subject to be taken for the debts of the party entitled to compensation, or be paid for attorneys, but must be paid directly to the claimant, unless otherwise ordered by the commission.

The commission may, however, determine and allow as a lien against compensation payments reasonable attorney's fees and disbursements, medical and hospital expenses, living expenses of employee and dependents, burial expenses, living expenses of wife or minor children, unemployment compensation disability benefits and unemployment compensation benefits paid during the disability for which compensation is awarded, but only as specifically set out in the act.

In the case of such liens, specific provisions are made for the payment of the amount of the lien after notice, payment of amount allowable as a lien without request, determination of the reasonableness of the claim, suspension of privilege of appearing as representative of the claimant, the priority of the compensation claim and the payment or acceptance pending determination of liability.

**Compromise and Release (Secs. 5000-5004)**—Specific provisions cover the rights and privileges of compromise and release of any claim, the responsibility for compensation, the required filing of release or compromise agreements with the commission, the formalities of execution of necessary documents, and the statements required in case of death.

**Lump Sum Payments (Secs. 5100-5106)**—Conditions are set up for payments of compensation under this act in a lump sum along with

methods of determination of the amount, the determination of persons other than the injured employee to whom payments may be made, including appointment of trustees, and payments by the trustees. Procedures are also set up for proper evidencing of award and satisfaction therewith, and in case of uninsured employer, determination of the method and rate of payment.

#### **Compensation Proceedings**

**Jurisdiction (Secs. 5300, 5301)**—All the following proceedings shall be instituted before the commission and not elsewhere, except as otherwise provided in Division 4 and 5.\*

(a) For the recovery of compensation, or concerning any right or liability arising out of or incidental thereto.

(b) For the enforcement against the employer or an insurer of any liability for compensation imposed upon him by this act in favor of the injured employee, his dependents, or any third person

(c) For the determination of any question as to the distribution of compensation among dependents or other persons.

(d) For the determination of any question as to who are dependents of any deceased employee, or what persons are entitled to any benefit under the compensation provisions of this division.

(e) For obtaining any order which by Divisions 4 and 5 the commission is authorized to make.

(f) For the determination of any other matter, jurisdiction over which is vested by Divisions 4 and 5 in the commission.

Final authority in the determination of all these matters is vested in the commission, subject only to review by the courts, and may be exercised by the commission through either of its panels, a commissioner, or a referee.

**Orders, Etc., Prima Facie Lawful (Sec. 5302)**—All orders, rules, findings, decisions, and awards of the commission shall be prima facie lawful and conclusively presumed to be reasonable and lawful, until and unless they are modified or set aside by the commission or upon a review by the courts within the time and in the manner specified in this act.

**One Cause of Action (Sec. 5303)**—There is but one cause of action for each injury coming within the provisions of this division. All claims brought for medical expense, disability payments, death benefits, burial expense, liens, or any other matter arising out of such injury may, in the discretion of the commission, be joined in the same proceeding at any time.

**Controversies Relating to Hospital, Medical Treatment: Injuries Suffered Without State (Secs. 5304, 5305)**—The commission is given jurisdiction over any controversy relating to, or arising out of medical, surgical and hospital treatment, physician's charges, etc., unless an express agreement concerning such treatment has been previously made between the persons or institutions rendering such treatment, and the employer or insurer. It also has jurisdiction over all controversies arising out of injuries suffered without the State, and contract of hire was made in this State.

\* The commission does not presently administer the provisions of Division 5, however (Labor Code Sec. 142)

**Proceedings Against Employer's Estate (Secs. 5306-5307.5)**—In case of the death of an employer subsequent to the sustaining of an injury by an employee, the right of that employee to proceed before the commission against the estate of the employer is not impaired, and failure of the employee, or his dependents to present the claim to the executor, or the administrator of the estate, does not in any way bar or suspend such right. The powers of the commission, a panel, a commissioner, or a referee, with reference to rules of practice and procedure, regulations, appointments, provisions, trials and determination are specifically stipulated.

**Reference of Cases, Referees, Hearings, Etc. (Secs. 5309-5317)**—The commission is empowered upon agreement of the parties, application of either, or on its own motion with or without notice to direct and order a reference to try any issue in any proceeding before it, and to report a finding, order, decision and award thereof, or to ascertain any fact necessary to enable it to determine any proceeding before it, or make any order, decision or award.

It may appoint referees, grant powers and jurisdiction and fix compensation for such referees. If objection is raised to a particular referee by any party to the proceeding, such objection can be heard and disposed of by the commission. Such referees are required to be sworn before a duly authorized officer and must report their findings in writing within 15 days after testimony is closed. Stipulations are made as to the form in which the report shall be made, the method of holding hearings, the action allowable upon the report of the referee and the service of notice, order, or decision.

**Limitations of Proceedings (Secs. 5400-5403)**—This section of the Labor Code declares that except as otherwise provided, no claim to recover compensation under this act shall be maintained, unless such claim is filed or served upon the employer in writing within 30 days after the occurrence of the injury. Contents of such required notice are specifically set forth and knowledge of such injury obtained by the employer from any source, is equivalent to service of above required notice. Failure to give notice, or any defect, or inaccuracy in a notice, does not bar recovery under this act, if it is found that employer was not misled or prejudiced by such failure.

**Limitations of Time and Action (Secs. 5404-5407)**—Specific provision is made for the barring of the right to institute proceedings unless within the time designated, usually one year from the occurrence of one of the enumerated events, one of the interested parties files an application. The period within which proceedings may be commenced against an employer for the collection of compensation on the grounds of serious and wilful misconduct is limited to 12 months from the date of injury. This period cannot be extended by payment of compensation, agreement therefor, or the filing of application for compensation benefits under other provisions of this act.

**Appointment of Guardians, Etc., for Minors and Incompetents (Sec. 5408)**—If an injured employee, or, in the case of his death, any of his dependents, is under 21 years of age or incompetent at any time when any right or privilege accrues to such employee or dependent under this act, a general guardian, appointed by the court, or a guardian ad litem or trustee appointed by the commission or a commissioner may,

on behalf of the employee or dependent, claim and exercise any right or privilege with the same force and effect as if no disability existed.

No limitation of time provided by this act shall run against any person under 21 years of age or any incompetent unless and until a guardian or trustee is appointed. The commission may determine the fact of the minority or incompetency of any injured employee and may appoint a trustee to receive and disburse compensation payments for the benefit of such minor or incompetent and his family.

**Limitation of Action (Sec. 5409)**—The running of the period of limitations prescribed by this act is an affirmative defense and operates to bar the remedy and not to extinguish the right of the employee. Such defense may be waived. Failure to present such defense prior to the submission of the cause for decision is a sufficient waiver.

**New and Further Disability (Sec. 5410)**—There is no bar to the right to institute proceedings for collection of compensation within five years after the date of the injury upon grounds that the original injury has caused new and further disability and the jurisdiction of the commission in such cases is a continuing one.

**Date of Injury (Secs. 5411, 5412)**—The date of injury, except in cases of occupational disease, is that date during the employment on which occurred the alleged incident or exposure, for the consequences of which compensation is claimed.

The date of injury in cases of occupational diseases is that date upon which the employee first suffered disability therefrom and either knew, or in the exercise of reasonable diligence should have known, that said disability was caused by his present or prior employment.

**Applications and Answers (Secs. 5500-5507)**—Statutory provisions concerning the application are set up, as to how it shall be filed with the commission, the time for hearing, the designation for the parties involved, the service of application and notice, how answers are to be made, the penalty for failure to answer or appear, and right to dismissal of application, are all spelled out in detail.

**Attachments (Secs. 5600, 5601)**—Attachments as security for the payment of any compensation may be ordered by the commission upon application by, or on behalf of an injured employee, dependents, or any other party in interest, and in such amount as may be fixed by the commission, but not exceeding the greatest probable award against the defendant in such matter.

Provisions of Part 2, Title 7, Chapter 4, of the Code of Civil Procedure, insofar as applicable, govern proceedings upon attachment, the commission being substituted therein for the superior court.

**Order for Dismissal of Attachment (Secs. 5602, 5603)**—Issued only upon the order of the commission, or a commissioner, and then only where it appears that employer was at the time of the injury to the employee not insured against the liability imposed by this act. If on later showing that such insurance did exist, the requisites for dismissing the employer from the proceedings and substituting the insurer as a defendant are established and the commission is mandated to forthwith discharge the attachment. Real property of the employer is given preference in levying attachments.

**Hearings (Sec. 5700)**—The hearing on the application may be adjourned from time to time and from place to place in the discretion



of the commission, panel, or the commissioner or referee holding the hearing. Either party may be present at any hearing, in person, by attorney, or by any other agent, and may present testimony pertinent under the pleadings.

**Testimony, Inspection, Examination (Sec. 5701)**—The commission may, with or without notice to either party, cause testimony to be taken, or inspection of the premises where the injury occurred to be made, or the time books and pay roll of the employer to be examined by any commissioner or referee appointed by the commission.

The commission may also from time to time direct any employee claiming compensation to be examined by a regular physician. The testimony so taken and the results of any such inspection or examination shall be reported to the commission for its consideration.

**Stipulation as to Facts (Sec. 5702)**—Stipulation as to facts may be made and findings and awards made thereon or further investigation or hearings held.

**Evidence (Sec. 5703)**—The commission may receive as evidence either at or subsequent to a hearing, and use as proof of any fact in dispute, the following matters, in addition to sworn testimony presented in open hearing:

- (a) Reports of attending or examining physician.
- (b) Reports of special investigators appointed by the commission or commissioner or referee to investigate and report upon any scientific or medical question.
- (c) Reports of employers, containing copies of time sheets, book accounts, reports, and other records properly authenticated.
- (d) Properly authenticated copies of hospital records of the case of the injured employee.
- (e) All publications of the commission.
- (f) All official publications of State and United States Governments.
- (g) Excerpts from expert testimony received by the commission upon similar issue of scientific fact in other cases and the prior decisions of the commission upon such issues.

**Service of Copies of Transcripts, Etc. (Sec. 5704)**—Transcripts of all testimony taken without notice and copies of all reports and other matters added to the record, otherwise than during the course of an open hearing, shall be served upon the parties to the proceeding, and an opportunity shall be given to produce testimony in explanation or rebuttal thereof before decision is rendered.

**Presumption of Domestic Service (Sec. 5704.5)**—A written contract entered into between a person engaged in household domestic service and his employer shall raise a rebuttable presumption that the hours of employment specified therein are the hours actually worked per week by such household domestic for that employer.

**Burden of Proof (Sec. 5705)**—The burden of proof rests upon the party, holding the affirmative of the issue. The following are affirmative defenses, and the burden of proof rests upon the employer to establish them:

- (a) That an injured person claiming to be an employee was an independent contractor or otherwise excluded from the protection of this

division where there is proof that the injured person was at the time of his injury actually performing service for the alleged employer.

- (b) Intoxication of an employee causing his injury.
- (c) Wilful misconduct of an employee causing his injury.
- (d) Aggravation of disability by unreasonable conduct of the employee.
- (e) Prejudice to the employer by failure of the employee to give notice, as required by Sections 5400 and 5401.

**Autopsy (Secs. 5706, 5707)**—Where it is represented to the commission, either before or after the filing of an application, that an employee has died as result of injuries sustained in the course of his employment, the commission may require an autopsy. The report of the physician performing the autopsy may be received in evidence in any proceedings theretofore or thereafter brought. If at the time the autopsy is requested, the body of the employee is in the custody of the coroner, the coroner shall, upon the request of the commission or of any party interested, afford reasonable opportunity for the attendance of any physicians named by the commission at any autopsy ordered by him.

If the coroner does not require, or has already performed the autopsy, he shall permit an autopsy or re-examination to be performed by physicians named by the commission. No fee shall be charged by the coroner for any service, arrangement, or permission given by him.

If the body of a deceased employee is not in the custody of the coroner, the commission may authorize the performance of such autopsy and, if necessary, the exhumation of the body therefor. If the dependents, or a majority thereof, of any such deceased employee, having the custody of the body refuse to allow the autopsy, it shall not be performed. In such case, upon the hearing of any application for compensation it is a disputable presumption that the injury or death was not due to causes entitling the claimants to benefits under this act.

**Rules of Practice and Procedure (Sec. 5708)**—All hearings and investigations before the commission, panel, a commissioner, or a referee, are governed by this act and by the rules of practice and procedure adopted by the commission. In the conduct thereof they shall not be bound by the common law or statutory rules of evidence and procedure, but may make inquiry in the manner, through oral testimony and records, which is best calculated to ascertain the substantial rights of the parties and carry out justly the spirit and provisions of this act. All oral testimony, objections, and rulings shall be taken down in shorthand by a competent phonographic reporter.

**Effect of Proceedings on Order, Award, Etc. (Sec. 5709)**—No informality in any proceeding or in the manner of taking testimony shall invalidate any order, decision, award, or rule made, approved, or confirmed by the commission or a panel thereof. No order, decision, award or rule shall be invalidated because of the admission into the record, and use as proof of any fact in dispute, of any evidence not admissible under the common law or statutory rules of evidence and procedure.

**Depositions, Etc. (Sec. 5710)**—The commission, a panel, a commissioner, a referee, or any party to the action or proceeding, may, in any investigation or hearing before the commission, cause the deposition of witnesses residing within or without the State to be taken in the manner prescribed by law for like depositions in

civil actions in the superior courts of this State. To that end the attendance of witnesses and the production of records may be required. Depositions may be taken outside the State before any officer authorized to administer oaths. The commission, a commissioner, or a referee in any proceeding before the commission may cause evidence to be taken in other jurisdictions before the agency authorized to hear workmen's compensation matters in such other jurisdictions.

**Findings and Awards (Secs. 5800, 5800.5)**—After final hearing by the commission, it shall, within 30 days after submission of the case for decision make and file:

(a) Its findings upon all facts involved in the controversy.

(b) Its order, decision, or award stating its determination as to the rights of the parties. All awards of the commission either for the payment of compensation or for the payment of death benefits, shall carry interest at the same rate as judgments in civil action on all due and unpaid payments from the date of the making and filing of said award. Such interest shall run from the date of making and filing of an award, as to amounts which by the terms of the award are payable forthwith. As to amounts which under the terms of the award subsequently become due in installments or otherwise, such interest shall run from the date when each such amount becomes due and payable.

**Contents of Award (Sec. 5801)**—The commission in its award may fix and determine the total amount of compensation to be paid and specify the manner of payment, or may fix and determine the weekly disability payment to be made and order payment thereof during the continuance of disability.

In the event the injured employee or the dependent of a deceased employee prevails in any petition by the employer for a writ or review from an award of the commission and the reviewing court finds that there is no reasonable basis for the petition, it shall remand the cause to the commission for the purpose of making a supplemental award awarding to the injured employee or his attorney, or the dependent of a deceased employee or his attorney a reasonable attorney's fee for services rendered in connection with the petition for writ of review. Any such fee shall be paid as part of the award by the party liable to pay such award.

**Award for Future Disability (Sec. 5802)**—If, in any proceeding under this act, it is proved that an injury has been suffered for which the employer would be liable to pay compensation if disability had resulted therefrom, but it is not proved that any disability has resulted, the commission may, instead of dismissing the application, award a nominal disability indemnity, if it appears that disability is likely to result at a future time.

**Continuing Jurisdiction Over Awards, Etc. (Secs. 5803-5805)**—The commission has continuing jurisdiction over all its orders, decisions and awards made and entered under the provisions of this act. At any time, upon notice and after an opportunity to be heard is given to the parties in interest, the commission may rescind, alter, or amend any such order, decision, or award, good cause appearing therefor.

Such power includes the right to review, grant or regrant, diminish, increase or terminate, within the limits prescribed by this division, any compensation awarded, upon the grounds that the disability of the

person in whose favor such award was made has either recurred, increased, diminished, or terminated.

No award of compensation shall be rescinded, altered, or amended after five years from the date of the injury. Any order, decision, or award rescinding, altering or amending a prior order, decision, or award shall have the effect herein provided for original orders, decisions, and awards.

**Judgments, Executions, Court Reviews, Fees, Costs and Penalties (Secs. 5806-5814)**—Particular stipulations are made concerning the filing of orders, decisions or awards, entry of judgment and constitution of judgment-roll. The commission, a panel or commissioner may stay execution of a judgment or if a judgment is satisfied, the commission may order entry of satisfaction. Orders, findings, decisions or awards may be reviewed by the courts in the manner and time specified in later sections of this act. Fees may not be charged except for docketing of awards. When payment of compensation is unreasonably delayed or refused, decision or award is subject to 10 percent increase, and is determined by the commission in accordance with the facts.

**Rehearings (Secs. 5900-5910)**—Definite procedures are set up and outline of methods is given for the filing of a petition for rehearing as a prerequisite for court action. Contents of the petition are stipulated, as well as the time within which filing may be made. Waiver of objections; service of petition; order for rehearing; dispensing with rehearing; rescinding, altering, etc., original order or award; suspension, etc. of order, decision or award are each specifically covered by a paragraph setting forth necessary procedures.

**Judicial Review (Secs. 5950-5956)**—Under this article specific stipulations are made as to the time in which to apply for a writ, and for its return; the limitations of the review; findings and conclusions; judgment; a statement of the law applicable; the jurisdiction to review, and the stay or suspending of orders, rules, decisions or awards.

**Undertaking on Stay Order (Secs. 6000-6002)**—Provisions for the undertaking of a stay order and the filing thereof are set out in detail.

#### **Workmen's Compensation and Insurance on State Employees Not Otherwise Covered**

**Purpose of This Division (Sec. 6100)**—The purpose of this division is to effect economy, efficiency and continuity in the public service by providing means for increasing the willingness of competent persons to assume the risk of injuries or death in state employment and for restoring experienced employees to productive work at the earliest possible moment following injury in the course of and arising out of state employment, irrespective of fault, in circumstances which make the injury or resulting death noncompensable under the provisions of Division 4 of this code.

**Definition (Sec. 6101)**—Unless the context otherwise requires, as used in this division:

(a) "State agency" means any agency, department, division, commission, board, bureau, officer, or other authority of the State of California.

(b) "Fund" means State Compensation Insurance Fund.

**Direct Payments of Compensation and for Medical Aid by State Agency (Sec. 6110)**—Any state agency may, by appropriate action, undertake to provide hospitalization, medical treatment and indemnity,

including death benefits, to its employees and to their dependents for injury or death suffered from accident, irrespective of fault occurring in the course of and arising out of the employment with such state agency, where the injury or death is not compensable under the provisions of Division 4 of this code.

**Master Agreement (Sec. 6111)**—The State Compensation Insurance Fund may enter into a master agreement with the State Department of Finance to render services in accordance with the agreement in the adjustment and disposition of claims against any state agency arising under this chapter.

**Uniform Rates (Sec. 6112)**—The master agreement shall provide for the rendition of services at a uniform rate to all state agencies.

**Expenditures by the Fund (Sec. 6113)**—The fund may make all expenditures, including payments to claimants for medical care or for adjustment or settlement of claims.

**Reimbursement of the Fund (Sec. 6114)**—The agreement shall provide that the state agency whose officer or employee is a claimant shall reimburse the fund for the expenditures and for the actual cost of services rendered.

**Right of Subrogation of the Fund (Sec. 6115)**—The fund may in its own name, or in the name of the state agency for which services are performed, do any and all things necessary to recover on behalf of the state agency any and all amounts which an employer might recover from third persons under Chapter 5 of Part 1 of Division 4 of this code, or which an insurer might recover pursuant to Section 11662 of the Insurance Code, including the rights to commence and prosecute actions or to intervene in other court proceedings, or to compromise claims before or after commencement of suit.

**Insurance From the Fund (Sec. 6130)**—In lieu of direct payments pursuant to Chapter 2 of this division, any state agency may obtain by insurance from the State Compensation Insurance Fund, if the fund accepts the risk when the application for insurance is made, otherwise from any other insurer, hospitalization, medical treatment, and indemnity, including death benefits, on behalf of its employees and of their dependents for injury or death suffered from accident, irrespective of fault, occurring in the course of and arising out of the employment with such state agency, where the injury or death is not compensable under the provisions of Division 4 of this code.

**Premiums (Sec. 6131)**—The premiums for such insurance shall be a proper charge against any moneys appropriated for the support of or expenditure by such state agency. In case such state agency is supported by or authorized to expend moneys appropriated out of more than one fund, it may, with the approval of the Director of Finance, determine the proportion of such premium to be paid out of each such fund.

**Benefits and Procedures (Sec. 6140-6149)**—Except as otherwise provided, previous provisions of this code relating to benefits, procedure and limitations are made a part of this section. Certain provisions of prior sections of the code which are restrictive as to particular persons or occupations, are excepted from this act and its operations.

Jurisdiction for the determination of disputes is vested in the Industrial Accident Commission and acting as arbitrator, has the same power

as in compensation cases, and its findings and awards upon an arbitration have the same conclusiveness and are subject to the same mode of reopening, review or enforcement. There are further stipulations concerning the charging of fees, also provisions for cases when indemnity payment by the state agency shall be made; when indemnity payment by insurer shall be made and for agreements made prior to injury.

#### **Safety In Employment**

**Definition of Terms Employed (Sec. 6300-6311)**—A clear statement is made defining all terms employed in all sections of this particular division of the act.

**Jurisdiction (Sec. 6312-6315)**—Jurisdiction is granted the division of Industrial Safety over every employment and place of employment in the State to enforce and administer laws and orders requiring protection of life and safety of employees. Power is granted to investigate the cause of industrial injuries, to make orders and investigations with respect to the cause of such injuries, to permit entry into places of employment, and hampering or obstructing investigations of Division 5 are declared misdemeanor.

**Powers of Division (Sec. 6316)**—The division may:

(a) Establish and maintain museums of safety and hygiene in which are exhibited safety devices, safeguards, and other means and methods for the protection of life and safety of employees, and publish and distribute bulletins on any phase of this subject.

(b) Cause illustrated lectures to be delivered, for the information of employers, their employees, and the general public in regard to the causes and prevention of industrial accidents, occupational diseases, and related subjects.

(c) Appoint advisers, without compensation, to assist in establishing standards of safety and adopt and incorporate in its general orders safety recommendations received from such advisers.

**Order Fixing Standard of Safety (Secs. 6317, 6318)**—While the act specifically states that the governing body of any county, city, or public corporation, board or department shall not be deprived of any power or jurisdiction over or relative to any place of employment, it further provides that the division orders fixing a standard of safety for employments, or places of employment establish minimum requirements and shall be construed to amend or modify any local order or requirement not up to the standard of the order of the division.

**Divulging Confidential Information (Sec. 6319)**—No officer or employee of the division shall divulge to any person not connected with the administration of this part any confidential information concerning the failure to keep any place of employment safe or concerning the violation of any order, rule, or regulation issued by the board or division. Violation of this section is a misdemeanor.

**Disposition of Moneys Collected (Sec. 6320)**—All money collected for violation of Division 5 shall be paid into the State Treasury to the credit of the General Fund. The Department of Industrial Relations shall account to the Department of Finance and the State Controller for all moneys so received and furnish proper vouchers therefor.

**Safety Devices and Safeguards (Secs. 6400-6415)**—In this chapter it is made the duty of every employer to furnish employment and places of employment which are safe for the employees and to use safety devices,

practices, means, methods, operations, and processes reasonably adequate to render such employment or places of employment safe. Specific rules governing this employer duty are set out. Removal of safety devices is banned. Reports of injuries and deaths are made mandatory, the form is prescribed, and penalties for noncompliances are stipulated. Requirements on filing of reports, and filling out of blanks are specifically covered and stipulation is made that information so furnished shall not be open to inspection, or be made public.

Penalties are provided for violation of any safety provision, failure to comply with such safety provision, or inducing another to do so. It is declared to be prima facie evidence of violation, if accused has failed or refused to comply with any order, rule or regulation of any order of the commission and the burden of proving rests upon the accused. Every violation of any provision, and each day's continuance thereof is held to be a separate and distinct offense.

**Hearings and Orders (Sec. 6500)**—The division after a hearing had upon its own motion or upon complaint, by general or special orders, rules or regulations, or otherwise may:

(a) Declare and prescribe what safety devices, safeguards, or other means or methods of protection are well adapted to render the employees of every employment and place of employment safe as required by law or lawful order.

(b) Fix reasonable standards and prescribe, modify, and enforce reasonable orders for the adoption, installation, use, maintenance, and operation of reasonably uniform safety devices, safeguards, and other means or methods of protection, which are necessary to carry out all laws and lawful orders relative to the protection of the life and safety of employees in employments and places of employment.

(c) Fix and order reasonable standards for the construction, repair and maintenance of places of employment necessary to make them safe.

(d) Require the performance of any other act which the protection of the life and safety of the employees in employment and places of employment reasonably demands.

General orders issued under this section must be signed by three members of the board.

**Supplemental Reports, Etc. (Secs. 6501-6511)**—Notice of hearing; safety orders; time extensions; summary investigations; compliance with orders, etc.; admissibility as evidence in prosecutions; injunctions to restrain use of dangerous machinery, etc.; temporary restraining order; notice of prohibition of use, and penalties for noncompliance are all covered in detail under this chapter on hearings and orders.

**Rehearings and Judicial Review (Secs. 6600-6603)**—Under this heading the law applicable to judicial review, rehearings, ratification of safety orders, and scope of division powers are all specifically set down.

#### **Safeguards on Railroads**

**Jurisdiction (Secs. 6800-6802, 6900-6910)**—The division is herein limited to safety and safety devices except in those respects, its action in no way impairs, diminishes or affects the jurisdiction of the Railroad Commission, and in case of any such instance, rules, decisions, or orders of the Railroad Commission supersede and control those made by the Division of Industrial Safety. The operation personnel for all types of

trains, sections, parts of units thereof are specifically provided for except during times of strikes or walkouts, and except in the case of gasoline motor cars operated exclusively on branch lines or trains of less than three cars propelled by electricity.

**Safety Devices (Secs. 6950-6956)**—In this section certain specific devices are spelled out and penalty for nonprovision thereof is made a misdemeanor punishable by specified fines for each offense.

**Safety on Buildings (Secs. 7100-7115, 7150-7158, 7200-7205, 7300-7319, 7325-7332)**—After defining the word "building" specifications concerning safety provisions are set up for buildings under construction, and repair, including floors and walls; scaffolding and construction elevators. A complete chapter is devoted to operation of elevators; operation permits; inspection; fees and charges; and penalty for noncompliance with orders, rules and regulations concerned therewith. A complete chapter is also devoted to safety devices upon buildings to safeguard window cleaners.

**Mining Industries (Secs. 7400-7405, 7450-7460, 7500)**—This part of the code is broken into, quartz mines and coal mines with a definition of each, requirements concerning methods of ingress and egress connecting shafts; ventilation; overseer; examination; hoisting machines; and boilers, both criminal and civil penalties are set up for noncompliance and in all mines where a depth of more than 500 feet underground has been reached, telephone systems are decreed, with stations at each working level below that depth and communicating with the station on the surface of the mine.

**Ships and Vessels (Sec. 7600)**—Part 5 of Division 5 of the Labor Code provides for a signalman or hatch-tender whose sole duties shall be to observe the operations of loading or unloading, and warn all persons of any possibility of injury to either cargo or person about the ship or vessel, while it is being loaded or unloaded. Failure to make such provision is declared a misdemeanor.

**Tanks and Boilers (Secs. 7620-7626, 7650-7654, 7680-7692, 7720-7724, 7750, 7770, 7771)**—Part 6 of Division 5 of the Labor Code is devoted to a definition of the words "boiler" and "tank," the exemptions thereof; safety orders thereon; inspections; inspection fees; operation; and offenses incurred by reason of noncompliance, and with particular reference to the mismanagement of steam boilers.

#### EXTRACTS FROM THE INSURANCE CODE

##### General Regulations

**Unlawful Rebates, Profits and Commissions (Secs. 756-758)**—When the premium on a policy insuring an employer is based upon the amount or segregation of the employer's pay roll, and the employer, personally or knowingly through his employee, procures a lower premium by wilfully misrepresenting the amount or segregation, such misrepresentation is an unlawful rebate as to the employer.

In addition to any penalty provided by law for unlawful rebates, the employer in such case is liable to the State in an amount 10 times the difference between the lower premium paid and the premium properly payable.

The commissioner shall collect the amount so payable and may bring a civil action in his name as commissioner to enforce collection unless



the misrepresentation is made to and lower premium procured from the State Compensation Insurance Fund. In the latter case the liability to the State under this section shall be enforced in a civil action in the name of the State Compensation Insurance Fund and any amount so collected shall become a part of that fund.

When a statement of the amount or segregation of a pay roll is materially false, and an insurer, through a person employed by it in a managerial capacity, accepts the statement as the basis for the premium on a policy, the acceptance is an unlawful rebate if the accepting employee knows of the falsity.

Every insurer shall exercise reasonable diligence in securing the observance of this article by its agents.

**Compensation Policies (Secs. 11630, 11631, 11650-11653)**—Policy provisions are declared to be conclusively presumed to contain the provisions required by these sections and must contain a clause assuring direct insurer responsibility. Other required clauses are, notice of injury; coincidence of jurisdiction of employer and insurer; insurer's liability, and shall not contain any provisions relieving insurer from payment should employer become insolvent or be discharged in bankruptcy or otherwise. Other provisions concern the incapacity of the employer to receive money and pay claimants; agricultural employees; issuance of limited policies; requirement of approval by commissioner as to form, or any change therein; penalties are set up; serious and wilful misconduct; subrogation of insurer, and insurance of general and special employers are all covered.

#### **Regulation of Compensation Insurance**

**Bond to Protect Beneficiaries (Secs. 11690-11719)**—Definite specifications concerning bonds or deposits, their amount; sureties thereon; approval thereof; and actions in connection therewith, are all specifically mandated in exact terms along with penalties for nonconformance.

#### **State Rate Supervision**

**Definition (Secs. 11730, 11731)**—The term "merit rating" includes "schedule rating," in which the rate is varied according to physical conditions, and it also includes "experience rating," in which the experience of the particular insured is used as a factor in raising or lowering his rate. The term "insurer" includes the State Compensation Insurance Fund.

**Comprehensive Rating (Sec. 11730X)**—A rating plan for insurance covering war projects is made permissive, and insurance other than workmen's compensation may be included.

**Filing of Rates (Sec. 11732)**—The commissioner shall approve or issue, as adequate for all admitted workmen's compensation insurers, a classification of risks and premium rates relating to workmen's compensation insurance. He may also approve or issue a system of merit rating. Such classification and system shall be uniform as to all insurers affected.

**Approval (Sec. 11733)**—The commissioner shall not approve or issue any rating system or classification of risks and premium rates dealing with workmen's compensation insurance covering mining or mining property unless such system or classification provides for separation of risks and rates as to types of mining employments having different hazards or less experience involved. Such system or classification shall provide for separation at least of rates for office, surface and subsurface.

**Changes of Rates (Sec. 11734)**—The commissioner may change any such classification or system previously approved or issued if he first holds a hearing to determine the effect of the proposed change upon the adequacy or inadequacy of rates. Such changes shall also be uniform as to all insurers affected.

**Physical Impairments or Dependents (Sec. 11735)**—Such classification or system shall take no account of any physical impairment of employees or the extent to which employees may have persons dependent upon them for support.

**Conformity to Approved Rates (Sec. 11736)**—An insurer shall not issue, renew or carry beyond next anniversary date any workmen's compensation insurance under a law of this State at premium rates which are less than the rates approved or issued by the commissioner.

**Use of Merit Rating (Sec. 11737)**—If the commissioner approves or issues such a system of merit rating insurers may apply it to any risks subject thereto, but shall show basis rates no less than the rates under the classification approved or issued by the commissioner. Any reductions from the basis rates on account of the application of such system of merit rating shall be clearly set forth in the insurance contracts or policies or endorsements attached thereto.

**Participating Policies (Sec. 11738)**—Nothing in this article shall affect the right of any insurer to issue compensation participating policies. A refund by reason of a participating provision in a compensation policy shall not be made to policyholders by any insurer except from surplus accumulated from premiums on workmen's compensation policies issued pursuant to laws of this State governing workmen's compensation insurance.

**State Agencies Data (Sec. 11739)**—The statistical and actuarial data compiled by the Department of Industrial Relations shall at all times be available to the commissioner for his use in judging the adequacy or inadequacy of rates and schedules filed. The manager of the State Compensation Insurance Fund shall render all possible assistance to the commissioner in carrying out the provisions of this article.

**Reports of Loss Experience (Sec. 11740)**—The commissioner may require every insurer issuing workmen's compensation insurance under the law of this State to file with its annual statement a sworn report of its loss experience, in such detail and form as the commissioner prescribes.

**Suspension or Revocation of Certificate (Sec. 11741)**—The commissioner may, after hearing, suspend or revoke any insurer's certificate of authority to write liability, workmen's compensation and common carrier liability insurance for violating any of the provisions of this article.

**Penalty (Sec. 11742)**—The violation of this article by any insurance broker, agent or solicitor, or by any insurer's employee is a misdemeanor.

#### **The State Compensation Insurance Fund**

**Continuation (Sec. 11770)**—The State Compensation Insurance Fund is continued in existence, to be administered by its board of directors for the purpose of transacting workmen's compensation insurance, and insurance against the expense of defending any suit for serious and wilful misconduct, against an employer or his agent, and insurance to employees and other persons of the compensation fixed by the workmen's

compensation laws for employees and their dependents. Any appropriation made therefrom or thereto before the effective date of this code shall continue to be available for the purposes for which it was made.

**Board of Directors (Sec. 11770)**—The board of directors of the State Compensation Insurance Fund is composed of the Director of Industrial Relations, who is chairman thereof, and four members who shall be appointed by the Governor. The term of office of the members of the board, other than that of the director, shall be four years and they shall hold office until the appointment and qualification of their successors. The terms of the first four members so appointed shall expire as follows: One on January 15, 1946; one each on January 15, 1947, January 15, 1948, and January 15, 1949. Each member shall receive his actual and necessary traveling expenses incurred in the performance of his duty as a member and, except the Director of Industrial Relations, twenty dollars (\$20) for each day of his actual attendance at meetings of the board. In order to qualify for membership on the board, each member other than the director shall have been a policyholder or the employee of a policyholder in the State Compensation Insurance Fund for one year prior to his appointment, and must continue in such status during the period of his membership.

**Liability of State (Sec. 11771)**—The State shall not be liable beyond the assets of the State Compensation Insurance Fund for any obligation in connection therewith.

**Official Liability in Administration (Sec. 11772)**—There shall not be any liability in a private capacity on the part of the board of directors or any member thereof, or any officer or employee of the fund for or on account of any act performed or obligation entered into in an official capacity, when done in good faith, without intent to defraud and in connection with the administration, management or conduct of the fund or affairs relating thereto.

**Contents of Fund (Sec. 11773)**—The fund shall be a revolving fund. It shall consist of:

(a) Such specific appropriations as the Legislature from time to time makes or sets aside for the use of the fund.

(b) All premiums received and paid into the fund for insurance issued by it.

(c) All property and securities acquired by and through the use of moneys belonging to the fund.

(d) All interest earned upon moneys belonging to the fund and deposited or invested as provided in this chapter.

**Assets (Sec. 11774)**—The assets of the fund shall be applicable to the payment of losses sustained on account of insurance and to the payment of the salaries and other expenses charged against it in accordance with the provisions of this chapter.

**Self-supporting (Sec. 11775)**—The fund shall, after a reasonable time during which it may establish a business, be fairly competitive with other insurers, and it is the intent of the Legislature that the fund shall ultimately become neither more nor less than self-supporting. For that purpose loss experience and expense shall be ascertained and dividends or credits may be made as provided in this article.

**Dividends (Sec. 11776)**—The actual loss experience and expense of the fund shall be ascertained on or about the first of January in each

year for the year preceding. If it is then shown that there exists an excess of assets over liabilities, necessary reserves, and a reasonable surplus for the catastrophe hazard, then a cash dividend may be declared to, or a credit allowed on the renewal premium of, each employer who has been insured with the fund.

**Amount of Dividend (Sec. 11777)**—Such cash dividend or credit is to be in an amount which the board of directors in its discretion considers to be the employer's proportion of divisible surplus.

**Workmen's Compensation Insurance (Sec. 11778)**—The fund may transact workmen's compensation insurance required or authorized by law of this State to the same extent as any other insurer.

**Federal Compensation Insurance (Sec. 11779)**—The fund may insure employers against their liability for compensation or damages under the United States Longshoremen's and Harbor Workers' Compensation Act, as fully as any private insurer.

**General Powers in Insuring Employers (Sec. 11780)**—The fund may also insure an employer against his liability for damages under the laws of the State of California arising out of bodily injury to or death of his employees occurring within the State of California if the fund also issues workmen's compensation insurance to the employer as to his employees.

**General Powers of Board (Sec. 11781)**—The board of directors is hereby vested with full power, authority and jurisdiction over the State Compensation Insurance Fund. The board of directors may perform all acts necessary or convenient in the exercise of any power, authority or jurisdiction over the fund, either in the administration thereof or in connection with the insurance business to be carried on by it under the provisions of this chapter, as fully and completely as the governing body of a private insurance carrier. The principal office for the transaction of the business of the State Compensation Insurance Fund is located in the City and County of San Francisco.

**Branch Office (Sec. 11781.5)**—The State Compensation Insurance Fund may acquire and own real property for a branch office in the City of Los Angeles when so determined by the board of directors, and may, if necessary construct suitable buildings thereon in accordance with law.

**Business in Name of Fund (Sec. 11782)**—All business and affairs of the fund shall be conducted in the name of the State Compensation Insurance Fund, and in that name, without any other name or title, the board of directors may perform the acts authorized by this chapter.

**Particular Powers of Fund (Sec. 11783)**—The State Compensation Insurance Fund may:

(a) Sue and be sued in all actions arising out of any act or omission in connection with its business or affairs.

(b) Enter into any contracts or obligations relating to the State Compensation Insurance Fund which are authorized or permitted by law.

(c) Invest and reinvest the moneys belonging to the fund as provided by this chapter.

(d) Conduct all business and affairs and perform all acts relating to the fund whether or not specifically designated in this chapter.

**Powers of Manager (Sec. 11784)**—In conducting the business and affairs of the fund, the manager of the fund may:

(a) Enter into contracts of workmen's compensation insurance.

(b) Sell annuities covering compensation benefits.

(c) Decline to insure any risk in which the minimum requirements of the industrial accident prevention authorities with regard to construction, equipment and operation are not complied with, or which is beyond the safe carrying of the fund. Otherwise he shall not refuse to insure any workmen's compensation risk under state law, tendered with the premium therefor.

(d) Reinsure any risk or any part thereof.

(e) Cause to be inspected and audited the pay rolls of employers applying to the fund for insurance.

(f) Make rules for the settlement of claims against the fund and determine to whom and through whom the payments of compensation are to be made.

(g) Contract with physicians, surgeons and hospitals for medical and surgical treatment and the care and nursing of injured persons entitled to benefits from the fund.

**Manager of Fund (Sec. 11785)**—The board of directors shall appoint a manager of the fund and fix his salary. The manager shall manage and conduct the business and affairs of the fund under the general direction and subject to the approval of the board of directors, and shall perform such other duties as the board of directors prescribes.

**Bond of Manager (Sec. 11786)**—Before entering on the duties of his office, the manager shall qualify by giving an official bond approved by the board of directors, in the sum of fifty thousand dollars (\$50,000) and by taking and subscribing to an official oath. The approval of the board shall be by written endorsement on the bond. The bond shall be filed in the office of the Secretary of State.

**Delegation of Powers (Sec. 11787)**—The board of directors may delegate to the manager of the fund, under such rules and regulations and subject to such conditions as it from time to time prescribes, any power, function or duty conferred by law on the board of directors in connection with the fund or in connection with the administration, management and conduct of the business and affairs of the fund. The manager may exercise such powers and functions and perform such duties with the same force and effect as the board of directors, but subject to its approval.

**Custody of Fund (Sec. 11788)**—The State Treasurer shall be custodian of all moneys and securities belonging to the State Compensation Insurance Fund, except as otherwise provided in this chapter. He shall be liable on his official bond for the safe-keeping thereof.

**Delivery of Money to Fund (Sec. 11789)**—All moneys which belong to the fund and are collected or received under this chapter shall be delivered to the State Treasurer or deposited to his credit in such bank or banks throughout the State as he designates.

**Delivery of Securities (Sec. 11790)**—All securities belonging to the fund shall be delivered to the Treasurer and held by him until otherwise disposed of as provided in this chapter.

**Crediting Payments (Sec. 11791)**—Upon such delivery or deposit, such moneys and securities shall be credited by the State Treasurer to the fund. No moneys received or collected on account of the fund shall be expended or paid out without first passing into the State Treasury and being drawn therefrom as provided in this chapter.

**Revolving Fund (Sec. 11792)**—The board of directors may, with the approval of the State Department of Finance, withdraw from the State Compensation Insurance Fund in the State Treasury, without at the time presenting vouchers and itemized statements, a sum not to exceed in the aggregate one million dollars (\$1,000,000), to be used as a cash revolving fund. Such revolving fund shall be deposited in such banks and under such conditions as the board of directors determines, with the approval of the State Department of Finance. The Controller shall draw his warrants in favor of the State Compensation Insurance Fund Revolving Fund for the amounts so withdrawn and the Treasurer shall pay such warrants.

**Reimbursement of Revolving Fund (Sec. 11793)**—Expenditures made from the revolving fund in payments on claims arising out of policies issued by the State Compensation Insurance Fund are exempted from the operation of Section 16003 of the Government Code. Reimbursement of the revolving fund for such expenditures shall be made upon presentation to the Controller of an abstract or statement of such expenditures. Such abstract shall be in such form as the Controller requires.

**Valuation of Fund (Sec. 11795)**—During the months of January and July of each year the Department of Finance or the board of directors shall cause a valuation to be made of the properties and securities acquired and held for the State Compensation Insurance Fund, and shall report the results of the valuation to the State Controller.

**Controller's Accounts (Sec. 11796)**—The State Controller shall keep a special ledger account showing all of the assets pertaining to the State Compensation Insurance Fund. In the State Controller's general ledger this account may appear as a cash account, like other accounts of funds in the State Treasury, and only the actual cash coming into the State Compensation Insurance Fund shall be entered in the account.

**Investment of Fund (Sec. 11797)**—The board of directors shall cause all moneys in the State Compensation Insurance Fund which are in excess of current requirements to be invested and reinvested, from time to time, in securities authorized by law for the investment of funds of savings banks.

**Estimate for Investment (Sec. 11798)**—The board of directors shall, from time to time, submit to the Department of Finance an estimate of the amount required for investment. Such estimate shall be accompanied by a full description of the kind and character of the investment to be made. When such estimate is approved by the department the Controller shall draw his warrant for the estimated amounts on the State Compensation Insurance Fund in favor of the State Compensation Insurance Fund Revolving Fund, and the Treasurer shall pay the warrant.

**Accounting on Investment Expenditures (Sec. 11799)**—At the end of each calendar month the board of directors shall account to the Department of Finance and the State Controller for all moneys received for investment, furnishing proper vouchers therefor.

**Cash Surplus (Sec. 11800)**—All moneys in the State Compensation Insurance Fund, in excess of current requirements and not otherwise invested, may be deposited by the State Treasurer from time to time in banks authorized by law to receive deposits of public moneys, under the same rules and regulations that govern the deposit of other public

funds. The interest accruing thereon shall be credited to the State Compensation Insurance Fund.

#### Rates

**Fixing Rates (Sec. 11820)**—Subject to the provisions of Article 2, Chapter 3, of this part, the commission shall establish the rates to be charged by the State Compensation Insurance Fund for insurance issued by it.

Such rates shall be fixed with due regard to the physical hazards of each industry, occupation or employment.

**Fixing Within Class (Sec. 11821)**—Within each class of business insured such rates shall be fixed, so far as practicable, in accordance with the following elements:

(a) Bodily risk or safety, or other hazard of the plant, premises or work of each insured employer.

(b) The manner in which the work is conducted.

(c) A reasonable regard for the accident experience and history of each such insured.

(d) A reasonable regard for the insured's means and methods of caring for injured persons.

Such rates shall take no account of the extent to which the employees in any particular establishment have or have not persons dependent upon them for support.

**Basis (Sec. 11822)**—The rates fixed by the commission shall be that percentage of the pay roll of any employer which, in the long run and on the average will produce a sufficient sum, when invested at 3½ percent interest:

(a) To carry all claims to maturity. The rates shall be based upon the "reserve" and not upon the "assessment" plan.

(b) To meet the reasonable expenses of conducting the business of the fund.

(c) To produce a reasonable surplus to cover the catastrophe hazard.

**Schedules, Etc., to Certain Officers (Sec. 11823)**—When the premium rates for insurance in the State Compensation Insurance Fund are fixed, the commission shall furnish schedules of rates and copies of the forms of policy to the Department of Industrial Relations and to the clerk and the treasurer of every county and city in the State. Every public officer to whom the schedules and copies are furnished shall fill out and transmit to the manager of the fund applications for insurance in the fund. Such officer shall also receive and transmit to the manager all premiums paid on account of any policy issued or applied for. For this service such officers may be allowed such commission or other compensation as the commission directs.

#### Policies

**Policy Periods (Sec. 11840)**—The insurance contracts or policies of the State Compensation Insurance Fund may be either limited or unlimited. The insurance contracts or policies may be issued for like periods as are allowed by law to other workmen's compensation insurers or, in the form of stamps or tickets or otherwise, for one month, for any number of months less than one year, for one day, for any number of days less than one month or during the performance of any particular work, job or contract. The rates charged shall be proportionately greater

for a shorter than for a longer period and a minimum premium charge shall be fixed in accordance with a reasonable rate for insuring one person for one day.

**Changes in Periods of Coverage (Sec. 11841)**—Nothing in this chapter shall prevent:

(a) Any applicant for insurance from being covered temporarily until the application is finally acted upon.

(b) An insured from surrendering any policy at any time and having returned to him the difference between the premium paid and the premium at the customary short term for the shorter period which such policy has already run.

**Cancellation by Fund (Sec. 11842)**—The fund may at any time, after due notice, cancel any policy upon a pro rata basis of premium repayment.

**Employers' Compensation Provisions (Sec. 11843)**—The State Compensation Insurance Fund may issue policies including, with their employees, employers who perform labor incidental to their occupations, and including also members of the families of such employers engaged in the same occupation.

**Insurance of Employers, Etc. (Sec. 11844)**—Such policies covering employers shall insure to such employers and working members of their families the same compensations provided for their employees, and at the same rates.

**Pay Roll Computations on Insured Employers (Sec. 11845)**—The estimations of the wage values, respectively, of such insured employers and members of their families shall be reasonable and shall be separately stated in and added to the valuation of the pay rolls upon which their premium is computed.

**Self-employers and Casuals (Sec. 11846)**—Such policies may likewise be sold to self-employing persons and to casual employees. Such insureds, for the purpose of such insurance, shall be deemed to be employees within the meaning of the workmen's compensation laws.

#### **Reports and Statements**

**Sec. 11860**—Quarterly reports to the Governor are required concerning the business done by the State Compensation Insurance Fund, along with the statement of the fund's resources and liabilities at the close of the previous quarter. The State Department of Finance is required to annually audit the books and records of the fund and publish a summary thereof in at least two newspapers of general circulation in the State.

#### **Coverage of Public Employers**

**Sec. 11870, 11871**—The State, any agency, department, division, commission, board, bureau, officer, or other authority thereof, and each county, city and county, city, school district, irrigation district, any other district established by law or other public corporation or quasi public corporation within the State excluding any public utility operated by a private corporation, may insure against its liability for compensation with the State Compensation Insurance Fund and not with any other insurer, unless such fund refuses to accept the risk when the application for insurance is made. The premium for such insurance is a proper charge against any moneys appropriated for the support or



expenditure by the insured, but may be apportioned with the approval of the Director of Finance where the agency is supported by more than one fund.

The Director of Finance and the fund may enter into a master agreement whereby the latter renders service in the adjustment and the disposition of claims for workmen's compensation against any state agency not insured with the fund.

Rates for all services must be uniform, except in the case of the California State Highway Patrol which may be fixed independently.

#### EXTRACTS FROM BUSINESS AND PROFESSIONS CODE

##### **Workmen's Compensation Insurance Reports (Secs. 7125, 7126)—**

Licensed contractors are required to report the name and address of insurer carrying workmen's compensation insurance on their employees to the registrar within 10 days after policy is issued with copy of report to the insurer. Insurer must report to registrar any cancellation or lapse of policy within 10 days and violation of either of these provisions is made a misdemeanor.

**Notice to Licensees (Sec. 16545)**—Where business licenses are required, applications must designate the name of the compensation insurance carrier, if any, and must contain a statement substantially as follows: "I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for workmen's compensation."

#### EXTRACTS FROM THE EDUCATION CODE

**Secs. 1030, 1031**—Under Sections 1030 and 1031 of this code provisions are made for workmen's compensation insurance to cover those who supervise instruction, or give instruction in school districts. The funds which are to bear the costs of this insurance are stipulated, the type of policy or contract allowable and the distribution to be made of dividends accruing thereon.

#### EXTRACTS FROM THE GOVERNMENT CODE

##### **State Employees' Retirement Law**

**Administration (Sec. 20126)**—The retirement board is permitted to enter into an agreement with the State Compensation Insurance Fund to represent it in proceedings instituted before the Industrial Accident Commission for the determination of whether the death or disability of a member is industrial. Costs are to be paid from the state fund out of which compensation of the employee involved is paid, or by the contracting agency by which he is employed.

**Retirement or Disability (Secs. 21020-21033)**—Definite rules and regulations concerning retirement for disability, applicability, length of service and necessary procedures are spelled out under this chapter.

**Benefits (Sec. 21202)**—Benefits under this system cannot be modified on account of any amounts paid to a retired member or beneficiary, under Division 4 of the Labor Code.

**Death Benefits (Secs. 21360-21367, 21450-21455)**—Upon the death, before the effective date of his retirement or before his retirement is approved, whichever is the later, of a member while in the state service,

or while physically or mentally incapacitated for the performance of his duty, if such incapacity has been continuous from discontinuance of state service, this system is liable for either the basic or special death benefit. Upon the death, before the effective date of his retirement or before his retirement is approved, whichever is the later, of a member under circumstances in which this system is not so liable for either the basic or special death benefit, this system is liable for a limited death benefit which consists only of the accumulated contributions of the member.

These two types of benefits, method and determination for payment, are spelled out, as well as the terms of subrogation thereunder.

#### EXTRACTS FROM THE MILITARY AND VETERANS CODE

##### Compensation Insurance

**Coverage (Secs. 340, 341, 1587, 1895-1898)**—Officers and enlisted men of the National Guard, or the unorganized militia when called into active service, or Naval Militia not in active service of the United States, when wounded, injured, disabled, or killed in active service and in line of duty, are deemed to be employees of the State and entitled to receive compensation from the State in accordance with the provisions of the Workmen's Compensation Insurance and Safety Act.

Compensation is ascertained, determined and fixed upon the basis of average income from all sources during the year immediately preceding the date of such injury or death, or the commencement of such disability, but in no case shall it exceed the maximum prescribed in the compensation act. However, it shall be conclusively presumed that the average yearly earning is not less than one thousand two hundred dollars (\$1,200), and any injury, death or disability is deemed to have been suffered in line of duty, unless resulting from misconduct or disobedience of lawful orders by the injured or deceased member. Provisions are also written into this code covering compensation of employees of public agencies acting outside the jurisdiction thereof during a state of emergency; empowering the California State War Council to establish by rule and regulation various classes of civilian defense workers, the scope of duties of each class, and how each shall be registered, in order to facilitate the paying of workmen's compensation. It also provides for certification as an accredited civilian defense organization for revocation of certification and recertification.

#### EXTRACT FROM THE PENAL CODE

**Convicts Not Employees (Sec. 2766)**—The Penal Code specifically states that the article relating to employment in road camps is not intended to restore in whole or in part the civil rights of any prisoner and that no prisoner used on state highway or roads shall be considered as an employee by the State Highway Commission, nor shall any such prisoner come within the provisions of the compensation act or be entitled to any benefits thereunder, whether on behalf of himself or of any other person.

#### EXTRACT FROM THE POLITICAL CODE

**Duties, Powers, Etc., Succeeded to by the Department of Industrial Relations (Sec. 364F)**—Except as otherwise provided, the Department of Industrial Relations is empowered to succeed the

Industrial Accident Commission, Commission of Immigration and Housing, Bureau of Labor Statistics, Commissioner of the Bureau of Labor Statistics, Industrial Welfare Commission, Department of Labor and Industrial Relations, and the several divisions of the Department of Labor and Industrial Relations, their officers, deputies, officers and employees, in all duties, powers, purposes, responsibilities and jurisdiction. The officers and employees are abolished and declared to have no further legal existence, Commission of Immigration and Housing, Bureau of Labor Statistics, Commissioner of the Bureau of Labor Statistics, the Industrial Welfare Commission and the positions of all deputies, officers and employees under the Industrial Accident Commission. However, statutes and laws under which they existed and all laws prescribing their duties, powers, purposes, responsibilities and jurisdictions together with all lawful rules and regulations established thereunder, and expressly continued in force. All other bodies, offices and officers mentioned in this section are continued in existence with the duties, powers, purposes, responsibilities and jurisdiction prescribed.

#### EXTRACTS FROM STATUTES OF 1913, CHAPTER 278

**Required First Aid Equipment (Sec. 1)**—Every person, firm or corporation operating a factory or shop, or conducting any business in which power machinery is used for any manufacturing purpose, except for elevators or for heating or hoisting apparatus, where five or more persons are employed, shall at all times keep and maintain, in some accessible place upon the premises upon which such factory, shop or business is located, free of expense to the employees, a medical or surgical chest which shall contain an adequate assortment of absorbent lint, absorbent cotton, sterilized gauze, plain and medicated, adhesive plaster, cotton and gauze bandages, also one tourniquet, one pair of scissors, one pair tweezers, one jar carbolyzed petrolatum, one bottle antiseptic solution, and one first aid manual, all of which shall cost not less than six dollars (\$6), and to be used in the treatment of persons injured or taken ill upon the premises.

Any person, firm or corporation violating this act shall be subject to a fine of not less than ten dollars (\$10) nor more than fifty dollars (\$50) for every week during which such violation continues.

## **CHAPTER ON WORKMEN'S COMPENSATION INSURANCE FUNDS AND SECOND INJURY FUNDS**

**(EXTRACT FROM "GOVERNMENT INSURANCE  
IN THE UNITED STATES"\*)**

The document from which we are quoting the chapter on Workmen's Compensation Insurance was furnished us by a member of the industry. It was our desire to publish the document in its entirety, but space forbids, as well as the fact that the chapters on Social Security Laws were written before the enactment of current laws by the Eighty-first Congress of the United States.

### **WORKMEN'S COMPENSATION FUNDS<sup>1</sup>**

#### **Purpose**

Between 1911 and 1948, workmen's compensation laws were enacted by all 48 states to provide employees with benefits in the event of work-incurred injuries. These laws require covered employers, without regard to fault, to indemnify the employee or his dependents for injuries or death sustained in or arising out of employment.

Workmen's compensation funds have been adopted by 18 states to guarantee the payment of the benefits specified by the compensation laws. In 11 of these states the funds operate in competition with private insurance companies and self-insurance; whereas seven of these states have established monopolistic or exclusive funds in which all employers covered by the compensation law are required to insure. In the remaining 30 states the payment of benefits is provided exclusively by insurance in private companies or by self-insurance.

Although no new state workmen's compensation funds have been adopted since 1933, there is considerable agitation for their adoption by additional states. Today these funds constitute one of the most important examples of state insurance activity.

#### **Competitive Funds**

Eleven states—Arizona, California, Colorado, Idaho, Maryland, Michigan, Montana, New York, Oklahoma, Pennsylvania and Utah—adopted competitive state funds between the years 1912 and 1933. In these states, employers covered by the compensation laws have the option of insuring either with the state fund, or a private insurance company, or self-insuring. However, in seven of these states, the competitive funds have a monopoly by statute of some or all public employments, and in the other four states, the general practice is to insure public employment with the state fund.

#### **Monopolistic Funds**

In the years 1911 to 1919, monopolistic funds were established by seven states—Nevada, North Dakota, Ohio, Oregon, Washington, Wyoming, and West Virginia. Covered employers in these states must insure with the state fund, except in Ohio and West Virginia where self-insurance is permitted. However, self-insurers in Ohio must contribute to the surplus of the state fund, and in West Virginia they must contribute to the expenses of the fund's administration.

\* A special study by the Department of Research, Association of Casualty and Surety Companies, New York.

<sup>1</sup> This chapter is based largely on Lang, Frank, "Workmen's Compensation Insurance—Monopoly or Free Competition?", Richard D. Irwin, Inc., Chicago, 1947.

### Method of Financing

Employers who insure with competitive state funds pay premiums which are based generally on the rates prepared either by independent state rating organizations or by the National Council on Compensation Insurance, an organization composed of competitive state funds and stock, mutual, reciprocal and Lloyds compensation carriers. The rate making procedures employed by monopolistic state funds are diverse. While the rating system of a few monopolistic state funds resembles that of the National Council, others are entirely unique.<sup>2</sup> Table I on page 87 lists the states which maintain workmen's compensation funds and shows the type of fund and its assets.

### Coverage<sup>3</sup>

The compensation laws in states with workmen's compensation funds as well as in states without such funds vary greatly with respect to coverage. In this connection it is essential to understand that coverage is determined by the compensation law and is not affected by the manner in which the risk is carried. In other words, coverage depends on the law rather than on the existence of a state fund, private insurance or self-insurance to guarantee the payment of the specified benefits.

In no state does the compensation law cover all employments, and in most states agricultural workers, domestic servants, casual workers and employees of charitable institutions are excluded. In some states the law is limited to certain hazardous employments or to employers of more than a specified number of employees.

In two states with monopolistic funds—Washington and Wyoming—the law applies primarily or unqualifiedly only to "hazardous" or "extra-hazardous" employments. Of the 11 states with competitive funds, the law applies primarily or unqualifiedly only to "hazardous" or "extra-hazardous" employments in Maryland, Montana, New York and Oklahoma. However, in Oklahoma there is an exemption for employers of less than two employees which applies to hazardous as well as other employments, and in New York the compulsory provisions of the law apply not only to employments listed as hazardous, but also to all other employments, with specified exemptions, in which four or more "workmen or operatives" are regularly employed.

Numerical exemptions have been adopted by six states with competitive funds—Arizona, Colorado, Michigan, New York, Oklahoma, and Utah. Two states with monopolistic funds—Ohio and West Virginia—have also enacted laws providing for numerical exemptions.<sup>4</sup>

The elective feature of many state compensation laws also may affect compensation coverage. An elective law permits an employer to refuse to operate under the compensation act if he prefers to risk an employee's suit for damages, but in such cases, the employer loses the customary common law defenses in the event an employee is injured.

<sup>2</sup> Ibid, pp. 157-206

<sup>3</sup> For a detailed analysis of the coverage of workmen's compensation laws, see Association of Casualty and Surety Companies, "Digest of Workmen's Compensation Laws," New York, 1947, and U. S. Department of Labor, "State Workmen's Compensation Laws as of Oct. 1, 1948" U. S. Government Printing Office, Washington, 1949.

<sup>4</sup> Employments with less than the number of persons employed, or "regularly" employed, or "usually" employed, as indicated, are exempted from the application of the law or some crucial provision of the law or from penalties for non-acceptance where the law is elective in the competitive fund states as follows: Arizona (3); Colorado (4); Michigan (3); New York (4), but numerical exemption does not apply to listed hazardous employments; Oklahoma (2); Utah (3); and in states with monopolistic funds the numerical exemption applies to employers of less than three in Ohio and less than four in West Virginia.

As a practical matter, however, few employers elect not to be covered by the law, and, therefore, the elective feature is not a major factor affecting coverage. Twenty-six states, including three with competitive funds,<sup>5</sup> and two with monopolistic funds,<sup>6</sup> have elective laws. Compulsory laws which require every employer within the scope of the law to accept the act and pay the compensation specified operate in 22 states of which eight are competitive fund states and five have monopolistic funds.

In general, compensation laws cover accidental injuries arising out of or in the course of employment. Injuries due to the employee's intoxication, wilful misconduct or gross negligence are usually excluded. For some time the trend has been toward the coverage of occupational diseases and at present 39 states also provide this type of protection. Of this number, nine are states in which competitive funds operate<sup>7</sup> and six are states in which monopolistic funds operate.<sup>8</sup>

#### Benefits

The amount of compensation for which a worker is eligible varies in each state and is dependent on the nature of the injury sustained. Here again, it is essential to an understanding of workmen's compensation to realize that benefits are specified by the law and are not dependent on the existence of a state fund, private insurance or self-insurance. Most states have specified rates for death, permanent total disability, permanent partial disability, temporary total disability and temporary partial disability. In general a weekly maximum and an aggregate maximum which may be paid for each type of injury is set.

In most states, compensation is based on varying proportions of the injured worker's wage but in some states the percentage of wages varies with the worker's marital status and number of dependents. Table II on page 87 shows the minimum and maximum benefits for permanent total disability, permanent partial disability and temporary total disability for the 11 states which have competitive state funds. Table III provides the same information for the seven states which have monopolistic state funds.

Every state compensation law requires the employer to furnish medical aid to injured employees. In many states, these medical benefits are virtually unrestricted as to time and amount, whereas in other states the law specifies definite limits in time or cost or both.

<sup>5</sup> Colorado, Montana, Pennsylvania. Colorado's law is compulsory as to public employees; Montana's is elective as to hazardous employments only, but compulsory for coal mining and public corporations, and in Pennsylvania it is compulsory as to public employees and contractors on public works.

<sup>6</sup> Oregon and West Virginia. In both states, it is compulsory as to public employees.

<sup>7</sup> Arizona, California, Colorado, Idaho, Maryland, Michigan, New York, Pennsylvania and Utah.

<sup>8</sup> Nevada, North Dakota, Ohio, Oregon, Washington and West Virginia.

**Table I**  
**State Funds: Workmen's Compensation \***  
*Type of state funds:*  
*exclusive or*  
*competitive*

<i>State</i>			<i>Assets</i>
Arizona	Competitive	Dec. 31, 1948	\$24,482,904.45
California	Competitive	Dec. 31, 1948	42,661,450.93
Colorado	Competitive	Dec. 31, 1948	8,984,871.00
Idaho	Competitive	Dec. 31, 1948	3,413,392.00
Maryland	Competitive	June 30, 1948	3,936,436.00
Michigan	Competitive	Dec. 31, 1948	7,104,153.00
Montana	Competitive	June 30, 1948	4,483,098.00
Nevada	Exclusive	June 30, 1948	
		State Insurance Fund	\$8,287,076.00
		State Accident Benefit Fund	2,531,751.00
New York	Competitive	Dec. 31, 1948	138,702,158.00
North Dakota	Exclusive	June 30, 1948	8,802,466.00
Ohio	Exclusive	Dec. 31, 1947	166,833,717.92
Oklahoma	Competitive	Dec. 31, 1948	\$41,147.00
Oregon	Exclusive	June 30, 1948	43,763,284.00
Pennsylvania	Competitive	May 31, 1949	15,760,783.00
Utah	Competitive	June 30, 1948	6,535,006.00
Washington	Exclusive	Apr. 30, 1949	10,141,552.00*
West Virginia	Exclusive	June 30, 1948	62,196,649.00
Wyoming	Exclusive	Dec. 31, 1948	
		Industrial Accident General Fund	\$2,473,905.00
		Industrial Accident Reserve Fund	1,375,317.00

\* Includes Accident Fund and Medical Fund

**Table II <sup>10</sup>**  
**Competitive State Funds: Workmen's Compensation**

(Variations in the scale of payments according to family status are indicated by footnotes. For states which vary payments according to family status, the maxima payments stated are those for a single worker without dependents.)

**ARIZONA**  
**Minimum and Maximum Benefits**

<i>Disability</i>	<i>Maximum percent of wages</i>	<i>Maximum period</i>	<i>Limits of payment per week</i>		<i>Total maximum stated in law</i>
			<i>Minimum</i>	<i>Maximum</i>	
Permanent total	* 65	Life	---	\$150.00 <sup>c</sup>	---
Temporary total	* 65 <sup>b</sup>	260 weeks <sup>a</sup>	<sup>a</sup>	<sup>a</sup>	---
Permanent partial	* 55	433 weeks			
		(100 mos.)	---	150.00 <sup>c</sup>	\$65.000 <sup>c</sup>

NOTE: <sup>a</sup> In addition to compensation for temporary total disability, in some states, such compensation for temporary total disability is limited to a specified number of weeks. Special provisions for disfigurement.

<sup>b</sup> Plus \$10 per month for total dependents residing in the United States.

<sup>c</sup> Salary in excess of \$1,000 per month excluded.

<sup>d</sup> 55 percent of loss of earning power.

\* Monthly wage

<sup>10</sup> "Type of State Funds." U. S. Department of Labor, State Workmen's Compensation Laws as of Oct. 1, 1948, Bureau of Labor Standards.

Assets: Annual Reports of Comp. Commissioners and Best's Insurance Reports (Casualty, Surety and Misc.), 1948.

<sup>10</sup> Prepared by Law Department, Association of Casualty and Surety Companies, June, 1950.

## Minimum and Maximum Benefits

CALIFORNIA  
Minimum and Maximum Benefits

Disability	Maximum percent of wages	Maximum period	Limits of payment per week		Total maximum stated in law
			Minimum	Maximum	
Permanent total -----	65	Life <sup>a</sup> -----	\$9.75	\$30.00	---
Permanent partial -----	65	240 weeks <sup>b</sup> -----	9.75	30.00	---
Temporary total -----	65	240 weeks -----	9.75	30.00	\$7,200

NOTE: <sup>a</sup> Permanent total disability entitles the employee to 400 weeks of indemnity. After 400 weeks, benefits are reduced to 40 percent of average weekly wages. Also, where the injury causes both temporary and permanent disability the employee is entitled to compensation for both.

<sup>b</sup> Permanent partial disability entitles the employee to four weeks of benefits for each 1 percent of permanent disability. If permanent disability is 70 percent or over, the employee is also entitled to a life pension of 1 percent of average weekly earnings for each 1 percent of permanent disability in excess of 60 percent. As in the case of permanent total disability where both temporary and permanent disability are caused by the industrial injury, the employee is entitled to compensation for both.

COLORADO  
Minimum and Maximum Benefits

Disability	Maximum percent of wages	Maximum period	Limits of payment per week		Total maximum stated in law
			Minimum	Maximum	
Permanent total -----	50	Life -----	\$10.00	\$22.75	---
Permanent partial -----	50	208 weeks <sup>a</sup> -----	10.00	22.75	\$5,915
Temporary total -----	50	Period of disability -----	10.00	22.75	---

NOTE: <sup>a</sup> In addition to compensation for temporary total disability. Special provisions for disfigurement.

IDAHO  
Minimum and Maximum Benefits

Disability	Maximum percent of wages	Maximum period	Limits of payment per week		Total maximum stated in law
			Minimum	Maximum	
Permanent total -----	60 <sup>d</sup>	400 weeks; thereafter \$8 per week for life -----	\$10.00	\$17.00 <sup>a</sup>	---
Permanent partial -----	60	237.6 weeks <sup>b</sup> -----	10.00	17.00	---
Temporary total -----	60 <sup>d</sup>	400 weeks; thereafter \$8 per week during disability -----	10.00	17.00 <sup>c</sup>	---

NOTE: <sup>a</sup> Additional amounts are allowed according to the number of dependents as follows: Idaho: \$20 maximum for married employee, plus 2 per week for each dependent child, maximum \$24, minimum \$10.

<sup>b</sup> In addition to compensation for temporary total/partial disability.

<sup>c</sup> \$20 for married employee, plus \$2 per week for each dependent child, maximum \$24, minimum, \$10.

<sup>d</sup> 55 percent of wages, if no dependents.

MARYLAND  
Minimum and Maximum Benefits

Disability	Maximum percent of wages	Maximum period	Limits of payment per week		Total maximum stated in law
			Minimum	Maximum	
Permanent total -----	66½	Period of disability <sup>a</sup> -----	\$12.00 <sup>b</sup>	\$28.00	\$7,500
Permanent partial -----	66½	212 weeks for schedule injuries; during disability for nonlisted disability, maximum -----			
		\$5,000 <sup>c</sup> -----	12.00 <sup>b</sup>	20.00	7,500
Temporary total -----	66½	312 weeks -----	12.00 <sup>b</sup>	28.00	4,500

NOTE: <sup>a</sup> Law expressly provides that such payments are in addition to payments for temporary total disability.

<sup>b</sup> Actual wage if less.

<sup>c</sup> In addition to compensation for temporary total disability, compensation for temporary total disability is limited to six years or \$4,500. Special provisions for disfigurement.



**MICHIGAN**  
Minimum and Maximum Benefits

<i>Disability</i>	<i>Maximum percent of wages</i>	<i>Maximum period</i>	<i>Limits of payment per week</i>		<i>Total maximum stated in law</i>
			<i>Minimum</i>	<i>Maximum</i>	
Permanent total -----	66 $\frac{2}{3}$	750 weeks -----	\$11.00 <sup>a</sup>	\$24.00 <sup>b</sup>	---
Permanent partial -----	66 $\frac{2}{3}$	250 weeks; 500 weeks for non- listed disability -	---	24.00 <sup>b</sup>	---
Temporary total -----	66 $\frac{2}{3}$	500 weeks -----	11.00 <sup>a</sup>	24.00 <sup>b</sup>	---

<sup>a</sup> Effective September, 1949, the minimum benefits payable were increased to \$11 for workers with no dependents; \$13 for one dependent, \$15 for two dependents, \$17 for three dependents, \$19 for four dependents, and \$21 for five dependents

<sup>b</sup> Effective September, 1949, the maximum benefits payable were increased to \$24 for workers with no dependents; to \$26 for one dependent; to \$28 for two dependents; to \$30 for three dependents, to \$32 for four dependents and to \$34 for five dependents.

**MONTANA**  
Minimum and Maximum Benefits

<i>Disability</i>	<i>Maximum percent of wages</i>	<i>Maximum period</i>	<i>Limits of payment per week</i>		<i>Total maximum stated in law</i>
			<i>Minimum</i>	<i>Maximum</i>	
Permanent total -----	66 $\frac{2}{3}$ <sup>b</sup>	500 weeks -----	\$13.00	\$20.00 <sup>a</sup>	---
Permanent partial -----	66 $\frac{2}{3}$ <sup>b</sup>	250 weeks; 500 weeks for non- listed disability -	13.00	20.00 <sup>a</sup>	---
Temporary total -----	66 $\frac{2}{3}$ <sup>b</sup>	300 weeks -----	13.00	20.00 <sup>a</sup>	---

NOTE: <sup>a</sup> \$22 if employee has one dependent, \$23 if two dependents, \$24 if three dependents; \$25 if four dependent; and \$26 if five or more dependents

<sup>b</sup> Fifty percent, if no dependents

**NEW YORK**  
Minimum and Maximum Benefits

<i>Disability</i>	<i>Maximum percent of wages</i>	<i>Maximum period</i>	<i>Limits of payment per week</i>		<i>Total maximum stated in law</i>
			<i>Minimum</i>	<i>Maximum</i>	
Permanent total -----	66 $\frac{2}{3}$	Life -----	\$15.00 <sup>a</sup>	\$32.00 <sup>b</sup>	---
Permanent partial -----	66 $\frac{2}{3}$	312 weeks; during disability <sup>c</sup> for nonlisted dis- ability -----	12.00 <sup>a</sup>	32.00 <sup>b</sup>	---
Temporary total -----	66 $\frac{2}{3}$	Period of dis- ability -----	12.00 <sup>a</sup>	32.00	\$6,500

NOTE: <sup>a</sup> Actual wage if less.

<sup>b</sup> Additional compensation for vocational rehabilitation, \$20 maximum per week.

<sup>c</sup> In addition to compensation for temporary total disability. Special provisions for disfigurement

**OKLAHOMA**  
Minimum and Maximum Benefits

<i>Disability</i>	<i>Maximum percent of wages</i>	<i>Maximum period</i>	<i>Limits of payment per week</i>		<i>Total maximum stated in law</i>
			<i>Minimum</i>	<i>Maximum</i>	
Permanent total -----	66 $\frac{2}{3}$	500 weeks -----	\$15.00 <sup>a</sup>	\$25.00	---
Permanent partial -----	66 $\frac{2}{3}$	250 weeks <sup>b</sup> -----	15.00	25.00	---
Temporary total -----	66 $\frac{2}{3}$	300 weeks -----	15.00 <sup>a</sup>	25.00	---

NOTE: <sup>a</sup> Actual wage, if less.

<sup>b</sup> Special provisions for disfigurement

PENNSYLVANIA  
Minimum and Maximum Benefits

<i>Disability</i>	<i>Maximum percent of wages</i>	<i>Maximum period</i>	<i>Limits of payment per week</i>		<i>Total maximum stated in law</i>
			<i>Minimum</i>	<i>Maximum</i>	
Permanent total -----	66 $\frac{2}{3}$	500 weeks -----	\$12.50 <sup>a</sup>	\$25.00	\$12,500
Permanent partial -----	66 $\frac{2}{3}$	215 weeks; 300 weeks for non- listed disability <sup>b</sup>	12.50 <sup>a</sup>	25.00	---
Temporary total -----	66 $\frac{2}{3}$	500 weeks -----	12.50 <sup>a</sup>	25.00	12,500

NOTE <sup>a</sup> Actual wage if less but not less than \$6.25  
<sup>b</sup> Special provisions for disfigurement

UTAH  
Minimum and Maximum Benefits

<i>Disability</i>	<i>Maximum percent of wages</i>	<i>Maximum period</i>	<i>Limits of payment per week</i>		<i>Total maximum stated in law</i>
			<i>Minimum</i>	<i>Maximum</i>	
Permanent total -----	60	260 weeks; there- after 45 percent of wages during disability -----	\$15.00	\$25.00 <sup>a</sup>	\$11,000
Permanent partial -----	60	200 weeks; <sup>b</sup> 312 weeks for non- listed disability -	---	25.00 <sup>a</sup>	6,250
Temporary total -----	60	312 weeks -----	15.00 <sup>c</sup>	25.00 <sup>a</sup>	9,750

NOTE <sup>a</sup> Additional amounts are allowed according to the number of dependents as follows: 5 percent for each dependent child (not to exceed five) under 18 years  
<sup>b</sup> In addition to compensation for temporary total disability. Special provisions for disfigurement.  
<sup>c</sup> Actual wage if less

Table III <sup>11</sup>

Monopolistic State Funds: Workmen's Compensation

(Variations in the scale of payments according to family status are indicated by footnotes. For states which vary payments according to family status, the maxima stated are those for a single worker without dependents.)

NEVADA  
Minimum and Maximum Benefits

<i>Disability</i>	<i>Maximum percent of wages</i>	<i>Maximum period</i>	<i>Limits of payment per month</i>		<i>Total maximum stated in law</i>
			<i>Minimum</i>	<i>Maximum</i>	
Permanent total -----	* 70	Life -----	\$45.00	\$75.00 <sup>a</sup>	---
Permanent partial -----	* 50	60 months <sup>b</sup> -----	45.00	85.00	---
Temporary total -----	* 80	100 months -----	---	105.00 <sup>c</sup>	---

NOTE: <sup>a</sup> Additional allowance for constant attendant if necessary, \$45 per month  
<sup>b</sup> In addition to compensation for temporary total disability. Special provisions for disfigurement  
<sup>c</sup> If total dependent residing in the United States, 80 percent of monthly wage or lesser amount as follows: one dependent, \$120 monthly; two dependents, \$140 monthly, three or more dependents, \$150 monthly.

\* Monthly wage

<sup>11</sup> SOURCE: Prepared by Law Department, Association of Casualty and Surety Companies, June, 1950.

NORTH DAKOTA  
Minimum and Maximum Benefits

Disability	Maximum percent of wages	Maximum period	Limits of payment per week		Total maximum stated in law
			Minimum	Maximum	
Permanent total -----	66 $\frac{2}{3}$	During disability -	\$9.00 <sup>c</sup>	\$20.00	---
Permanent partial -----	66 $\frac{2}{3}$	292.5 weeks, 450 weeks for non- listed disability -	22.00 <sup>b</sup>	22.00 <sup>b</sup>	---
Temporary total -----	66 $\frac{2}{3}$	Period of dis- ability -----	9.00 <sup>c</sup>	20.00 <sup>a</sup>	---

NOTE: <sup>a</sup> Plus \$2 per week for each dependent child. \$5 per week for dependent spouse, maximum \$37.

<sup>b</sup> For scheduled injuries and other injuries where 66 $\frac{2}{3}$  per cent is less than \$22.

<sup>c</sup> Full wages if less.

OHIO  
Minimum and Maximum Benefits

Disability	Maximum percent of wages	Maximum period	Limits of payment per week		Total maximum stated in law
			Minimum	Maximum	
Permanent total -----	66 $\frac{2}{3}$	Life -----	\$10.00 <sup>a</sup>	\$30.00	---
Permanent partial -----	66 $\frac{2}{3}$	225 weeks; 250 weeks for non- listed disability <sup>b</sup>	14.00	30.00	\$7,500
Temporary total -----	66 $\frac{2}{3}$	312 weeks -----	10.00 <sup>a</sup>	30.00	6,000

NOTE: <sup>a</sup> Actual wage, if less.

<sup>b</sup> In addition to compensation for temporary total disability. Special provisions for disfigurement and vocational rehabilitation.

OREGON  
Minimum and Maximum Benefits

Disability	Maximum percent of wages	Maximum period	Limits of payment per month		Total maximum stated in law
			Minimum	Maximum	
Permanent total -----	--	During disability --	\$70.00 <sup>a</sup>	\$70.00 <sup>a, b</sup>	---
Permanent partial -----	--	<sup>c</sup> (See footnote) --	100.00	"	---
Temporary total -----	66 $\frac{2}{3}$ <sup>d</sup>	Period of dis- ability -----	75.00 <sup>d</sup>	95.00 <sup>e</sup>	---

NOTE: <sup>a</sup> and <sup>b</sup> Additional amounts are allowed according to the number of dependents as follows:

<sup>a</sup> For unmarried workman or husband not an invalid

<sup>b</sup> For married workman, \$85 if invalid husband or a wife, plus \$21 monthly for each of first two children, under 18, \$15 for each additional child, total maximum \$160

<sup>c</sup> The maximum period is not specified in the law. However, there is a schedule providing for payment of \$40 for each degree of disability, which ranges from two to 192 degrees, payable at the same rate per month as is provided for compensation for temporary total disability <sup>e</sup> but in no case less than \$100 a month. For non-scheduled injuries, maximum 132 degrees. These payments are in addition to compensation for temporary total disability.

<sup>d</sup> Actual wage, if less

<sup>e</sup> For unmarried workman. For married workman (having invalid husband or a wife) without children, 60 percent of wages, maximum \$110, if he has one child under 18, 66 $\frac{2}{3}$  percent of wages, maximum \$130; if two children, \$145, if three children, \$160, if four or more children, \$175, minimum, \$95 or wages, if less. Person loco parentis for one child, 66 $\frac{2}{3}$  percent of wages, maximum \$95, plus percent, maximum \$15, for each additional child

<sup>f</sup> Fifty percent, if single or if husband not an invalid

WASHINGTON  
Minimum and Maximum Benefits

<i>Disability</i>	<i>Maximum percent of wages</i>	<i>Maximum period</i>	<i>Limits of payment per month</i>		<i>Total maximum stated in law</i>
			<i>Minimum</i>	<i>Maximum</i>	
Permanent total -----	--	During disability --	\$50 <sup>a</sup>	\$75 <sup>a</sup>	---
Permanent partial -----	--	Scheduled injuries <sup>b</sup> other injuries ---	---	---	\$5,000 <sup>b</sup>
Temporary total -----	--	Period of dis- ability -----	50 <sup>d</sup>	75 <sup>c</sup>	---

NOTE: <sup>a</sup> Additional amounts are allowed according to the number of dependents as follows: For unmarried workman; for married workman having a wife or invalid husband \$100, plus \$20 per month for youngest or only child, \$15 for the next or second youngest child, \$10 for each additional child, but total monthly payments shall not exceed \$165 a month. Additional allowance for constant attendant if necessary \$45 per month.

<sup>b</sup> Benefits are fixed sums in a schedule ranging from \$50 to \$5,000; other injuries in proportion to schedule but not exceeding \$5,000.

<sup>c</sup> For unmarried workman. For married workman with wife or invalid husband and no children, \$90; widow, widower, wife or invalid husband and one child, \$110 per month; with two children, \$125 per month; and \$10 for each additional child, but total payments shall not exceed \$155 per month.

<sup>d</sup> If married, and husband is not an invalid.

WEST VIRGINIA  
Minimum and Maximum Benefits

<i>Disability</i>	<i>Maximum percent of wages</i>	<i>Maximum period</i>	<i>Limits of payment per week</i>		<i>Total maximum stated in law</i>
			<i>Minimum</i>	<i>Maximum</i>	
Permanent total -----	66 $\frac{2}{3}$	Life -----	\$12.00	\$25.00	---
Permanent partial -----	66 $\frac{2}{3}$	240 weeks; 340 <sup>a</sup> weeks for non- listed disability -	12.00	25.00	---
Temporary total -----	66 $\frac{2}{3}$	156 weeks -----	15.00	25.00	---

NOTE: <sup>a</sup> Four weeks compensation for each percent of disability, not exceeding 85 percent.

WYOMING  
Minimum and Maximum Benefits

<i>Disability</i>	<i>Maximum percent of wages</i>	<i>Maximum period</i>	<i>Limits of payment per month</i>		<i>Total maximum stated in law</i>
			<i>Minimum</i>	<i>Maximum</i>	
Permanent total -----	--	-----	---	\$87.50 <sup>a</sup>	\$6,950
Permanent partial -----	--	See footnote <sup>b</sup> -----	---	70.00 <sup>c</sup>	3,465
Temporary total -----	--	Period of dis- ability -----	---	87.50 <sup>d</sup>	---

NOTE: <sup>a</sup> Additional amounts are allowed according to the number of dependents as follows: For unmarried workman. For married workman, \$112.50 per month. In addition, \$252 per year for each child under 18, with maximum for all children of \$6,350.

<sup>b</sup> Benefits are paid in fixed sums ranging from \$100 to \$3,465 for scheduled injuries; other injuries, in proportion to extent of disability.

<sup>c</sup> Additional compensation allowed according to number of dependents: For unmarried workman, \$90 per month for married workman. In addition to compensation for temporary total disability. Special provisions for disfigurement.

<sup>d</sup> If single. For married workman, \$112.50 per month; plus \$16.25 per month for each dependent child under 18, with total maximum weekly payments of \$175 per month.

# CHAPTER XXI

## SECOND INJURY FUNDS

### Purpose

The purpose of laws creating second injury funds is to facilitate the employment of physically handicapped workers by providing that their employers shall be liable only for the disability resulting from an injury incurred in their employment without regard to their pre-existing physical handicap. Additional compensation which may be due because of the combination of two injuries is payable out of the Second Injury Fund. For example, in the event that an employee who has previously lost the sight of one eye, loses the sight of his second eye in his employment, he becomes entitled to compensation for permanent total disability. However, his employer's liability is limited to compensation for the loss of one eye and the additional compensation for the combined injuries resulting in permanent and total disability is payable from the Second Injury Fund.

### Development

The first state to adopt a second injury fund was New York in 1916. By the end of 1949, second injury funds had been adopted by 37 additional states,<sup>1</sup> as well as by Alaska, Hawaii, the District of Columbia, Puerto Rico and under the Longshoremen's Act.<sup>2</sup> In addition, two states, Ohio and North Dakota, have provisions that payments in second injury cases may be made out of the surplus of the State Workmen's Compensation Fund, and in West Virginia a second injury reserve has been established in the surplus of the State Compensation Fund. The growth of second injury funds in the past 30 years, and particularly since World War II, indicates that they have become a significant aspect of workmen's compensation insurance.

### Operation

Although the operation of second injury funds is basically similar, they differ considerably in the details of coverage. Second injury funds which cover employees who have lost, or lost the use of, an arm, leg, eye, etc., and who later may lose a similar limb or member in the course of employment, which results in a permanent total disability are the most common type of fund. This type of fund is probably the easiest to administer in that it is relatively simple to determine the liability of the fund and the liability of the employer. Several states have adopted funds offering somewhat different coverage. For example, in Wisconsin the law provides that the pre-existing disability must be at least 15 percent of permanent total and that the subsequent injury must be at least as extensive. In such cases, the fund pays compensation for the lesser of the two injuries.

<sup>1</sup> Alabama	Iowa	Nebraska	South Dakota
Arizona	Kansas	New Hampshire	Tennessee
Arkansas	Kentucky	New Jersey	Texas
California	Maine	New York	Utah
Colorado	Maryland	North Carolina	Vermont
Connecticut	Massachusetts	Oklahoma	Washington
Delaware	Michigan	Oregon	Wisconsin
Idaho	Minnesota	Pennsylvania	Wyoming
Illinois	Mississippi	Rhode Island	
Indiana	Missouri	South Carolina	

<sup>2</sup> See Supra. Chapter I, "Federal Workmen's Compensation," p 1

**Methods of Financing**

Second injury funds are financed in various ways. The most common method is by a specified contribution ranging between \$300 and \$1,500 made by an employer or his insurance company to the fund when a worker dies as a result of an industrial injury and does not leave any dependents. In some states, this contribution is supplemented by additional payments in cases where injury causes a permanent partial disability. In other states, this latter contribution is the only source of the second injury fund's income.<sup>3</sup> In a few states, all insurance companies and self-insurers are taxed a certain percentage of the total compensation paid out by them during the preceding year, and in a few other states, the tax consists of a percentage of the premiums received from compensation insurance.<sup>4</sup> In these states, self-insurers pay a percentage of the premium which would have been paid if they had insured their risk with an insurance company.

Legislative appropriations support the second injury fund in California and Pennsylvania. In North Dakota and Ohio, the surplus of the state workmen's compensation fund pays the excess cost of second injuries, and in West Virginia, a special reserve in the surplus fund of the state workmen's compensation fund pays second injury costs.<sup>5</sup>

**Operating and Financial Statistics**

The second injury funds of all 38 states are active at the present time. The following table summarizes the latest financial data available regarding their operation.

State Second Injury Funds		
<i>State</i>	<i>Balance</i>	<i>Receipts</i>
Alabama-----	No information	No information
Arizona-----	\$93,394.11 <sup>a</sup> (12/31/47)	\$16,476.95 <sup>a</sup> (1947)
Arkansas-----	31,560.00 <sup>a</sup> (1/23/48)	4,500.00 <sup>a</sup> (1947)
California-----	Financed by state legislative appropriations	
Colorado-----	25,000.00 <sup>b</sup> (12/31/48)	8,500.00 <sup>b</sup> (1948)
Connecticut-----	125,265.59 <sup>c</sup> (6/30/48)	1,726.25 <sup>c</sup> (1948)
Delaware-----	14,772.15 <sup>a</sup> (12/31/47)	No information
Idaho-----	71,109.14 <sup>a</sup> (12/31/47)	7,912.64 <sup>a</sup> (1947)
Illinois-----	179,898.97 <sup>d</sup> (12/31/48)	46,150.00 <sup>d</sup> (1948)
Indiana-----	No information	No information
Iowa-----	36,000.00 <sup>e</sup> (12/31/48)	No information
Kansas-----	32,352.00 <sup>a</sup> (1/1/48)	5,000.00 <sup>f</sup> (1947)
Kentucky-----	82,988.20 <sup>g</sup> (6/30/48)	54,532.00 <sup>g</sup> (fiscal year ending 6/30/48)
Maine-----	5,100.00 <sup>a</sup> (6/30/47)	2,100.00 <sup>a</sup> (fiscal year ending 6/47)
Maryland-----	65,252.00 <sup>a</sup> (12/31/47)	No information
Massachusetts-----	117,101.48 <sup>a</sup> (12/31/47)	9,500.00 <sup>a</sup> (1947)
Massachusetts Veterans Second Injury Fund --	71,645.85 <sup>a</sup> (12/31/47)	39,500.00 <sup>a</sup> (1947)
Michigan-----	No information	No information
Minnesota-----	148,435.07 <sup>a</sup> (6/30/47)	42,814.70 <sup>a</sup> (fiscal year ending 6/30/47)
Mississippi-----	No information	No information
Missouri-----	31,810.10 <sup>a</sup> (12/31/47)	No information
Nebraska-----	No information	No information

<sup>3</sup> States in which a levy based on awards for permanent partial disability constitute partial or complete support of the second injury fund are Idaho, Illinois, Maryland, Minnesota, Missouri, New Hampshire, North Carolina, Oklahoma, Tennessee and Wisconsin. Alaska's fund is also supported in this manner.

<sup>4</sup> States in which taxes are based on compensation paid or premiums received are Connecticut, Delaware, Kentucky, New Jersey, New York, Oklahoma, Rhode Island, and South Dakota.

<sup>5</sup> U. S. Department of Labor, Bureau of Labor Standards, "State Workmen's Compensation Laws," U. S. Government Printing Office, Washington, D. C., 1948.

## State Second Injury Funds—Continued

<i>State</i>	<i>Balance</i>	<i>Receipts</i>
New Hampshire-----	225.00 <sup>b</sup> (12/31/47)	225.00 <sup>b</sup> (1947)
New Jersey-----	928,354.20 <sup>a</sup> ( 4/16/48)	216,388.10 <sup>a</sup> (1947)
New York-----	1,950,296.43 <sup>a</sup> ( 3/31/48)	200,806.77 <sup>a</sup> (fiscal year ending 3/48)
North Carolina-----	55,380.88 <sup>a</sup> ( 4/16/48)	67,895.47 <sup>a</sup> (1945-1948)
Oklahoma-----	95,634.41 <sup>1</sup> (12/31/48)	76,874.72 <sup>1</sup> (1948)
Oregon-----	No information	No information
Pennsylvania-----	Financed by state legislative appropriations	No information
Rhode Island-----	341,537.20 <sup>1</sup> ( 6/30/48)	44,568.20 <sup>1</sup> (fiscal year ending 6/30/48)
South Carolina-----	2,087.93 <sup>a</sup> ( 5/48)	No information
South Dakota-----	500.00 <sup>b</sup> (12/31/47)	500.00 <sup>b</sup> (1947)
Tennessee-----	65,970.00 <sup>1</sup> ( 5/49)	No information
Texas-----	No information	No information
Utah-----	No information	No information
Vermont-----	2,500.00 <sup>m</sup> ( 6/30/48)	2,000.00 <sup>m</sup> (fiscal year ending 6/30/48)
Washington-----	No information	No information
West Virginia-----	300,000.00 <sup>n</sup> ( 6/30/48)	100,000.00 <sup>n</sup> (1948)
Wisconsin-----	6,676.00 <sup>o</sup> (12/31/47)	14,528.00 <sup>o</sup> (1947)
Wyoming-----	55,208.18 <sup>p</sup> (12/31/47)	1,874.41 <sup>p</sup> (1947)

<sup>a</sup> Association of Casualty and Surety Companies, Casualty Department, "Workmen's Compensation—Status of Special and Security Funds," September, 1948

<sup>b</sup> Correspondence, Commissioner of Insurance, State of Colorado, July, 1949

<sup>c</sup> Report of the Treasurer, State of Connecticut, June, 1948. Balance includes cash and investments: receipts consist entirely of interest on investment, as no assessment is made unless fund falls below \$50,000

<sup>d</sup> Correspondence, Treasurer of the State of Illinois, July, 1949

<sup>e</sup> Correspondence, Counsel, Insurance Department of Iowa, September, 1949

<sup>f</sup> Correspondence, Director, Research Department, Kansas Legislative Department, August, 1949

<sup>g</sup> Annual Report of the Department of Industrial Relations, State of Kentucky, June 30, 1948

<sup>h</sup> Correspondence, Deputy Commissioner of Insurance, State of New Hampshire, August, 1949.

<sup>i</sup> Correspondence, Commissioner, Oklahoma State Insurance Fund, August, 1949.

<sup>j</sup> Annual Report of General Treasurer, June 30, 1948

<sup>k</sup> Correspondence, Examiner, Department of Insurance, State of South Dakota, August, 1949

<sup>l</sup> Correspondence, Superintendent, Division of Workmen's Compensation, State of Tennessee, May, 1949

<sup>m</sup> Correspondence, Deputy, State Treasurer of Vermont, August, 1949

<sup>n</sup> Reserve for second injury payment in workmen's compensation fund, Thirty-Fifth Annual Report of State Compensation Commissioner, State of West Virginia, June, 1948

<sup>o</sup> Correspondence, Commissioner of Insurance, State of Wisconsin, August, 1949

<sup>p</sup> Thirty-second Report of the Workmen's Compensation Department, State of Wyoming, 1947

**ANNOUNCEMENT OF COMMITTEE MEETINGS**

It was announced that the following committees would hold meetings:

*Today—*

*At 2 p.m.—*

Social Welfare.

Elections and Reapportionment.

*At 3 p.m.—*

Judiciary.

*Today upon adjournment—*

Governmental Efficiency and Economy.

**GUESTS EXTENDED COURTESIES OF ASSEMBLY**

On request of Mr. McCollister, the usual courtesies of the Assembly for this day were unanimously extended to Miss Grace King, Miss Myrtle Sacry, and Miss Ethel Sacry of Santa Rosa.

On request of Mr. Lipscomb, the usual courtesies of the Assembly for this day were unanimously extended to Alice Sognalian and Lillian Albarian of Los Angeles.

On request of Mr. Evans, the usual courtesies of the Assembly for this day were unanimously extended to Herbert C. Legg of Los Angeles.

On request of Mr. Dunn, the usual courtesies of the Assembly for this day were unanimously extended to Jack Rees of Hayward and Paul Ehret of San Lorenzo.

**ADJOURNMENT**

At 5.03 p.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 9.30 a.m., Saturday, September 23, 1950, in honor of the armed forces: The Army, Navy, Marine Corps, Air Force, and Coast Guard of the United States; and out of respect to the memory of the late John P. McLaughlin, Judge Arthur P. Will, and Nion R. Tucker.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk



CALIFORNIA LEGISLATURE  
1950 THIRD EXTRAORDINARY SESSION

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# ASSEMBLY DAILY JOURNAL

FOURTH LEGISLATIVE DAY  
FOURTH CALENDAR DAY

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## IN ASSEMBLY

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ASSEMBLY CHAMBER, SACRAMENTO  
Saturday, September 23, 1950

The Assembly met at 9.30 a.m.

Hon. Thomas A. Maloney, Speaker pro Tempore of the Assembly,  
presiding.

Chief Clerk Arthur A. Ohnimus at the desk.

## ROLL CALL

The roll was called, and the following answered to their names:

Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—72

Quorum present.

## PRAYER

Upon invitation of Speaker pro Tempore Maloney, the following prayer was offered by the Honorable Ernest R. Geddes, Member of the Assembly from the Forty-ninth District.

*Almighty God:* Let this convocation be assembled in Thy Holy Name. May we remember as we strive to express the will of the people of California that we also work under laws Thou hast established. Let temperance, fortitude, prudence, and justice govern our actions —AMEN.

## READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Cloyd, further reading of the Journal of the previous legislative day was dispensed with.

**LEAVES OF ABSENCE FOR THE DAY**

The following members were granted leaves of absence for the day, because of illness:

Mr. Fletcher, on motion of Mr. McMillan.

Mr. Rosenthal, on motion of Mr. Beck.

The following members were granted leaves of absence for the day, because of legislative business elsewhere:

Mr. Davis, on motion of Mr. Lowrey.

Mr. Anderson, on motion of Mr. Beck.

Mr. Coats, on motion of Mr. Hagen.

Mr. Lewis, on motion of Mr. Hagen.

The following member was granted leave of absence for the day, and desired to waive his per diem:

Mr. Huyek, on motion of Mr. Waters.

**INTRODUCTION, FIRST READING, AND REFERENCE  
OF ASSEMBLY BILLS**

The following bills were introduced, and read the first time:

**Assembly Bill No. 65:** By Messrs. Kirkwood and Dunn—An act to add Section 5050.2 to the Education Code, relating to elections upon acceptance, expenditure, and repayment of school building apportionments, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Governmental Efficiency and Economy.

**Assembly Joint Resolution No. 3:** By Mr. McCollister—Relating to the drafting of peace officers and police personnel for military service.

Referred to Committee on Rules.

**REPORTS OF STANDING COMMITTEES****Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 34

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 15

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 27

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Concurrent Resolution No. 8

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported resolution ordered on file for adoption.

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 43

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

# REQUEST FOR UNANIMOUS CONSENT TO WITHDRAW ASSEMBLY BILL NO. 22 FROM COMMITTEE

Mr. Dunn asked for, and was granted, unanimous consent that Assembly Bill No. 22 be withdrawn from the Committee on Education, for purpose of amendment, at this time, and that the bill be re-referred to the Committee on Education.

## CONSIDERATION OF ASSEMBLY BILL NO. 22 (BY UNANIMOUS CONSENT)

**Assembly Bill No. 22**—An act to add an article heading and to add Article 2, to Chapter 1.6 of Division 3 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read second time.

### Consideration of Committee Amendments

The following amendments were proposed by the Committee on Education:

#### Amendment No. 1

On page 2, line 25, of the printed bill, after "shall", insert a comma and "notwithstanding any other provisions of this chapter,".

#### Amendment No. 2

On page 2, line 32, of said bill, after "acquiring district", insert "shall, notwithstanding any other provisions of this chapter,".

#### Amendment No. 3

On page 2, lines 41 and 42, of said bill, strike out "a district which is not eligible for an apportionment under this chapter", and insert "another district".

#### Amendment No. 4

On page 2, line 43, of said bill, after "shall", insert a comma and "notwithstanding any other provisions of this chapter,".

#### Amendment No. 5

On page 3 of said bill, strike out lines 14 to 21, inclusive.

#### Amendment No. 6

On page 4 of said bill, between lines 45 and 46, insert

"The board shall, upon receiving the appropriate certificate from a county superintendent of schools as provided herein, promptly notify the State Controller, in writing, of (1) the effective date of annexation or other inclusion of a state-aided

district by an acquiring district; (2) the name of the state-aided district; (3) the name of the acquiring district; and (4) the number and other identification of the apportionment affected."

Amendments read, and adopted.

Bill ordered reprinted, engrossed, and to be re-referred to the Committee on Education.

### CONSIDERATION OF DAILY FILE THIRD READING OF ASSEMBLY BILLS

**Assembly Bill No. 14**—An act to add Section 5046.1 to the Education Code, relating to apportionments to school districts from the Public School Building Loan Fund, declaring the urgency thereof, to take effect immediately.

Bill read third time.

#### Urgency Clause

Urgency clause read.

Assembly Bill No. 14 ordered temporarily passed on file

**Assembly Bill No. 26**—An act to add Sections 48, 49, 50, 51, 132.6, 293.5, 296.5, 5901.5, 5904.5, 5931.6, 5932.5, 5935.5, 5936.5, 7801.5, and 7842.5 to the Elections Code, relating to elections, declaring the urgency thereof, to take effect immediately.

Bill read third time.

#### Urgency Clause

Urgency clause read, and adopted by the following vote.

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinkley, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—69.

**NOES**—None.

#### Request for Unanimous Consent That Names Be Placed Upon Roll Call on Urgency Clause to Assembly Bill No. 26

Messrs. George D. Collins and Yorty asked for, and were granted, unanimous consent that their names be placed upon the roll call on the urgency clause to Assembly Bill No. 26, and that they be recorded as voting, "aye."

The question being on the passage of the bill.

The roll was called, and the bill passed by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinkley, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—69.

**NOES**—None.

Bill ordered transmitted to the Senate.

**Assembly Bill No. 6**—An act making an appropriation in augmentation of the appropriation in Item 179 of the Budget Act of 1950 for support of the Adjutant General and California National Guard, relating to internal security providing for the support of the California Defense and Security Corps, to take effect immediately.

Bill read third time.

The roll was called, and the bill passed by the following vote :

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burkhalter, Butters, Caldecott, Cloyed, Collier, George D. Collins, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hineckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—67.

**NOES**—None.

Bill ordered transmitted to the Senate.

**Assembly Bill No. 7**—An act making an appropriation to carry out the provisions of the California Disaster Act for the relief and alleviation of a state of extreme emergency, and declaring the urgency thereof, to take effect immediately.

Bill read third time.

#### Urgency Clause

Urgency clause read, and adopted by the following vote :

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hineckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—67.

**NOES**—None.

The roll was called, and the bill passed by the following vote :

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hineckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—67.

**NOES**—None.

Bill ordered transmitted to the Senate.

**Assembly Bill No. 8**—An act relating to the unified program for construction, improvement and equipment for state agencies, making an appropriation, and declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Motion to Amend**

Mr. Sherwin moved the adoption of the following amendment:

**Amendment No. 1**

On page 2, line 4, of the printed bill, strike out "327 8", and insert "372.8".

Amendment read, and adopted.

Bill ordered reprinted, and re-engrossed.

**Assembly Bill No. 9**—An act making an appropriation for support of the California Disaster Act, to take effect immediately.

Bill read third time.

The roll was called, and the bill passed by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kukwood, Levering, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—67.

**NOES**—None.

Bill ordered transmitted to the Senate.

**Assembly Bill No. 10**—An act making an appropriation for preparation of plans and specifications of an office building for the Department of Employment, to take effect immediately.

Bill read third time.

**Motion to Amend**

Mr. Sherwin moved the adoption of the following amendments:

**Amendment No. 1**

In line 3 of the title of the printed bill, following the comma, insert "declaring the urgency thereof,".

**Amendment No. 2**

On page 1 of said bill, strike out lines 8, 9, and 10, inclusive, and insert "SEC. 2. This act is hereby declared to be an urgency measure necessary to the immediate preservation of the public peace, health and safety within the meaning of Section 1 of Article IV of the State Constitution, and shall therefore go into immediate effect. A statement of the facts constituting such necessity as is follows:

The State Department of Employment is now housed in several buildings in the City of Sacramento which greatly impairs the efficiency of the administration of that department. In order that this department may function properly it is necessary that plans and specifications be prepared immediately in order to determine the requirements of the department for office space and the method by which a building for said department may be financed. In order that these plans and specifications may be expedited it is necessary that this act take effect immediately."

Amendments read, and adopted.

Bill ordered reprinted, and re-engrossed.

**Assembly Bill No. 31**—An act to amend Section 890 of the Military and Veterans Code, relating to educational assistance for dependents of veterans.

Bill read third time.

The roll was called, and the bill passed by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Condon, Connolly, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury.

Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Sulliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—68.

NOES—None.

Bill ordered transmitted to the Senate.

**Hon. Laughlin E. Waters, Presiding**

At 10.17 a.m., Hon. Laughlin E. Waters, Member of the Assembly from the Fifty-eighth District, presiding.

**Assembly Bill No. 33**—An act making an appropriation for the organization and maintenance of the California Defense and Security Corps or any other authorized militia organized to replace the National Guard of this State while said guard is in active federal service, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

AYES—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—65

NOES—None.

The roll was called, and the bill passed by the following vote:

AYES—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—65

NOES—None.

Bill ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP  
ASSEMBLY BILL NO. 15**

Mr. Conrad asked for, and was granted, unanimous consent that he be permitted to take up Assembly Bill No. 15, temporarily passed on file, at this time.

**CONSIDERATION OF ASSEMBLY BILL NO. 15**

**Assembly Bill No. 15**—An act to add Sections 48, 49, 50, 51, 132.6, 293.5, 296.5, 5901.5, 5904.5, 5931.6, 5932.5, 7801.5, and 7842.5 to the Elections Code, relating to elections, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinkleley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Lindsay, Lipcomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—66.

**NOES**—None.

The roll was called, and the bill passed by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinkleley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Lindsay, Lipcomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—66.

**NOES**—None

Bill ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT THAT LETTER OF TRANSMITTAL AND REPORT BE PRINTED IN JOURNAL AND AS A SEPARATE DOCUMENT**

Mr. Geddes asked for, and was granted, unanimous consent that a letter of transmittal, and a Preliminary Report on Alleged Coercive Insurance Practices submitted by the Assembly Interim Committee on Finance and Insurance (pursuant to House Resolution No. 239, 1949 Session), be ordered printed in the Journal in 10-point type; and that 500 copies be printed as a separate document.

(Above mentioned report will appear prior to the motion to adjourn.)

**REQUEST FOR UNANIMOUS CONSENT THAT NAME BE REMOVED FROM ROLL CALLS**

Mr. Smith asked for, and was granted, unanimous consent that the name of Mr. Huyek be removed from all roll calls, as his votes were recorded by the voting machine through error.

**CONSIDERATION OF DAILY FILE (RESUMED)  
THIRD READING OF ASSEMBLY BILLS (RESUMED)**

**Assembly Bill No. 34**—An act to amend the title to Chapter 3, Part 2, Division 2, to amend Sections 51, 120, 422, 551, 552, 553, 554, 555, 557, 560, 561, 562, and to add 566 and 643.1 to the Military and Veterans Code, relating to the creation, organization and administration of a security and reserve force, the rules and regulations for government of such forces and reserves, the pay and allowances of said forces, the appointment of armory boards, federal service, Uniform Code of Military Justice, workmen's compensation, employment of members of National Guard with said forces, restoration of state duty after federal service, disposition of National Guard funds, termination of commissions



and discharge of members of said forces, unemployment insurance, decorations, wearing of the uniform and composition of office of the Adjutant General, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—66.

**NOES**—None.

The roll was called, and the bill passed by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—66.

**NOES**—None.

**Motion to Amend Title**

Mr. McCollister moved the adoption of the following amendment to the title:

**Amendment No. 1**

In line 3 of the title of the printed bill, after "562," insert "and 640 of,".

Bill ordered reprinted, and transmitted to the Senate.

**Assembly Bill No. 35**—An act to amend Sections 395 and 395.1 of the Military and Veterans Code, relating to rights of public officers and employees to return to office or employment after military service, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—68.

**NOES**—None.

The roll was called, and the bill passed by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley,

Hoffman, Hollbaugh, Kilpatrick, Kirkwood, Levering, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—68.

NOES—None.

Bill ordered transmitted to the Senate.

#### ANNOUNCEMENT

Mr. Babbage announced that he is holding a bill at his desk relative to subversive activities, and that any member desiring to have his name placed upon the bill, as a co-author, may sign the bill at his desk, at this time.

#### CONSIDERATION OF DAILY FILE (RESUMED)

##### THIRD READING OF ASSEMBLY BILLS (RESUMED)

**Assembly Bill No. 41**—An act to add Section 1501.5 to the Welfare and Institutions Code, relating to aid to needy children in respect to provision for the needs of the relatives with whom such children are living, and declaring the urgency thereof, to take effect immediately.

Bill read third time.

##### Urgency Clause

Urgency clause read, and adopted by the following vote:

AYES—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Connolly, Conrad, Cooke, Crichton, Crowley, Dolwig, Doyle, Dunn, Elliott, Ewim, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Kilpatrick, Kirkwood, Levering, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Rumford, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—65

NOES—None.

The roll was called, and the bill passed by the following vote:

AYES—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Connolly, Conrad, Cooke, Crichton, Crowley, Dolwig, Doyle, Dunn, Elliott, Ewim, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Kilpatrick, Kirkwood, Levering, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Rumford, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—65.

NOES—None.

Bill ordered transmitted to the Senate.

**Assembly Concurrent Resolution No. 6**—Relative to adjournment in respect to the memory of Clifton R. Montgomery.

Resolution read, and adopted unanimously.

Resolution ordered transmitted to the Senate.

##### Speaker pro Tempore Presiding

At 10.40 a m., Hon. Thomas A. Maloney, Speaker pro Tempore of the Assembly, presiding.

**Assembly Bill No. 20**—An act to amend Sections 5055 and 5056 of, and to add Sections 5048.2 and 5057.1 to, Chapter 1.6 of Division 3 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read.

Assembly Bill No. 20 ordered temporarily passed on file.

**Assembly Concurrent Resolution No. 5**—Approving amendment to the charter of the City and County of San Francisco voted for and ratified by the electors of said City and County of San Francisco at a consolidated direct primary and special municipal election held therein on the sixth day of June, 1950.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

AYES—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—66

NOES—None.

Resolution ordered transmitted to the Senate

**Assembly Bill No. 43**—An act to add Section 5048.3 to the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

AYES—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Condon, Connolly, Conrad, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hinckley, Hollibaugh, Kirkwood, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—63.

NOES—None.

The roll was called, and the bill passed by the following vote:

AYES—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Condon, Connolly, Conrad, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hinckley, Hollibaugh, Kirkwood, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—63.

NOES—None.

Bill ordered transmitted to the Senate.

**Hon. Richard H. McCollister, Presiding**

At 10 45 a.m., Hon. Richard H. McCollister, Member of the Assembly from the Seventh District, presiding.

**Assembly Concurrent Resolution No. 8**—Relative to the selection of the Legislative Counsel of California.

Resolution read.

The roll was called, and the resolution adopted by the following vote :

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hinckley, Hoffman, Hollibaugh, Kirkwood, Levering, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—65.

**NOES**—None.

Resolution ordered transmitted to the Senate.

**Speaker pro Tempore Presiding**

At 10.50 a m., Hon. Thomas A. Maloney, Speaker pro Tempore of the Assembly, presiding.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP  
ASSEMBLY BILL NO. 44**

Mr. Smith asked for, and was granted, unanimous consent that he be permitted to take up Assembly Bill No. 44, temporarily passed on file, at this time.

**CONSIDERATION OF ASSEMBLY BILL NO. 44**

**Assembly Bill No. 44**—An act to add Section 20890.5 to the Government Code, relating to retirement rights of members of the State Employees' Retirement System, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote :

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—69.

**NOES**—None.

The roll was called, and the bill passed by the following vote :

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—69.

**NOES**—None.

Bill ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT TO RE-REFER  
ASSEMBLY BILL NO. 27**

Mr. Hoffman asked for, and was granted, unanimous consent that Assembly Bill No. 27 be withdrawn from file, and be re-referred to the Committee on Military Affairs.

**REPORTS OF STANDING COMMITTEES**

**Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 38

Assembly Bill No. 39

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bills ordered to third reading.

**Committee on Public Health**

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Public Health, to which was referred:

Assembly Bill No. 5

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

THOMPSON, Chairman

Above reported bill ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 5**—An act to add Section 12006 to the Health and Safety Code, relating to the purchase and possession of explosives, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed

**REPORTS OF STANDING COMMITTEES**

**Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 20

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

**Assembly Bill No. 2**—An act making an appropriation for the mileage of the Members and Officers of the Assembly, to take effect immediately;

**Assembly Bill No. 3**—An act making an appropriation for the contingent expenses of the Assembly, including committee expenses, to take effect immediately;

**Assembly Bill No. 4**—An act making an appropriation for payment of the expenses of Members of the Assembly necessarily incurred by them while attending the 1950 Third Extraordinary Session of the Legislature, to take effect immediately;

And reports that the same have been correctly enrolled, and presented to the Governor on the twenty-third day of September, 1950, at 10 a m

GRUNSKY, Vice Chairman

**Committee on Military Affairs**

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

**MR. SPEAKER:** Your Committee on Military Affairs, to which was referred:

Assembly Joint Resolution No. 1

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

McCOLLISTER, Chairman

Above reported resolution ordered engrossed.

**Speaker Presiding**

At 10.56 a.m., Hon. Sam L. Collins, Speaker of the Assembly, presiding.

**Committee on Military Affairs**

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

**MR. SPEAKER:** Your Committee on Military Affairs, to which was referred:

Assembly Bill No. 55

Has had the same under consideration, and reports the same back with amendments with the recommendation: Amend, and re-refer to the Committee on Ways and Means.

McCOLLISTER, Chairman

Above reported bill ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)****(BY UNANIMOUS CONSENT)****Assembly Bill No. 55**—An act relating to civil defense, providing for the employment of additional special agents and investigators by the Attorney General, making an appropriation, and declaring the urgency thereof, to take effect immediately.

Bill read second time.

**Consideration of Committee Amendments**

The following amendment was proposed by the Committee on Military Affairs:

**Amendment No. 1**

On page 2 of the printed bill, strike out line 1, and insert

"SEC. 3. The sum of seventy-five thousand dollars (\$75,000), or so".

Amendment read, and adopted.

Bill ordered reprinted, engrossed, and to be re-referred to the Committee on Ways and Means.

**INTRODUCTION, FIRST READING, AND REFERENCE  
OF ASSEMBLY BILLS (RESUMED)**

The following bills were introduced, and read the first time:

**Assembly Bill No. 66:** By Messrs. Sherwin, Maloney, Waters, and Luckel—An act relating to civil defense, making an appropriation to provide facilities, equipment and services essential to the civil defense of California, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Ways and Means.

**Assembly Bill No. 67:** By Messrs. Brady and Dunn—An act to add Section 118 5 to the Welfare and Institutions Code, relating to public assistance, in respect to the net income or pecuniary ability of responsible relatives.

Referred to Committee on Social Welfare.

**Assembly Bill No. 68:** By Messrs. Babbage, Smith, Levering, Morris, Butters, Doyle, Erwin, Hahn, Stewart, and Waters—An act to add Section 25 to the Business and Professions Code, relating to loyalty oaths.

Referred to Committee on Governmental Efficiency and Economy.

# **REPORTS OF STANDING COMMITTEES**

## **Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 37

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

## **INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS (RESUMED)**

The following resolution was offered:

**Assembly Constitutional Amendment No. 1:** By Messrs. Babbage, Smith, Levering, Stanley, Burke, Butters, Collier, Conrad, Erwin, Fleury, Geddes, Grant, Hahn, Hinckley, Lipscomb, Luckel, Morris, Mrs. Niehouse, Messrs. Porter, Price, Reagan, Stewart, Thomas, and Waters—A resolution to propose to the people of the State of California an amendment to the Constitution of the State by adding to Article XX thereof a new section to be numbered 19, relating to subversive activities.

Referred to Committee on Constitutional Amendments.

## **REQUEST FOR UNANIMOUS CONSENT TO TAKE UP ASSEMBLY BILL NO. 37**

Mr. Lindsay asked for, and was granted, unanimous consent that he be permitted to take up Assembly Bill No. 37, temporarily passed on file, at this time.

## **CONSIDERATION OF ASSEMBLY BILL NO. 37**

**Assembly Bill No. 37**—An act to add Article 2.5, comprising Sections 21000 to 21002, inclusive, to Chapter 8 of Part 3 of Division 5 of Title 2 of the Government Code, relating to the State Employees' Retirement System in respect to state employment of persons who have attained the age of compulsory retirement and declaring the urgency thereof, to take effect immediately.

Bill read third time.

### **Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lincoln, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCallister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Silliman, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, Yorty, and Mr. Speaker—66.

**NOES**—None.

The roll was called, and the bill passed by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lincoln, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sillman, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, Yorty, and Mr. Speaker—66.

**NOES**—None.

Bill ordered transmitted to the Senate.

### MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, September 23, 1950

**MR. SPEAKER.** I am directed to inform your honorable body that the Senate on this day passed:

Senate Bill No. 1  
Senate Bill No. 10  
Senate Bill No. 27  
Senate Bill No. 28  
Senate Bill No. 30

Senate Bill No. 31  
Senate Bill No. 32  
Senate Bill No. 33  
Senate Bill No. 34  
Senate Bill No. 35

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

### FIRST READING AND REFERENCE OF SENATE BILLS

The following bills were read the first time:

**Senate Bill No. 1**—An act to add Section 1582 to the Military and Veterans Code, relating to interstate preparedness for disasters, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Military Affairs.

**Senate Bill No. 10**—An act to amend Sections 4353 and 3211.92 of the Labor Code, relating to disaster service workers, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Finance and Insurance.

**Senate Bill No. 27**—An act to amend Section 699.5 of the Military and Veterans Code, and to ratify actions of the Department of Veterans Affairs, relating to assistance to veterans and their dependents.

Referred to Committee on Military Affairs.

**Senate Bill No. 28**—An act to amend Section 890 of the Military and Veterans Code, relating to educational assistance for dependents of veterans.

Referred to Committee on Military Affairs.

**Senate Bill No. 30**—An act to amend Section 5046 of the Education Code, relating to apportionments to school districts from the Public School Building Loan Fund, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education.

**Senate Bill No. 31**—An act to add Section 5051.1 to Chapter 1.6 of Division 3 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education.



**Senate Bill No. 32**—An act to amend Sections 5103 and 5107 of, and to add Section 5105 1 to, the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education.

**Senate Bill No. 33**—An act to add Section 5046.1 to the Education Code, relating to apportionment to school districts from the Public School Building Loan Fund, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education

**Senate Bill No. 34**—An act to add Section 5048.1 to the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education.

**Senate Bill No. 35**—An act to add an article heading and to add Article 2, to Chapter 16 of Division 3 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education.

#### MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Joint Resolution No. 1

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

#### FIRST READING AND REFERENCE OF SENATE BILLS (RESUMED)

The following resolution was read:

**Senate Joint Resolution No. 1**—Relative to the United States Marines.

Referred to Committee on Rules.

#### INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS (RESUMED)

The following bills were introduced, and read the first time:

**Assembly Concurrent Resolution No. 11:** By Messrs. Babbage, Smith, Beck, Levering, Lipscomb, and Stanley—Relative to domestic espionage, sabotage, subversive activities and related matters.

Referred to Committee on Rules.

**Assembly Bill No. 69:** By Messrs. Babbage, Smith, Levering, Morris, Butters, Doyle, Erwin, Fleury, Hahn, Stewart, and Waters—An act to amend Sections 2601 and 2619 of the Elections Code, relating to declarations of candidacy.

Referred to Committee on Elections and Reapportionment.

**Assembly Bill No. 70:** By Messrs. Kirkwood and Dunn—An act to add Section 5047.6 to the Education Code and to amend Sections 5072 and 5073 of said code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education.

**Assembly Concurrent Resolution No. 12:** By Messrs. Dunn and Kirkwood—Relative to the use of state school building aid to increase the capacity of public school facilities.

Referred to Committee on Rules.

#### RECESS

At 11.10 a.m., on motion of Mr. Dickey, the Assembly recessed until 3 p.m.

#### REASSEMBLED

At 3 p.m., the Assembly reconvened.

Hon. Sam L. Collins, Speaker of the Assembly, presiding.

Chief Clerk Arthur A. Ohnimus at the desk.

#### RE-REFERENCE OF ASSEMBLY BILL NO. 42

By order of the Speaker, Assembly Bill No. 42 was re-referred to the Committee on Social Welfare.

#### RESOLUTION TO SUSPEND CONSTITUTIONAL PROVISION

The following resolution was offered :

By Mr. Dickey :

*Resolved*, That Senate Bills Nos. 1, 10, 27, 30, 31, 32, 33, 34, and 35 present a case of urgency, as that term is used in Article IV, Section 15, of the Constitution, and the provision of that section requiring that the bills be read on three several days in each house is hereby dispensed with, and it is ordered that said bills be read the second time, and placed upon their passage.

Resolution read.

The roll was called, and the resolution adopted by the following vote :

AYES—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lincoln, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Silliman, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, Yorty, and Mr. Speaker—66.

NOES—None

Article IV, Section 15, of the Constitution was declared suspended.

# REPORTS OF STANDING COMMITTEES

## Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 17

Assembly Bill No. 25

Assembly Bill No. 30

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bills ordered to third reading.

## Committee on Education

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Education, to which were referred:

Senate Bill No. 31

Senate Bill No. 33

Senate Bill No. 32

Senate Bill No. 34

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

DUNN, Chairman

Above reported bills ordered to second reading.

# SECOND READING OF SENATE BILLS (BY UNANIMOUS CONSENT)

**Senate Bill No. 31**—An act to add Section 5051.1 to Chapter 1.6 of Division 3 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered to third reading.

**Senate Bill No. 32**—An act to amend Sections 5103 and 5107 of, and to add Section 5105.1 to, the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered to third reading.

**Senate Bill No. 33**—An act to add Section 5046.1 to the Education Code, relating to apportionment to school districts from the Public School Building Loan Fund, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered to third reading.

**Senate Bill No. 34**—An act to add Section 5048.1 to the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered to third reading.

# REPORTS OF STANDING COMMITTEES

## Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 5

Assembly Bill No. 42

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bills ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Joint Resolution No. 1

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported resolution ordered on file for adoption.

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 1

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered re-referred to the Committee on Ways and Means.

#### **Committee on Education**

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Education, to which was referred:

Senate Bill No. 30

Has had the same under consideration, and reports the same back with amendments with the recommendation: Amend, and do pass, as amended.

DUNN, Chairman

Above reported bill ordered to second reading.

#### **SECOND READING OF SENATE BILLS (RESUMED) (BY UNANIMOUS CONSENT)**

**Senate Bill No. 30**—An act to amend Section 5046 of the Education Code, relating to apportionments to school districts from the Public School Building Loan Fund, declaring the urgency thereof, to take effect immediately.

Bill read second time.

#### **Consideration of Committee Amendments**

The following amendments were proposed by the Committee on Education:

##### **Amendment No. 1**

In line 1 of the title of the printed bill, after "Code," insert "and to add Section 5048.6 to said code,".

##### **Amendment No. 2**

On page 1 of said bill, strike out lines 13 to 15, inclusive, and insert "the purchase of desks, tables, chairs, and built-in or fixed equipment, as listed in Part III of the California School Accounting Manual contained in the Bulletin of the California State Department of Education, Volume XIII, No. 2, June 1944, or as amended or revised; and (c) the planning and".

##### **Amendment No. 3**

On page 1 of the printed bill, between lines 19 and 20, insert "Sec. 2. Section 5048.6 is added to said code, to read:  
5048.6. With respect to any apportionment made to a school district prior to the effective date of the amendment of Section 5046 at the 1950 Third Extraordinary Session, the board may, on the application of the governing board of said district make additional apportionments to the school district for the purchase of such furniture as is authorized by Section 5046 as so amended.

All provisions of this chapter shall apply to apportionments made under this section, except Sections 5048, 5050, 5050.1, and 5051, exclusive of the second paragraph of said Section 5051, and such other provisions as may relate to applications and eligibility for apportionments."

Amendments read, and adopted.

Bill ordered reprinted, and to third reading.

## REPORTS OF STANDING COMMITTEES

### Committee on Education

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER Your Committee on Education, to which was referred:

Senate Bill No. 35

Has had the same under consideration, and reports the same back with the recommendation: Amend, and be re-referred to Committee on Education.

DUNN, Chairman

Above reported bill ordered to second reading.

## SECOND READING OF SENATE BILLS (RESUMED) (BY UNANIMOUS CONSENT)

**Senate Bill No. 35**—An act to add an article heading and to add Article 2, to Chapter 1.6 of Division 3 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read second time.

### Consideration of Committee Amendments

The following amendments were proposed by the Committee on Education:

#### Amendment No. 1

On page 2, line 23, of the printed bill, after "shall", insert a comma and "notwithstanding any other provisions of this chapter,".

#### Amendment No. 2

On page 2, line 30, of said bill, after "district", insert "shall, notwithstanding any other provisions of this chapter,".

#### Amendment No. 3

On page 2, lines 38 and 39, of said bill, strike out "a district which is not eligible for an apportionment under this chapter", and insert "another district".

#### Amendment No. 4

On page 2, line 40, of said bill, after "shall", insert a comma and "notwithstanding any other provisions of this chapter,".

#### Amendment No. 5

On page 3, of said bill, strike out lines 12 to 18, inclusive.

#### Amendment No. 6

On page 4, of said bill, between lines 42 and 43, insert  
"The board shall, upon receiving the appropriate certificate from a county superintendent of schools as provided herein, promptly notify the State Controller, in writing, of (1) the effective date of annexation or other inclusion of a state-aided district by an acquiring district; (2) the name of the state-aided district; (3) the name of the acquiring district; and (4) the number and other identification of the apportionment affected."

Amendments read, and adopted.

Bill ordered reprinted, to third reading, and to be re-referred to the Committee on Education.

**REPORTS OF STANDING COMMITTEES****Committee on Civil Service and State Personnel**

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Civil Service and State Personnel, to which was referred.

Assembly Bill No. 59

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

CALDECOTT, Chairman

Above reported bill ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 59**—An act to amend Sections 19533, 19533.1 of and to add Section 19533.2 to the Government Code in respect to the rights of veterans in the state civil service.

Bill read second time, and ordered engrossed.

**REPORTS OF STANDING COMMITTEES****Committee on Rules**

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

House Resolution No. 26

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKY, Chairman

Above reported resolution ordered on file for adoption.

**INTRODUCTION, FIRST READING, AND REFERENCE  
OF ASSEMBLY BILLS (RESUMED)**

The following resolution was offered:

**Assembly Constitutional Amendment No. 2:** By Mr. Sam L. Collins—A resolution to propose to the people of the State of California an amendment to the Constitution of the State by amending Section 3 of Article XX thereof relating to oaths required of persons holding public office or public trust.

Referred to Committee on Constitutional Amendments.

**REPORTS OF STANDING COMMITTEES****Committee on Governmental Efficiency and Economy**

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Governmental Efficiency and Economy, to which was referred:

Assembly Bill No. 61

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

STEWART, Chairman

Above reported bill ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)**  
**(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 61**—An act to add Chapter 8 to Division 4, Title 1 of the Government Code, relating to an oath of allegiance for civil defense workers and public employees, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

**REPORTS OF STANDING COMMITTEES**

**Committee on Finance and Insurance**

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

Mr. SPEAKER: Your Committee on Finance and Insurance, to which was referred:

*Senate Bill No. 10*

Had had the same under consideration, and reports the same back with the recommendation: Do pass.

GEDDES, Chairman

Above reported bill ordered to second reading.

**SECOND READING OF SENATE BILLS (RESUMED)**  
**(BY UNANIMOUS CONSENT)**

**Senate Bill No. 10**—An act to amend Sections 4353 and 3211.92 of the Labor Code, relating to disaster service workers, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered to third reading.

**INTRODUCTION, FIRST READING, AND REFERENCE**  
**OF ASSEMBLY BILLS (RESUMED)**

The following resolution was offered:

**Assembly Concurrent Resolution No. 13:** By Mr. Grant—Approving certain amendments to the charter of the City of Long Beach, State of California, ratified by the qualified electors of said city at a special municipal election held therein on the sixth day of June, 1950.

Referred to Committee on Rules.

**CONSIDERATION OF HOUSE RESOLUTION NO. 26**

By Mr. Brady:

**House Resolution No. 26**

Relative to the printing of additional copies of the report of Assembly  
Relief Investigating Committee

*Resolved by the Assembly of the State of California,* That the Chief Clerk of the Assembly be directed to have printed for distribution to and by the Members of the Assembly, 1,000 copies of the Report of Assembly Relief Investigating Committee made to the Assembly at its Fifty-third (Extraordinary) Session.

Resolution read, and adopted.

**REPORTS OF STANDING COMMITTEES****Committee on Military Affairs**

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Military Affairs, to which were referred:

Assembly Bill No. 47

Assembly Bill No. 48

Has had the same under consideration, and reports the same back with amendments with the recommendation: Amend, and do pass, as amended

McCOLLISTER, Chairman

Above reported bills ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)****Assembly Bill No. 47**—An act to add Section 29 to the Education Code, relating to the definition of the word "war" as used in said code.

Bill read second time.

**Consideration of Committee Amendments**

The following amendments were proposed by the Committee on Military Affairs:

**Amendment No. 1**

In line 2 of the title of the printed bill, following "code", insert ", declaring the urgency thereof, to take effect immediately".

**Amendment No. 2**

On page 1, line 18, of the printed bill, strike out "maintain or".

**Amendment No. 3**

On page 1 of the printed bill, following line 19, insert

"SEC. 2 This act is hereby declared to be an urgency measure necessary for the immediate preservation of the public peace, health or safety within the meaning of Section 1 of Article IV of the Constitution and shall therefore go into immediate effect. A statement of the facts constituting such necessity is as follows:

"Many officers and employees of school districts have been and will be called to military service during the period of the present conflict in Korea and international tension. Clarification of the law is necessary to insure that such officers and employees will clearly have a right to return to their respective office or employment upon release from military service, without loss of status, or of any of the rights or privileges to which they would have been entitled if their service in such employment had not been interrupted by such military service"

Amendments read, and adopted.

Bill ordered reprinted, and engrossed.

**Assembly Bill No. 48**—An act to add Section 18 to the Military and Veterans Code, relating to the definition of the word "war."

Bill read second time.

**Consideration of Committee Amendments**

The following amendments were proposed by the Committee on Military Affairs:

**Amendment No. 1**

In line 2 of the title of the printed bill, strike out "war.", and insert "war, declaring the urgency thereof, to take effect immediately."



**Amendment No. 2**

On page 1, line 20, of the printed bill, strike out "maintain or".

**Amendment No. 3**

On page 1 of the printed bill, following line 21, insert

"SEC. 2. This act is hereby declared to be an urgency measure necessary for the immediate preservation of the public peace, health or safety within the meaning of Section 1 of Article IV of the Constitution and shall therefore go into immediate effect. A statement of the facts constituting such necessity is as follows:

"Many public officers and employees have been and will be called to military service during the period of the present conflict in Korea and international tension. Clarification of the law is necessary to insure that such public officers and employees will clearly have a right to return to their respective office or employment upon release from military service, without loss of status, or of any of the rights or privileges to which they would have been entitled if their service in such employment had not been interrupted by such military service."

Amendments read, and adopted.

Bill ordered reprinted, and engrossed.

**REPORTS OF STANDING COMMITTEES**

**Committee on Military Affairs**

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Military Affairs, to which were referred:

Assembly Bill No. 49

Assembly Bill No. 52

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

McCOLLISTER, Chairman

Above reported bills ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 49**—An act to amend Section 14702 of the Education Code, relating to members in the armed service.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 52**—An act to add Sections 1502.5, 1503, 1508, and 1509, Article 2.5, comprising Sections 1518 to 1518.3, inclusive, and Article 4.5, comprising Sections 1535 to 1535.6, inclusive, to Chapter 1 of Division 7 of the Military and Veterans Code, relating to civil defense, and declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP  
ASSEMBLY BILL NO. 25**

Mr. Smith asked for, and was granted, unanimous consent that he be permitted to take up Assembly Bill No. 25, temporarily passed on file, out of order, for purpose of amendment, at this time.

**CONSIDERATION OF ASSEMBLY BILL NO. 25**

**Assembly Bill No. 25**—An act to amend Sections 1, 2, 3, 7, 8, 9, and 10, and to repeal Section 15, of the Sabotage Prevention Act, relating to unlawful entries on, injuries to, and interference with, property, and

unlawful entries on closed streets, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Motion to Amend**

Mr. Smith moved the adoption of the following amendment:

**Amendment No. 1**

On page 5, line 30, of the printed bill as amended in the Assembly on September 22, 1950, after "intentionally", insert "and maliciously".

Amendment read, and adopted.

Bill ordered reprinted, and re-engrossed.

**REPORTS OF STANDING COMMITTEES**

**Committee on Military Affairs**

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Military Affairs, to which was referred:

Senate Bill No. 27

Has had the same under consideration, and reports the same back with amendments with the recommendation: Amend, and do pass, as amended.

McCOLLISTER, Chairman

Above reported bill ordered to second reading.

**SECOND READING OF SENATE BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Senate Bill No. 27**—An act to amend Section 699.5 of the Military and Veterans Code, and to ratify actions of the Department of Veterans Affairs, relating to assistance to veterans and their dependents.

Bill read second time.

**Consideration of Committee Amendments**

The following amendment was proposed by the Committee on Military Affairs:

**Amendment No. 1**

On page 1, line 5, of the printed bill, strike out "Deceased."

Amendment read, and adopted.

Bill ordered reprinted, and to third reading.

**REPORTS OF STANDING COMMITTEES**

**Committee on Social Welfare**

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Social Welfare, to which was referred:

Assembly Bill No. 42

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

NIEHOUSE, Chairman

Above reported bill ordered to third reading.

**Committee on Military Affairs**

ASSEMBLY CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: Your Committee on Military Affairs, to which was referred  
Senate Bill No. 1

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

McCOLLISTER, Chairman

Above reported bill ordered to second reading.

**SECOND READING OF SENATE BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Senate Bill No. 1**—An act to add Section 1582 to the Military and Veterans Code, relating to interstate preparedness for disasters, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered to third reading.

**ANNOUNCEMENT**

Speaker Sam L. Collins expressed appreciation to the committee chairmen, members, secretaries, and others, for their attendance to duties today, so that many bills could be placed upon the third reading file for Monday.

**A PRELIMINARY REPORT ON**  
**ALLEGED COERCIVE INSURANCE PRACTICES**  
by the  
**Assembly Interim Committee on Finance and Insurance**  
**(H. R. 239)**

MEMBERS OF THE COMMITTEE

ERNEST R. GEDDES, *Chairman*

RICHARD J. DOLWIG

JULIAN BECK

BERNARD R. BRADY

THOMAS J. DOYLE

FRANCIS DUNN, JR.

DONALD L. GRUNSKY

HAROLD K. LEVERING

GLENARD P. LIPSCOMB

THOMAS A. MALONEY

CHARLES W. MEYERS

G. DELBERT MORRIS

ROBERT L. CONDON

**LETTER OF TRANSMITTAL**

MR. SPEAKER: In pursuance of the mandate given this committee under House Resolution 239, one of the subjects given consideration is the matter of alleged coercive practices in the writing of insurance by vendors of personal property, chiefly automobiles, and mortgage loan companies, chiefly savings and loan associations.

In approaching this subject the committee directed its staff to make a special study of existent legislation in the United States regulating coercive insurance practices.

The pages of this preliminary report contain the results of this study in the 15 states of the Union in which such laws already exist.

Two hearings have thus far been held on this subject; a committee survey of insurance industry conditions is under way and further hearings are necessary before final report to the 1951 Regular Session.

In the meantime dissemination of the information herein contained can be of material benefit in legislative study.

(Signed)

ERNEST R. GEDDES, *Chairman*  
Assembly Interim Committee on  
Finance and Insurance  
(H. R. 239)

## A COMPENDIUM OF EXISTENT LEGISLATION IN THE UNITED STATES REGULATING COERCIVE INSURANCE PRACTICES

*Compiled by*  
THE COMMITTEE STAFF

*For the*  
Assembly Interim Committee on Finance and Insurance  
(H. R. 239)

### Coercive Insurance

To provide as much data as possible concerning presently existing legislation on so-called coercive insurance practices, investigation has been made in each of the fifteen (15) states of the Union having such statutes on their books.

An attempt has been made in each state to secure a copy of the statute, with proper identification; then to obtain competent opinion thereon as to its strength or weakness or other pertinent data relative thereto.

All of this material has been collated and classified in the following pages to provide opportunity for comparison of verbiage used, intent and purpose, effective dates of the law in various states and variety of opinion expressed concerning the workings of the law in the several states.

Assemblyman Levering, through his subcommittee report on this particular type of legislation in the States of Pennsylvania, New York and Ohio, has made a very distinct contribution to this study.

For further purposes of comparison, California Senate Bill No. 1098 by Miller (introduced January 27, 1949, refused "do pass" by the Assembly Standing Committee on Finance and Insurance by a vote of four (4) to eight (8) on June 6, 1949; withdrawn from committee on July 1, 1949, and refused passage by the Assembly on July 2, 1949) is included in this compendium.

The legislation of other states studied includes:

1. Colorado—S. B. 90, approved and effective May 13, 1949.
2. Connecticut—Identified only as Section 695a (1949), effective October 1, 1949.
3. Georgia—No. 748 (S. B. No. 125) General Acts 1950, approved February 17, 1950.
4. Indiana—Chapter 112 (H-180), approved March 7, 1947.
5. Kentucky—Section 304-935, Kentucky Revised Statutes.
6. Louisiana—R. S. 22:1214 (4), (9).
7. Massachusetts—Chapter 520 (H-1092), Laws of 1950, approved June 8, 1950.
8. Michigan—Act 67, Section 514.9a, Compiled Laws of 1948.
9. Nebraska—Chapter 8, Article 4, 8-45-1947—Compilation of the Banking Laws. Chapter 45, Section 45-141-1943—Compilation of the Small Loan Act.
10. New Hampshire—Chapter 333-A, Revised Laws (1947, 189:1).
11. New Jersey—Chapter 298, P. L. 1948.

12. New York—Section 247, Banking Laws of New York. Section 442, Penal Laws of New York.
13. Ohio—Section 644-3, General Code, effective August 12, 1949. Section 9589-5, General Code, effective October 12, 1949.
14. Pennsylvania—No. 476, "Motor Vehicle Sales Finance Act," effective October 1, 1947. H. B. 980, 1947, refused passage by House.
15. Tennessee—Chapter 202, S. B. No. 618, Public Acts of Tennessee, 1947, approved March 14, 1947. Sections 6166(7) and 6133, code sections.

From the above tabulations it will be noted that practically all legislation of this character is less than three years of age, and that a majority of such statutes were enacted in 1949 and 1950. However, it is interesting to note that in that time one-third of all states in the Union have enacted such legislation, including four of the most populous: New York, Pennsylvania, Ohio and Michigan.

In this connection it is interesting to note that five (5) states enacted legislation with verbiage conforming closely to the earliest laws passed dealing directly with this subject, i.e., approximately 1947. Those states are Georgia, Louisiana, Indiana, New Hampshire and Tennessee.

Below is a comparison of the exact verbiage used in the clause of the statute in these states which defines as unfair competition:

Ga. ....	Requiring or imposing as a condition	to the sale
La. ....	Requiring	as a condition precedent to lending
Ind. ....	Requiring	as a condition precedent to loaning
N. H. ....	Requiring	as a condition precedent to loaning
Tenn. ....	Requiring	as a condition precedent to lending

Ga. ....	of	real or
La. ....	money upon the security of a mortgage	upon real or
Ind. ....	money upon the security of a mortgage	upon real
N. H. ....	money upon the security of	any real or
Tenn. ....	money upon the security of a mortgage or lien upon real or	

Ga. ....	personal property
La. ....	movable property that the
Ind. ....	property that the
N. H. ....	personal property that the
Tenn. ....	personal property that the borrower for whom such financing

Ga. ....	
La. ....	owner of the property to whom the money
Ind. ....	owner of the property to whom the money
N. H. ....	owner of the property to whom the money
Tenn. ....	is arranged, or the owner of the property

Ga. ....	or to the financing of the same, or as a
La. ....	is to be loaned
Ind. ....	is to be loaned
N. H. ....	is to be loaned
Tenn. ....	

Ga.----- condition to the granting of or an extension of a loan which  
 La.-----  
 Ind.-----  
 N. H.-----  
 Tenn.-----

Ga.----- is to be secured by the title to or a lien of any kind on  
 La.-----  
 Ind.-----  
 N. H.-----  
 Tenn.-----

Ga.----- real or personal property, or to the performance of any  
 La.-----  
 Ind.-----  
 N. H.-----  
 Tenn.-----

Ga.----- other act in connection with such sale, financing or lend-  
 La.-----  
 Ind.-----  
 N. H.-----  
 Tenn.-----

Ga.----- ing whether such person thus acts for himself, or anyone  
 La.-----  
 Ind.-----  
 N. H.-----  
 Tenn.-----

Ga.----- else, whatever, that the insurance  
 La.----- negotiate any policy of insurance  
 Ind.----- negotiate any policy of insurance  
 N. H.----- negotiate any policy of insurance  
 Tenn.----- negotiate any policy of insurance

Ga.----- or any renewal thereof  
 La.----- covering such real property  
 Ind.----- covering such real property  
 N. H.----- covering such property  
 Tenn.----- covering such real or personal property

Ga.----- to be issued on said property as collateral to said sale or  
 La.-----  
 Ind.-----  
 N. H.-----  
 Tenn.-----

Ga.----- loan, shall be written through any particular insurance com-  
 La.----- through a particular insurance  
 Ind.----- through a particular insurance  
 N. H.----- through a particular insurance  
 Tenn.----- through a particular insurance

Ga.....	pany or agent;	pro-
La.....	agent or broker or brokers;	pro-
Ind.....	agent or broker or brokers;	pro-
N. H....	agent or broker or brokers;	pro-
Tenn....	agent or broker or insurance company;	pro-

Ga.....	vided	that this section shall not apply to a policy
La.....	vided however that this provision shall not	
Ind.....	vided however that this provision shall not	
N. H....	vided however that this provision shall not	
Tenn....	vided however that this provision shall not	

Ga.....	purchased by the seller, financier, or lender from his or its
La.....	
Ind.....	
N. H....	
Tenn....	

Ga.....	own funds and is not charged to the purchaser or borrower in
La.....	
Ind.....	
N. H....	
Tenn....	

Ga.....	the sale price of the property or the amount of the loan or
La.....	
Ind.....	
N. H....	
Tenn....	

Ga.....	required to be paid for out of his personal funds; provided
La.....	
Ind.....	
N. H....	
Tenn....	

Ga.....	further that such seller, financier or lender may	
La.....		prevent the
Ind.....		prevent the
N. H....		prevent the
Tenn....		prevent the

Ga.....		
La.....	exercise by any insurer of its	
Ind.....	exercise by any lender of its or his	
N. H....	exercise by any one	so loaning money of
Tenn....	exercise by any lender,	or

Ga.....		dis-
La.....		right to approve or dis-
Ind.....		right to approve or dis-
N. H....	the	right to approve or dis-
Tenn....	lienholder or mortgagee of its right to approve or dis-	



Ga. .... approve for reasons affecting solvency or other sensible and  
 La. .... approve  
 Ind. .... approve  
 N. H. .... approve  
 Tenn. .... approve for reasons affecting solvency or other

Ga. .... sufficient reasons                      the insurance company se-  
 La. ....                      the insurer                      se-  
 Ind. ....                      of the insurance company se-  
 N. H. ....                      of the insurance company se-  
 Tenn. .... proper reasons                      of the insurance company se-

Ga. .... lected by the buyer or borrower.  
 La. .... lected by the                      borrower to underwrite the insurance.  
 Ind. .... lected by the                      borrower to underwrite the insurance.  
 N. H. .... lected by the                      borrower to underwrite the insurance.  
 Tenn. .... lected by the owner or borrower to underwrite the insurance.

Five other states use verbiage in the main prohibitory clauses very closely approximating that contained in California S. B. No. 1098 which was refused passage by the Assembly.

Those states are New York, Connecticut, Massachusetts, Ohio and Kentucky.

In the comparative analysis of this verbiage approach, the language of S. B. No. 1098 is shown as is also the proposed changes in the New York law, the present law being designated as N. Y. (1) and the proposed law as N. Y. (2):

N. Y. (2) .. No person, firm or corporation engaged in  
 N. Y. (1) .. No person, firm or corporation engaged in  
 Conn. .... No person, firm or corporation engaged in  
 Mass. .... No person, firm or corporation engaged in  
 Cal. .... No person, firm or corporation engaged in  
 Ky. (1) ... No person,  
 Ohio. .... No person, firm or corporation engaged in selling real or

N. Y. (2) ..                      the business of financing the pur-  
 N. Y. (1) ..                      the business of financing the pur-  
 Conn. ....                      the business of financing the pur-  
 Mass. ....                      the business of financing the pur-  
 Cal. ....                      the business of financing the pur-  
 Ky. ....  
 Ohio. .... personal property or in the business of financing the pur-

N. Y. (2) .. chase of real or personal property or of lending money on  
 N. Y. (1) .. chase of real or personal property or of lending money on  
 Conn. .... chase of real or personal property or of lending money on  
 Mass. .... chase of real or personal property or of lending money on  
 Cal. .... chase of real or personal property or of lending money on  
 Ky. ....  
 Ohio. .... chase of real or personal property or of lending money on

N.Y. (2) -- the security of real or personal property and no trustee,  
 N.Y. (1) -- the security of real or personal property and no trustee,  
 Conn.----- the security of real or personal property  
 Mass.----- the security of real or personal property  
 Cal.----- the security of real or personal property and no trustee,  
 Ky.-----  
 Ohio----- the security of real or personal property and no trustee,

N.Y. (2) -- director, officer, agent or other employee of  
 N.Y. (1) -- director, officer, agent or other employee of  
 Conn.-----  
 Mass.-----  
 Cal.----- director, officer, agent or other employee or affiliate of  
 Ky.-----  
 Ohio----- director, officer, agent or other employee of

N.Y. (2) -- any such person, firm, or corporation shall direct or re-  
 N.Y. (1) -- any such person, firm, or corporation shall re-  
 Conn.----- shall re-  
 Mass.----- shall re-  
 Cal.----- any such person, firm, or corporation shall re-  
 Ky.----- shall  
 Ohio----- any such person, firm, or corporation shall re-

N.Y. (2) -- quire, as a condition precedent to  
 N.Y. (1) -- quire, as a condition precedent to  
 Conn.----- quire, as a condition to  
 Mass.----- quire, as a condition precedent to  
 Cal.----- quire, as a condition precedent to  
 Ky.----- as a condition to or in connection with  
 Ohio----- quire, as a condition precedent to

N.Y. (2) -- financing the purchase of such  
 N.Y. (1) -- financing the purchase of such  
 Conn.----- such financing  
 Mass.----- such financing  
 Cal.----- financing the purchase of such  
 Ky.----- any loan or the purchase of any  
 Ohio----- the sale or financing the purchase of such

N.Y. (2) -- property or to loaning money upon the se-  
 N.Y. (1) -- property or to loaning money upon the se-  
 Conn.----- or lending  
 Mass.----- or lending  
 Cal.----- property or to loaning money upon the se-  
 Ky.----- property under contract  
 Ohio----- property or to lending money upon the se-

N.Y. (2) -- curity of a mortgage thereon, or as a condition prerequisite  
 N.Y. (1) -- curity of a mortgage thereon, or as a condition prerequisite  
 Conn.----- or as a condition  
 Mass.----- or as a condition precedent  
 Cal.----- curity of a mortgage thereon, or as a condition prerequisite  
 Ky.-----  
 Ohio----- curity of a mortgage thereon, or as a condition prerequisite

N.Y. (2) -- for the renewal or extension of any such loan or mortgage  
 N.Y. (1) -- for the renewal or extension of any such loan or mortgage  
 Conn.----- to the renewal or extension of any such loan  
 Mass.----- to the renewal or extension of any such loan  
 Cal.----- for the renewal or extension of any such loan or mortgage  
 Ky.-----

Ohio----- for the renewal or extension of any such loan or mortgage

N.Y. (2) -- or for the performance of any other act in connection there-  
 N.Y. (1) -- or for the performance of any other act in connection there-  
 Conn.----- or to the performance of any other act in connection  
 Mass.----- or to the performance of any other act in connection  
 Cal.----- or for the performance of any other act in connection there-  
 Ky.-----  
 Ohio----- or for the performance of any other act in connection there-

N.Y. (2) -- with, that the person,  
 N.Y. (1) -- with, that the person,  
 Conn.----- with such financing or lending that the pur-  
 Mass.----- with such financing or lending that the pur-  
 Cal.----- with, that the person,  
 Ky.-----  
 Ohio----- with, that the person,

N.Y. (2) -- firm, or corp-  
 N.Y. (1) -- firm, or corp-  
 Conn.----- chaser or borrower or his successors shall  
 Mass.----- chaser or borrower or his successors shall  
 Cal.----- firm, or corp-  
 Ky.-----  
 Ohio----- firm, or corp-

N.Y. (2) -- oration for whom such pur-  
                   chase  
 N.Y. (1) -- oration for whom such pur-  
                   chase

Conn.-----

Mass.-----

Cal.----- oration for whom such pur-  
                   chase

Ky.-----

Ohio----- oration purchasing such property or for whom such pur-  
                   chase

N.Y. (2) -- is to be financed or to whom the money is to be loaned or  
 N.Y. (1) -- is to be financed or to whom the money is to be loaned or  
 Conn.-----  
 Mass.-----  
 Cal.----- is to be financed or to whom the money is to be loaned or  
 Ky.-----  
 Ohio----- is to be financed or to whom the money is to be loaned or

N.Y. (2) --	for whom such extension, renewal or other act is to be	
N.Y. (1) --	for whom such extension, renewal or other act is to be	
Conn.-----		
Mass.-----		
Cal.-----	for whom such extension, renewal or other act is to be	
Ky.-----		
Ohio-----	for whom such extension, renewal or other act is to be	
N.Y. (2) --	granted or performed negotiate	any policy of
N.Y. (1) --	granted or performed negotiate	any policy of
Conn.-----	negotiate	
Mass.-----	negotiate	
Cal.-----	granted or performed negotiate	any policy of
Ky.-----		require that any
Ohio-----	granted or performed negotiate	any policy of
N.Y. (2) --	insurance	
N.Y. (1) --	insurance	
Conn.-----		
Mass.-----		
Cal.-----	insurance	
Ky.-----	insurance be procured by or on behalf of the vendee or	
Ohio-----	insurance	
N.Y. (2) --		
N.Y. (1) --		
Conn.-----		
Mass.-----		
Cal.-----		
Ky.-----	borrower on account of such loan or purchase or on property	
Ohio-----		
N.Y. (2) --		
N.Y. (1) --		
Conn.-----		
Mass.-----		
Cal.-----		
Ky.-----	securing such loan or the subject of such contract, in any	
Ohio-----		
N.Y. (2) --		or renewal thereof covering such
N.Y. (1) --		or renewal thereof covering such
Conn.-----		
Mass.-----		
Cal.-----		or renewal thereof covering such
Ky.-----	manner, be so procured	
Ohio-----		or renewal thereof covering such
N.Y. (2) --	property	through a particular insurance company,
N.Y. (1) --	property	through a particular insurance
Conn.-----	negotiate	through a particular insurance company,
Mass.-----	negotiate	through a particular insurance company,
Cal. -----	property	through a particular insurance
Ky.-----		through a particular
Ohio-----	property	through a particular insurance company,

N.Y. (2) --	agent	or broker,
N.Y. (1) --	agent	or broker,
Conn. .... or insurance	agent	or broker,
Mass. .... or insurance	agent	or broker,
Cal. ....	agent	or broker,
Ky. ....	person, agent	broker, solicitor
Ohio. ....	agent, solicitor	or broker,
N.Y. (2) --	or attempt to direct to any par-	
N.Y. (1) --		
Conn. ....		
Mass. ....		
Cal. ....		
Ky. .... or any particular insurer		
Ohio. ....		
N.Y. (2) --	ticular insurance company, agent or broker the insurance on	
N.Y. (1) --		
Conn. ....		
Mass. ....		
Cal. ....		
Ky. ....		
Ohio. ....		
N.Y. (2) --	such property or refuse to accept any policy of insurance	
N.Y. (1) --		
Conn. ....	any policy of insurance	
Mass. ....	any policy of insurance	
Cal. ....		
Ky. ....		
Ohio. ....		
N.Y. (2) --	covering such	
N.Y. (1) --		
Conn. .... or renewal thereof insuring such property		
Mass. .... or renewal thereof insuring such property		
Cal. ....		
Ky. ....		
Ohio. ....		
N.Y. (2) --	property because it was not negotiated through or with any	
N.Y. (1) --		
Conn. ....		
Mass. ....		
Cal. ....		
Ky. ....		
Ohio. ....		
N.Y. (2) --	particular insurance company, agent or broker. This section	
N.Y. (1) --	This section	
Conn. ....		
Mass. ....	This section	
Cal. ....	This section	
Ky. ....	(2) This section	
Ohio. ....	This section	

N.Y. (2) ..	shall not prevent the	exercise by any such
N.Y. (1) ..	shall not prevent the	exercise by any such
Conn. ....		
Mass. ....	shall not prevent the	exercise by any such
Cal. ....	shall not prevent the	exercise by any such
Ky. ....	shall not prevent the	reasonable exercise by any such ven-
Ohio. ....	shall not prevent the	exercise by any

N.Y. (2) ..	person, firm, corporation, trustee, director,
N.Y. (1) ..	person, firm, corporation, trustee, director,
Conn. ....	
Mass. ....	person, firm, corporation, trustee, director,
Cal. ....	person, firm, corporation, trustee, director,
Ky. ....	dor or lender
Ohio. ....	person, firm or corporation

N.Y. (2) ..	officer, agent or employee of its right to approve or dis-
N.Y. (1) ..	officer, agent or employee of its right to approve or dis-
Conn. ....	
Mass. ....	officer, agent or employee of its right to approve or dis-
Cal. ....	officer, agent or employee of its right to approve or dis-
Ky. ....	his right to approve or dis-
Ohio. ....	of its right to

N.Y. (2) ..	approve because of its character or financial standing, the
N.Y. (1) ..	approve the
Conn. ....	
Mass. ....	approve of the
Cal. ....	approve of the
Ky. ....	approve of the
Ohio. ....	

N.Y. (2) ..	insurance company selected to underwrite the insurance.
N.Y. (1) ..	insurance company selected to underwrite the insurance.
Conn. ....	
Mass. ....	insurance company selected to underwrite the insurance and
Cal. ....	insurance company selected to underwrite the insurance.
Ky. ....	insurer selected to underwrite the insurance.
Ohio. ....	

N.Y. (2) ..	
N.Y. (1) ..	
Conn. ....	
Mass. ....	of the policy including its terms and conditions
Cal. ....	
Ky. ....	and to
Ohio. ....	

N.Y. (2) --	
N.Y. (1) --	
Conn.-----	
Mass.-----	
Cal.-----	
Ky.-----	determine the adequacy of the insurance offered
Ohio.-----	designate
	minimum standards as to company, the terms and provisions of the policy and the adequacy of the coverage with respect to insurance on property pledged or mortgaged to such person, firm or corporation.

Five other states, i.e., Colorado, Michigan, Nebraska, New Jersey and Pennsylvania make individual approaches to the subject matter.

Colorado's statute contents itself with a definition of unfair methods of competition and unfair and deceptive acts or practices in the business of insurance as follows:

Boycott, Coercion and Intimidation. Entering into any agreement to commit, or by any concerted action committing, any act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of, or monopoly in, the business of insurance.

In this connection it should be stated that Georgia, Indiana, Louisiana, Michigan, New Hampshire and Tennessee also include almost verbatim paragraphs in their statutes in addition to the main enacting clauses quoted above.

Michigan's statute on this subject has a prohibitory clause, reading as follows:

Henceforth it shall be illegal for any person, firm or corporation to require, as a condition precedent to the lending of money or extension of credit, or any renewal thereof, that the person to whom such money or credit is extended, or whose obligation said creditor is to acquire or finance, negotiate any policy or contract of insurance through a particular insurance agent or with a particular insurer: Provided, however, that this section shall not be construed as forbidding the vendor or creditor from exercising a reasonable right to approve or disapprove the insurance selected by the debtor for protection of the property securing the credit or lien.

Nebraska, one of the first states, according to all information available, to approach this subject in a legislative manner, covered the matter in their "Small Loan Act" enacted in 1941.

In dealing with small loans and on the matter of "installment loans," the section reads:

Installment loans; existing insurance; licensee may not decline. The licensee shall not require the purchasing of insurance from the licensee as a condition precedent to the making of the loan, and shall not decline existing insurance where such existing insurance is provided by an insurance company duly licensed by this state.

Then in the 1947 compilation of "Banking Laws of the State of Nebraska" under the subhead "Installment loans; insurance of property offered as security; other insurance prohibited; premiums; insurance procured by loan company," occurs this language

The company shall not require the purchasing of insurance from the company, as a condition precedent to the making of the loan, nor decline existing insurance where such existing insurance is provided by an insurance company duly licensed by this state.

The efficacy of this measure is indicated by the statement of the Attorney General contained in Appendix "A" following full quotations of the statutes from which is taken the above excerpt.

New Jersey's statute on coercive insurance practices might have, for all intents and purposes, been included in the second group of five states whose statutes are under study. However, the direct attack made in approach sets it apart from other statutes and for that reason the chief enacting clauses are here quoted:

1. Any person, firm or corporation engaged in the business of financing the purchase, rehabilitation or retention of real or personal property, or of lending money on the security of real or personal property, and any agent or employee of any such person and any officer, trustee, director, agent or employee of any such firm or corporation, who shall directly or indirectly impose or require as a condition of any such financing or loaning of money, whether the financing or the security to be taken, shall be in the form of a mortgage, conditional sale, contract, pledge or otherwise, or as a condition of the doing of any other act in connection with any such transaction, that the person, firm or corporation with whom any such transaction shall be conducted, shall negotiate for or obtain any policy of insurance or renewal thereof, covering the property involved in the transaction from or through a particularly designated insurance agent or broker, shall be guilty of a misdemeanor.

2. This act shall not be deemed to prevent the exercise of the right to approve or disapprove the sufficiency of any policy or renewal thereof of insurance or of the underwriting company or agency issuing such policy or renewal which may be negotiated for or tendered in connection with any such transaction by the person, firm, or corporation seeking or obtaining the financing or loan involved in such transaction.

Pennsylvania statutes fall again into still another category. Reference is here made to Assemblyman Levering's subcommittee report on this matter. H. B. 980, referred to in this report, failed of passage, but the "Motor Vehicle Sales Act" No. 476, was passed and became effective October 1, 1947. Neither of these covers or attempted to cover real property, however, insofar as motor vehicles are concerned the act is stringent; it says:

"The buyer of a motor vehicle under an installment sales contract shall have the privilege of purchasing such insurance from an agent or broker of his own selection and selecting an insurance company acceptable to the seller."

This completes the digest of the salient points of all statutes existent, to our knowledge, as of the date of this report.



Appendix "A," next following contains all data and comment on all statutes in the various states, it has been possible to develop in the short time allotted to this study.

Respectfully submitted,

HARRY HOWARD, Executive Secretary

Dated August 1, 1950

P. S. Since the compilation of the preceding report additional information has been received and is included as Appendix "B," and to which your particular attention is called.

H. H.

### **Appendix "A" to the Compendium on Anti-Coercion Laws**

#### **STATE OF COLORADO**

##### **Statement of Commissioner of Insurance**

We are enclosing two copies of amendments to the Colorado insurance laws passed by the General Assembly in 1949. On page 24, you will find an act relating to "unfair methods of competition."

We are also enclosing bulletin issued January 19, 1950, with regard to insurance upon automobiles. This bulletin has had splendid results. Formerly, used car dealers and others would insure the car only, tell the purchaser that he was fully covered, and when he got into an accident, he would find that he had not complied with the financial responsibility law, which provides that all drivers must have insurance, or post bond if in an accident where anyone is hurt, or the damage is \$50 or more.

While I think our statute on unfair competition is a good one, and it is quite similar to the uniform act upon that, it is practically impossible to enforce some of its provisions.

For instance, building and loan institutions and others about to make a loan want to write the insurance. If they cannot write the insurance, they refuse to make the loan. If any insurance department attempted to stop this indirect coercion, it would have time for nothing else. As stated, the automobile provisions have been effective in protecting the public to a great extent, but I do not believe that it is possible to enforce all the provisions of this act, which is probably more effective as a threat than in any other capacity.

(Signed)

LUKE J. KAVANAUGH, Commissioner

##### **Colorado Statutes**

#### **AN ACT**

SENATE BILL NO. 90

Approved: May 13, 1949  
Effective: May 13, 1949

*Relating to unfair methods of competition and unfair and deceptive acts and practices in the business of insurance.*

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Declaration of Purpose. The purpose of this act is to regulate trade practices in the business of insurance in accordance with the intent of Congress as expressed in the act of Congress of March 9, 1945 (Public Law 15, 79th Congress), by defining, or providing for the

determination of all such practices in this state which constitute unfair methods of competition or unfair or deceptive acts or practices and by prohibiting the trade practices so defined or determined.

SECTION 3. Unfair Methods of Competition or Unfair and Deceptive Acts or Practices Prohibited. No person shall engage in this state in any trade practice which is defined in this act, as or determined pursuant to this act to be, an unfair method of competition or an unfair or deceptive act or practice in the business of insurance.

SECTION 4. Unfair Methods of Competition and Unfair or Deceptive Acts or Practices Defined. The following are hereby defined as unfair methods of competition and unfair and deceptive acts or practices in the business of insurance:

Boycott, Coercion and Intimidation. Entering into any agreement to commit, or by any concerted action committing, any act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of, or monopoly in, the business of insurance.

**Bulletin**

STATE OF COLORADO  
Office of the  
COMMISSIONER OF INSURANCE  
State Office Building  
Denver 2

January 19, 1950

*To: All Companies Writing Insurance Upon  
Automobiles in the State of Colorado*

*Please advise your agents that:* In view of the many complaints received, it is requested that the following rules be complied with in reference to insurance on installment purchases.

1. Purchases under sales finance contracts must be fully informed as to the insurance coverage provided in the policy and the cost thereof to the purchaser independent of the finance charges.
2. Either the policy, or a copy thereof, or a memorandum which recites:
  - a. The name of the insurer.
  - b. The number of the policy.
  - c. The term and effective dates of the policy.
  - d. The perils or coverages insured against.
  - e. A breakdown of the premium charged thereon.

shall be delivered to purchasers under sales finance contracts within a reasonable time.

3. When insurance is made mandatory upon the purchaser in connection with a sales finance contract, the purchaser shall not be required or coerced to take insurance through any particular agency or company. Severe penalties for the violation of the above are to be found in the Colorado Unfair Practices Act enacted in 1949.
4. If the policy obtained from the vendor and/or finance company does not provide bodily injury and property damage, that fact

shall be plainly stamped on the face of the policy or memorandum thereof as follows:

**"THIS POLICY DOES NOT PROVIDE BODILY INJURY  
OR PROPERTY DAMAGE COVERAGE."**

LUKE J. KAVANAUGH, Commissioner

P. S. The enclosed Bulletin of January 19, 1950, and in particular paragraph No. 3, is applicable also to policies of Fire Insurance written in connection with mortgage transactions.

#### STATE OF CONNECTICUT

##### Statement by Commissioner of Banking

I am attaching two copies of our law which was passed in the 1949 Session of our General Assembly. Since the law did not become effective until October 1, 1949, we have not had a great deal of experience with it.

Although this department supervises savings and loan associations, small loan companies, and sales finance companies, the Insurance Department of the state has interested itself as much as we in the enforcement of the Coercion Law. They tell me that, since the passage of the law, they have had only two or three complaints, all involving automobiles, and in each instance the purchaser has refused to pursue the complaint and has said finally that he was satisfied with the deal. In this department, we have had one complaint from an insurance agent, who refused to reveal his customer's name, and we were unable to investigate the matter.

It is my own feeling, and the Insurance Department Claims Chief corroborates this, that the law is effective, and that such legislation is desirable. I do believe, however, that in a good many instances some statement might well be made or some suggestion offered, by virtue of which insurance is placed with an affiliated company. This practice is undoubtedly something legally less than coercion.

Previous to the passage of this law and over a period of years, we did have a few instances in banks and savings and loan associations where there was evidence of coercion. In virtually every instance, we were, however, able to correct this situation, even without our present law. The great abuse over the years seems to have been in the automobile sales field, and our law should be very helpful in curing this abuse.

(Signed)

RICHARD RAPPORT, Commissioner

##### Connecticut Statutes

695a. (1949). Coercion in the placing of insurance on real or personal property.

(1) No person, firm or corporation engaged in the business of financing the purchase of real or personal property or of lending money on the security of real or personal property shall require, as a condition to such financing or lending, or as a condition to the renewal or extension of any such loan or to the performance of any other act in connection with such financing or lending, that the purchaser or borrower, or his successors, shall negotiate through a particular insurance company, or insurance agent or broker, any policy of insurance or renewal thereof insuring such property.

(2) Any person, firm or corporation, whether as principal, agent, officer or director, for himself or itself, or for another person,

firm or corporation, violating the provisions of this act shall be fined not more than one hundred dollars.

#### GEORGIA

##### Statement by the Attorney General

The law to which you refer was passed by the recent session of the General Assembly and approved February 17, 1950, as "Insurance—Unfair Trade Practices," Senate Bill No. 125, two copies of which are being mailed to you under separate cover, as requested in your letter.

I am not in a position at the present time to give you any opinion on the operation of this law, in that no question has been presented to the Attorney General by the Insurance Commissioner with reference thereto.

(Signed)

EUGENE COOK, The Attorney General

##### Georgia Statutes

#### INSURANCE—UNFAIR TRADE PRACTICES

No. 748 (Senate Bill No. 125)

*An act to regulate trade practices in the business of insurance by defining, or providing for the determination of, all such practices in this state which constitute unfair methods of competition or unfair or deceptive acts or practices; to prohibit the same; to provide for a determination by the Insurance Commissioner of any violations of this act after a hearing thereon, with the right of review by certiorari to the superior court; to provide a fine for violating the orders of the Insurance Commissioner; and for other purposes.*

##### *Be it enacted by the General Assembly of Georgia:*

SECTION I. Declaration of purpose. The purpose of this act is to regulate trade practices in the business of insurance in accordance with the intent of Congress as expressed in the act of Congress of March 9, 1945 (Public Law 15, 79th Congress), by defining, or providing for the determination of, all such practices in this state which constitute unfair methods of competition or unfair or deceptive acts or practices and by prohibiting the trade practices so defined or determined.

SECTION IV. Unfair methods of competition and unfair or deceptive acts or practices defined. The following are hereby defined as unfair methods of competition and unfair and deceptive acts or practices in the business of insurance:

Boycott, coercion and intimidation. Entering into any agreement to commit, or by any concerted action committing, any act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of, or monopoly in, the business of insurance.

Requiring or imposing as a condition to the sale of real or personal property or to the financing of the same, or as a condition to the granting of or an extension of a loan which is to be secured by the title to or a lien of any kind on real or personal property, or to the performance of any other act in connection with such sale, financing, or lending whether such person thus acts for himself or for anyone else, whatever, that the insurance or any renewal thereof to be issued on said property as collateral to said sale or loan, shall be written through any particular insurance company or agent; provided that this section shall not apply to a policy purchased by the seller, financier, or lender from his or its own

funds and is not charged to the purchaser or borrower in the sale price of the property or the amount of the loan or required to be paid for out of his personal funds; provided further that such seller, financier, or lender may disapprove for reasons affecting solvency or other sensible and sufficient reasons, the insurance company selected by the buyer or borrower.

#### INDIANA

##### Statement by Insurance Commissioner

We have found the law to be most helpful, and generally speaking, companies doing an insurance business within this state have complied with the provisions thereof.

It is my considered opinion that your state may well adopt similar legislation for the protection of the residents of California as well as companies doing business in your state.

(Signed)

PAUL A. PFISTER, Deputy Commissioner

##### Indiana Statutes

*An act relating to unfair methods of competition and unfair and deceptive acts and practices in affecting the business of insurance; providing penalties, and declaring an emergency.*

(H. 180. Approved March 7, 1947)

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. The purpose of this act is to regulate the trade practices in the business of insurance, in accordance with the intent of Congress as expressed in the act of Congress of March 9, 1945 (Public Law 15, of the 79th Congress), by defining, or providing for the determination of, all such practices which constitute in this state unfair methods of competition and unfair or deceptive acts or practices and by prohibiting the trade practices so defined or determined.

SEC. 3. No person shall engage in this state in any trade practice which is defined in this act or determined pursuant to this act as an unfair method of competition or as an unfair or deceptive act or practice in the business of insurance as defined in Section 3 of Chapter 162, Acts of 1935 of the General Assembly of the State of Indiana, page 588, known as the "Indiana Insurance Law."

SEC. 4. The following are hereby defined as unfair methods of competition and unfair and deceptive acts and practices in the business of insurance:

Requiring as a condition precedent to loaning money upon the security of a mortgage upon real property, that the owner of the property to whom the money is to be loaned, negotiate any policy of insurance covering such real property through a particular insurance agent or broker or brokers, provided, however, that this provision shall not prevent the exercise by any lender of its or his right to approve or disapprove of the insurance company selected by the borrower to underwrite the insurance.

Entering into any contract, combination in the form of a trust or otherwise, or conspiracy in restraint of commerce in the business of insurance.

Monopolizing or attempting to monopolize or combining or conspiring with any other person or persons to monopolize any part of commerce in the business of insurance.

Provided, that participation as a member, director or officer in the activities of any non-profit organization of agents or other workers in the insurance business shall not be interpreted, in itself, to constitute a combination in restraint of trade or as combining to create a monopoly as provided in clauses (10) or (11) of this section.

The enumeration in this act of specific unfair methods of competition and unfair or deceptive acts and practices in the business of insurance is not exclusive or restrictive or intended to limit the powers of the commissioner or department or of any court of review under the provisions in Section 8 of this act.

#### COMMONWEALTH OF KENTUCKY

##### Statement by General Counsel for Division of Insurance

Enclosed you will find two copies of Section 304.935 of the Kentucky Revised Statutes which is our law on the subject.

Since this law does not become effective until September 1st, of this year, we have had no experience as yet under this law and are, therefore, unable at this time to evaluate the effectiveness of such legislation.

Our law, as you can see, is patterned after similar legislation enacted by New York, New Jersey and Michigan.

You will also probably be interested to know that the word "person" as used throughout the entire code is defined as follows:

304.005. "Person" Defined. "Person" means any individual, company, insurer, association, organization, group, reciprocal, or inter-insurance exchange, partnership, business trust, or corporation.

Violation of this section is punishable under the general penalties section of our statutes, KRS 304.990, subsection (2) which reads as follows:

(2) General Penalty. Any person who violates any provision of this code, other than provisions for which specific penalties are provided in subsection (1) of this section, or who knowingly violates any proper order of the commissioner given pursuant to this code, shall be fined not less than \$25 nor more than \$750, or confined in the county jail for not less than 10 days nor more than 30 days, or both."

(Signed)

JAMES C. CREAL, General Counsel

304.935. Designation of Favored Agent or Insured. (1) No person shall, as a condition to or in connection with any loan or the purchase of any property under contract, require that any insurance be procured by or on behalf of the vendee or borrower on account of such loan or purchase or on property securing such loan or the subject of such contract, in any manner, be so procured through any particular person, agent, broker, solicitor, or any particular insurer.

(2) This section shall not prevent the reasonable exercise by any such vendor or lender of his right to approve or disapprove the

insurer selected to underwrite the insurance, and to determine the adequacy of the insurance offered.

(3) This section shall not apply to group insurance under a policy issued to a creditor pursuant to KRS 304.841.

#### STATE OF LOUISIANA

##### Statement of Secretary of State and Insurance Commissioner

Your attention is invited to R. S. 22 : 1214 (4), (9) for a definition of acts which are considered unfair trade practices.

You will note that R. S. 22:1215-1217 provide that the Secretary of State may hold a hearing with reference to practices which are considered unfair and if he should so find he may issue a cease and desist order. Presumably the order may be appealed to the courts under the provisions of R. S. 22 : 1360.

As to the effectiveness of the above provisions much depends on the decision of the courts in the cases of *Delta Life Insurance Company v. Wade O. Martin, Jr., Secretary of State and Insurance Commissioner* and six others which are now pending in the Nineteenth Judicial District Court in Baton Rouge. These cases are appeals from rulings of the Insurance Commissioner in which, among other things, the right of the commissioner to make such rulings was put at issue. The Attorney General has assigned Judge Palmer to defend the suits.

(Signed)

WADE O. MARTIN, JR.  
Secretary of State and  
Insurance Commissioner

##### Louisiana Statutes

Louisiana, R. S. 22: 1214 (4), (9). A. The following are declared to be unfair methods of competition and unfair or deceptive acts and practices in the business of insurance :

(4) Boycott, Coercion and Intimidation. Entering into any agreement to commit or by any concerted action committing any act of boycott, coercion or intimidation resulting or tending to result in unreasonable restraint of, or a monopoly in, the business of insurance.

(9) Requiring as a condition precedent to lending money upon the security of a mortgage upon real or movable property, that the owner of the property to whom the money is to be loaned, negotiate any policy of insurance covering such real property through a particular insurance agent or broker or brokers, provided, however, that this provision shall not prevent the exercise by any insurer of its right to approve or disapprove the insurer selected by the borrower to underwrite the insurance.

Sec. 1215. Power of Secretary of State. The Secretary of State shall have power to examine and investigate into the affairs of every person engaged in the business of insurance, other than an insurance agent, solicitor or broker, in order to determine whether such person has been or is engaged in any unfair method of competition or in any unfair or deceptive act or practice prohibited by this part

Sec. 1216. Notice of Hearing. If the Secretary of State shall have reason to believe that any person is engaged in this State in any unfair method of competition or in any unfair or deceptive act or practice in the conduct of an insurance business, as enumerated in R. R. 22 : 1214, and that a proceeding by him in respect thereto would be to the interest of the public, he shall issue and serve upon such person a statement of the

charges and a notice of a hearing thereon to be held in accordance with Part XXIX.

SEC. 1217. Cease and Desist Order. If after hearing the Secretary of State shall determine that the provisions of this part have been violated, he shall have authority to and shall issue an order requiring such person or insurer to cease and desist from such method, act or practice, and shall make written record of his findings.

SEC. 1360. Review From Secretary of State's Order. A. Any person aggrieved on account of any official action or threatened action of the Secretary of State, or of his failure to act if such failure is deemed to constitute an act under any provision of this code, may demand a hearing thereon as provided in R. S. 22: 1351, and may have the court review any order of the Secretary of State made pursuant thereto. The petition for such review shall be filed only in the District Court in and for the Parish of East Baton Rouge and shall be taken only from an order refusing a hearing or an order on hearing. Such action may be taken by any person aggrieved by such order refusing a hearing or by such order on hearing.

B. The action must be taken within 30 days after the order complained of was given by the Secretary of State, or, if the order was published as provided in R. S. 22: 1359, within 30 days after the date of the last such publication. If not so taken, the right to have a court review or restrain action under the order shall conclusively be deemed to have been waived.

#### MASSACHUSETTS

##### Chapter 520, Laws of 1950

H. 1092—*An act prohibiting coercion in the placing of insurance on real or personal property.*

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

Chapter 175 of the General Laws is hereby amended by inserting after Section 193D, inserted by Chapter 621 of the Acts of 1948, the following section:

SEC. 193E. No person, firm or corporation engaged in the business of financing the purchase of real or personal property or of lending money on the security of real or personal property shall require, as a condition precedent to such financing or lending, or as a condition precedent to the renewal or extension of any such loan or to the performance of any other act in connection with such financing or lending, that the purchaser or borrower, or his successors, shall negotiate through a particular insurance company, or insurance agent or broker, any policy of insurance or renewal thereof insuring such property.

Any person, firm or corporation, whether as principal, agent, officer or director, for himself or itself, or for another person, firm or corporation, violating the provisions of this act shall be fined not more than one hundred dollars.

This section shall not prevent the exercise by any such person, firm, corporation, trustee, director, officer, agent or employee of its right to approve or disapprove of the insurance company selected to underwrite the insurance and of the policy including its terms and conditions.

Approved June 8, 1950.



**STATE OF MICHIGAN****Statement of Director of Legislative Service Bureau**

The act obviously was adopted to eliminate then present and potentially unfair practices in the field. I have checked with the administrative agencies charged with the enforcement of this act and find that they have had no instances of violations requiring prosecution under the act. It is the opinion of the persons to whom I have talked, that the statute has had a salutary effect in the field and has accomplished its purposes.

Whether this is a fair appraisal of the operations of the statute, I am unable to say since the act has been in effect a little more than two years, with the opinions coming from persons who should know as indicated.

(Signed)

E. F. SHARKOFF, Director

**Michigan Statutes**

Entering into any agreement to commit, or by any concerted action committing, any act of boycott, coercion or intimidation resulting in unreasonable restraint of the business of insurance.

Following is the language of the Michigan Statute on this subject, enacted by the Legislature in that state in 1947:

Section 9a. Henceforth it shall be illegal for any person, firm or corporation to require, as a condition precedent to the lending of money or extension of credit, or any renewal thereof, that the person to whom such money or credit is extended, or whose obligation said creditor is to acquire or finance, negotiate any policy or contract of insurance through a particular insurance agent or with a particular insurer: Provided, however, that this section shall not be construed as forbidding the vendor or creditor from exercising a reasonable right to approve or disapprove the insurance selected by the debtor for protection of the property securing the credit or lien: Provided further, that nothing in this section shall forbid any insurer from requiring as a condition precedent for the lending of its own funds that the debtor insure his own life for a reasonable amount with such insurer. Each violation of this section shall be a misdemeanor, punishable by a fine of not more than \$100

**STATE OF NEBRASKA****Statement of Attorney General**

Under separate cover we are forwarding you two copies of a pamphlet containing the Small Loan Law of Nebraska. Also we are including therewith two copies of the Banking Laws of the State. Commencing on page 62 of said pamphlet you will find the copy of the Industrial Loan and Investment Law.

Section 45-139 of the Small Loan Law, found on page 25 of the pamphlet, prohibits a loan company from requiring insurance other than regular insurance such as fire, theft, etc., as a condition to the making of a loan. Since the enactment of this law in 1941, we have had very little difficulty with the matter of insurance on loans. Prior to that time some companies were operating in the state who made it a regular practice to require the purchase of insurance which was sold at an excessive rate, and most of it useless insurance. About 10 years ago the Attorney General instituted several actions against these companies on the theory that these charges were actually interest charges on the loan and that, therefore, the

loan was usurious. We were successful in the lower court and none of the cases were appealed to the Supreme Court. Since that time the small loan companies in Nebraska have given us very little difficulty.

We feel that our present Small Loan Law is very satisfactory. Generally, it is the uniform Small Loan Act which has been recommended to the states. Our Industrial Loan and Investment Company Act does not contain any restrictions with reference to the sale of insurance. However, we have only five or six companies in the state who operate under this law and none of them have caused us any difficulty.

(Signed)

CLARENCE S. BECK, Attorney General

#### **Nebraska Statutes**

##### ***Banking Laws***

8-425. Installment loans; insurance of property offered as security; other insurance prohibited; premiums; insurance procured by loan company. Notwithstanding the provisions of Section 8-418, the company may require a borrower to insure tangible personal property of a kind usually requiring insurance protection, when offered as security for a loan under this act, against any substantial risk of loss, damage or destruction for an amount, term and upon conditions which are reasonable and appropriate considering the nature of the property and the amount, maturity and other circumstances clause as the company's interest may appear. No other insurance shall be required as a condition precedent to the making of a loan. The premium on the personal property insurance shall not exceed the premium fixed pursuant to law or by the current applicable manual of a recognized standard insurance rating bureau. The company shall not require the purchasing of insurance from the company, as a condition precedent to the making of the loan, nor decline existing insurance where such existing insurance is provided by an insurance company duly licensed by this state. The company shall, at the time the loan is made, give to the borrower or, is more than one, to one of them a statement concerning any insurance procured by or through the company including therein the amount of any premium which the borrower has paid or is obligated to pay and the amount, expiration date of the policy, and a concise description of the risks insured. If a borrower procures insurance by or through such company, the company shall deliver to the borrower, within fifteen days after the making of the loan, an executed copy of the insurance policy or certificate of insurance.

##### ***Small Loan Act***

Installment loans; existing insurance; licensee may not decline. The licensee shall not require the purchasing of insurance from the licensee as a condition precedent to the making of the loan, and shall not decline existing insurance where such existing insurance is provided by an insurance company duly licensed by this State.

#### **STATE OF NEW HAMPSHIRE**

##### **Statement of Attorney General**

The insurance department advises me that no action has been taken under the provisions of said law. The provisions thereof have been called

to the attention of insurance agents and such may have had a salutary effect to prevent certain unfair practices but we have had no formal procedures under the act.

(Signed)

MARION G. ALEXANDER, Research Assistant

#### **New Hampshire Statutes**

Revised Laws, Chapter 333-A.

Unfair Insurance Trade Practices (1947, 189:1).

1. Purpose. The purpose of this chapter is to regulate trade practices in the business of insurance, in accordance with the intent of Congress as expressed in the Act of Congress of March 9, 1945 (Public Law 15, 79th Congress), by defining or providing for the determination of all such practices which constitute in this state unfair methods of competition or unfair or deceptive acts or practices and by prohibiting the trade practices so defined or determined.

3. Unfair Methods Prohibited. No person shall engage in this state in any trade practice which is defined in this chapter or determined pursuant to this chapter as an unfair method of competition or an unfair or deceptive act or practice in the business of insurance.

4. Unfair Methods; Acts and Practices Defined. The following are hereby defined as unfair methods of competition and unfair and deceptive acts and practices in the business of insurance:

Requiring as a condition precedent to loaning money upon the security of any real or personal property, that the owner of the property to whom the money is to be loaned, negotiate any policy of insurance covering such property through a particular insurance agent or broker or brokers, provided, however, that this provision shall not prevent the exercise by any one so loaning money of the right to approve or disapprove of the insurance company selected by the borrower to underwrite the insurance.

#### **STATE OF NEW JERSEY**

##### **Statement of Attorney General**

The situation became serious enough in this state to cause the adoption of Chapter 298, P. L. 1948, copies of which are enclosed, but since that time we have had no cause for alarm.

(Signed)

OLIVER T. SOMERVILLE  
Deputy Attorney General

#### **New Jersey Statutes**

*Be it enacted by the Senate and General Assembly of the State of New Jersey:*

1. Any person, firm or corporation engaged in the business of financing the purchase, rehabilitation or retention of real or personal property, or of lending money on the security of real or personal property, and any agent or employee of any such person and any officer, trustee, director, agent or employee of any such firm or corporation, who shall directly or indirectly impose or require as a condition of any such financing or loaning of money, whether the financing or the security to be taken, shall be in the form of a mortgage, conditional sale, contract, pledge or otherwise, or as a condition of the doing of any other act in connection with any such transaction, that the person, firm or corporation with whom any such transaction shall be conducted, shall negoti-

ate for or obtain any policy of insurance or renewal thereof, covering the property involved in the transaction from or through a particularly designated insurance agent or broker, shall be guilty of a misdemeanor.

2 This act shall not be deemed to prevent the exercise of the right to approve or disapprove the sufficiency of any policy or renewal thereof of insurance or of the underwriting company or agency issuing such policy or renewal which may be negotiated for or tendered in connection with any such transaction by the person, firm or corporation seeking or obtaining the financing or loan involved in such transaction.

3. This act shall take effect immediately but it shall be inoperative for a period of 30 days after its effective date.

Approved August 9, 1948.

#### STATE OF NEW YORK

##### Statement From Banking Department

I am pretty much at a loss to answer your question as to the general effectiveness of the statutes. I cannot say that they are ineffective. It has occurred to me that circumvention of these laws might be possible by a judicious rejection of insurers. However, I should think that it might be difficult to go very far with this, particularly where an insurer of established repute was involved.

I hope the foregoing will be of some assistance to you. Perhaps it might be well to contact the Superintendent of Insurance of this state at Albany, New York. He may have some additional ideas for your consideration.

(Signed)

J. F. WOOD

Deputy Superintendent and Counsel

##### Section 247 of the New York State Banking Law

SEC. 247. Restrictions upon trustees and officers.

1. A trustee of a savings bank shall not

\* \* \* \* \*

2. Neither a trustee nor an officer of a savings bank shall

\* \* \* \* \*

(b) Direct or require a borrower on a mortgage to negotiate any policy of insurance on the mortgaged property through any particular insurance broker or brokers, or attempt to divert to any particular insurance broker or brokers the business of borrowers from the savings bank, or refuse to accept any such insurance policy because it was not negotiated through a particular insurance broker or brokers.

##### Section 442-a of the New York State Penal Law

SEC. 442-a. Loaning money on the security of real or personal property; designation of particular insurance agent or broker prohibited. No person, firm or corporation engaged in the business of financing the purchase of real or personal property or of lending money on the security of real or personal property and no trustee, director, officer, agent or other employee of any such person, firm, or corporation shall require, as a condition precedent to financing the purchase of such property or to loaning money upon the security of a mortgage thereon, or as a condition prerequisite for the renewal or extension of any such loan or

mortgage or for the performance of any other act in connection therewith, that the person, firm or corporation for whom such purchase is to be financed or to whom the money is to be loaned or for whom such extension, renewal or other act is to be granted or performed negotiate any policy of insurance or renewal thereof covering such property through a particular insurance agent or broker. This section shall not prevent the exercise by any such person, firm, corporation, trustee, director, officer, agent or employee of its right to approve or disapprove of the insurance company selected to underwrite the insurance.

A violation of this section shall constitute a misdemeanor.

#### **Suggested Changes in Statute**

Loaning money on the security of real or personal property; designation of particular insurance *company*, agent or broker prohibited. No person, firm or corporation engaged in the business of financing the purchase of real or personal property or of lending money on the security of real or personal property and no trustee, director, officer, agent or other employee of any such person, firm, or corporation shall *direct or* require, as a condition precedent to financing the purchase of such property or to loaning money upon the security of a mortgage thereon, or as a condition prerequisite for the renewal or extension of any such loan or mortgage or for the performance of any other act in connection therewith, that the person, firm or corporation for whom such purchase is to be financed or to whom the money is to be loaned or for whom such extension, renewal or other act is to be granted or performed negotiate any policy of insurance or renewal thereof covering such property through a particular insurance *company*, agent or broker, *or attempt to direct to any particular insurance company, agent or broker the insurance on such property or refuse to accept any policy of insurance covering such property because it was not negotiated through or with any particular insurance company, agent or broker.* This section shall not prevent the exercise by any such person, firm, corporation, trustee, director, officer, agent or employee of its right to approve or disapprove, *because of its character or financial standing*, the insurance company selected to underwrite the insurance.

A violation of this section shall constitute a misdemeanor.

#### **Statement of Executive Secretary of the New York State Association of Insurance Agents**

This law has been very helpful since it was enacted in 1947 but I am convinced that it needs to be strengthened materially. Many automobile dealers observe the letter and spirit of the law and willingly accept insurance policies written by the purchaser's agent, but on the other hand many automobile dealers and finance companies continually endeavor to circumvent the law in one way or another. They may not specifically insist upon handling the insurance as a condition for financing the purchase of a car, but very tactfully explain that their finance contract includes the balance of the purchase price, finance charges and insurance, and the purchaser being anxious to get delivery of his car, and being anxious that the deal be satisfactory to the finance company, signs the contract without objection. It is then too late for anything to be done about it.

Automobile dealers and finance companies often indicate to purchasers and let them infer that it would be to their advantage for the

dealer or finance company to place the insurance, and if the purchaser agrees to it without objection, there is no definite violation of the law as it now stands.

There have been cases where a dealer or finance company has definitely insisted upon handling the insurance as a condition for financing the purchase and in some instances we have been able to get an affidavit from the purchaser setting forth that fact. When we can get such a definite and specific complaint, our Insurance Department will make a prompt investigation.

At the forthcoming session of our Legislature we will endeavor to have the law further amended. I enclose typewritten copy of the law as it now stands but in which I have inserted and underscored some new provisions which, it occurs to me, might strengthen the law. This new matter represents suggestions for our fellows to shoot at. Before preparing the final draft of an amended bill, it will be discussed with our Law and Legislation Committee and with our Superintendent of Insurance.

*See Levering Subcommittee report for further opinion on the workings of this law in New York.*

#### STATE OF OHIO

##### Statement of the Attorney General

The only statutory provision in Ohio dealing directly with the problem is Section 9589-5 of the General Code of Ohio, which, generally speaking, prohibits coercive insurance practices in connection with the selling or the financing of the purchase of real or personal property. This provision was enacted by the last session of the General Assembly, becoming effective October 12, 1949, and so there has hardly been time to determine its effectiveness. I may state, however, that no violations thereof have been reported to date.

Perhaps I should also call to your attention a recent statutory enactment which deals indirectly with the problem. The Ohio law pertaining to the use of an insurance agent's license, other than life insurance, principally to procure "controlled" business was amended to place a mandatory duty upon the Superintendent of Insurance to refuse to issue or to renew a license when he finds such has been or is the principal use of the license. The amendment referred to has been embodied in Section 644-3, General Code of Ohio. Previously, the law relating to the issuance of insurance agents' licenses simply required that the Superintendent of Insurance be satisfied that it was not the applicant's "purpose or intention" to use his license principally to solicit or place controlled business. This provision is still contained in Section 644, General Code.

On the basis of the statutory provisions referred to in the preceding paragraph, the Superintendent of Insurance refused to renew the licenses of approximately 1,100 licensed agents for the Motors Insurance Corporation, the General Motors subsidiary. Motors Insurance Corporation has filed suit in Ohio courts attacking the constitutionality of the statutory provisions and is now operating under a temporary injunction pending determination of the lawsuit.

(Signed)

HERBERT S. DUFFY  
Attorney General of Ohio

*See Levering Subcommittee report for further opinion on the workings of this law in Ohio.*

**Ohio Statutes**

644-3. Refusal to grant or renew license and revocation of license; investigation of written complaint; appeal; hearing. It shall be the duty of the Superintendent of Insurance to refuse to grant any license applied for, to refuse to renew, and to revoke any license of or to any appointee, agent, solicitor or foreign broker, when he is satisfied that the principal use of such license has been or is to procure, receive or forward applications for insurance of any kind, other than life, or to solicit, place or effect such insurance directly or indirectly upon or in connection with the property of such appointee, agent, foreign broker or solicitor or that of relatives, employers, employees, or that for which they or the appointee, agent, foreign broker or solicitor are or is agent, custodian, vendor, bailee, trustee or payee, or to evade or violate the provisions of Section 9589-1 of the General Code.

It also shall be the duty of the Superintendent of Insurance when a written complaint is filed with him that any such appointee, agent, foreign broker or solicitor has been, is or will be using any license or renewal thereof directly or indirectly for the purpose or purposes above set forth, to investigate such complaint forthwith. Provided, however, that in the event the Superintendent of Insurance finds there is no probable cause for complaint, he may order the complaint dismissed. Such action of the Superintendent of Insurance shall be subject to review by appeal to the court of common pleas of Franklin County, Ohio, provided such appeal shall be filed by the complainant with the Superintendent of Insurance and the court within 30 days after such action by the superintendent.

Said cause shall proceed as a new civil action with the right of either party to submit evidence and to appeal.

Unless the complaint has been dismissed as aforesaid, immediately upon completion of such investigation, the superintendent of insurance shall fix a time and place at which such complaint will be heard and shall give notice thereof to the complainant and to the appointee, agent, foreign broker or solicitor complained of. The date set for such hearing shall be within 30 days, but not earlier than 15 days after the date of such notice. The complainant shall be a party, and any other person as defined by Section 154-62 of the General Code upon application to the superintendent of insurance and for good cause shown may be made a party to such hearing. At such hearing, any party shall have the right to produce and examine witnesses and to participate in the investigation and hearing with all rights of a party under the provisions of the administrative procedure act including the right of appeal from any order entered therein to the common pleas court of Franklin County. (123 v H 274. Eff. 8-12-49.)

9589-5. Coercive practices prohibited; penalty. No person, firm, or corporation engaged in selling real or personal property or in the business of financing the purchase of real or personal property or of lending money on the security of real or personal property and no trustee, director, officer, agent or other employee of any such person, firm or corporation shall require, as a condition precedent to the sale or financing the purchase of such property or to lending money upon the security of a mortgage thereon, or as a condition prerequisite for the renewal or extension of any such loan or mortgage or for the performance of any other act in connection therewith, that the person, firm or corporation

purchasing such property or for whom such purchase is to be financed or to whom the money is to be loaned or for whom such extension, renewal or other act is to be granted, or performed, negotiate any policy of insurance or renewal thereof covering such property through a particular insurance company, agent, solicitor or broker. This section shall not prevent the exercise by any person, firm or corporation of its right to designate minimum standards as to company, the terms and provisions of the policy and the adequacy of the coverage with respect to insurance on property pledged or mortgaged to such person, firm or corporation.

A violation of this section shall constitute a misdemeanor and any person convicted of such violation shall be fined not less than \$100 nor more than \$500, or imprisoned not more than six months, or both.

The superintendent of insurance shall, as provided by the administrative procedure act, revoke the insurance license of any person, appointee, agent, solicitor or broker who violates any of the provisions of this section. (123 v S 229. Eff. 10-12-49.)

#### STATE OF PENNSYLVANIA

##### Statement of Chief of Motor Vehicle Sales Finance Division

The Motor Vehicle Sales Finance Act, which became effective August 28, 1947, limits the amount of finance charge which may be placed on installment contracts, provides for a disclosure type of contract, sets forth the buyer's rights as well as his obligations, and provides that all buyers paying their accounts prior to maturity shall receive a rebate.

We are enclosing two copies of the act together with amendments passed by the 1949 Legislature for which there is no charge.

In checking over this act you will note that Section 17 deals exclusively with the placing of insurance on installment contracts and provides that the buyer shall have the opportunity of selecting his own agent or broker with whom the insurance may be placed. There are no laws in the commonwealth covering the placing of insurance on installment obligations other than motor vehicles. We naturally cannot set forth any special regulations which the Insurance Commissioner may have issued on any direct financing and would suggest that you write to the Insurance Commissioner direct for his views.

Since the act became effective we have very few complaints on insurance companies by buyers of motor vehicles and paragraph G of Section 17 is about the only paragraph of this section which has caused comment from the financing institutions. They do not feel that they should be held responsible in the event the buyer's insurance is cancelled and they do not attempt to purchase additional insurance from any other source. This matter has not come up in Pennsylvania except in one case where the finance company voluntarily assumed full responsibility in replacing insurance coverage without intervention by the Department of Banking.

(Signed)

C. N. FRITZ

Chief, Motor Vehicle Sales Finance Division

##### Statement of Deputy Insurance Commissioner

As what appeals to me as being the best answer to your inquiry of July 14th, I enclose a copy of a formal opinion of our Attorney General on the subject. Sadly enough, due to other and informal opinions, the enclosed opinion has not been enforced to this date. In reading it, you must bear in mind that distributors of financed products in this common-



wealth use the Pennsylvania Bailment Lease, instead of the chattel mortgage forms in use in all other states.

(Signed)

RALPH H. ALEXANDER  
Deputy Insurance Commissioner

DEPARTMENT OF JUSTICE  
Harrisburg, Pa.

January 23, 1948

FORMAL OPINION NO. 575

HONORABLE JAMES F. MALONE, JR.

Insurance Commissioner, Harrisburg, Pennsylvania

SIR: You have asked to be advised concerning the legality of certain common practices followed in the placing of fire, theft and collision insurance upon financed motor vehicles. In the cases to which you refer us the facts are briefly as follows:

1. A motor vehicle dealer is a fire insurance agent. He sells an automobile on bailment lease and adds to the cost of the vehicle, finance charges which include interest on the balance due and cost of fire, theft and collision insurance.\*

(a) He holds the lease and pockets the agent's commission on the insurance;

(b) He negotiates the lease to a finance company which in turn buys the insurance through him and he then pockets the agent's commission.

2. A motor vehicle dealer is not a fire insurance agent. He sells an automobile on bailment lease and adds to the cost of the vehicle, finance charges which include interest on the balance due and cost of fire, theft and collision insurance.

(a) He negotiates the lease to a finance company which refunds to the dealer a portion of the finance charges based on a percentage of the insurance commission collected by the finance company as a fire insurance agent, or by an agency which is a subsidiary of the finance company.

To answer your query requires etc.—etc.\* \* \*

Applying this principle of law with which we fully agree to Sections 635 and 636 of the Insurance Department Law of 1921, we must conclude that unless they are isolated instances in an otherwise general fire insurance agency business, the transactions outlined in cases 1 (a) and 1 (b) are illegal: *Arcim Corporation v. Pink*, Superintendent of Insurance, 2 N. Y. S. (2d) 709 (1938), affirmed 280 N. Y. 721, 21 N. E. (2d) 213 (1939). And such transactions should not be countenanced by your department.

The facts indicate in case 2 (a) undoubtedly constitute a violation of the law in that under the guise of refunding part of the finance charges to a dealer who is not a fire insurance agent, he is given a share of the agent's commissions on fire insurance which has been placed through his promotion. This is a rebate of premium which is specifically prohibited by Section 636 of the Insurance Department Law of 1921.

\* These must be itemized and the amounts kept within the limitations prescribed by the Motor Vehicle Sales Finance Act, the Act of June 23, 1947, P. L. (Act No. 476).

We are, therefore, of the opinion and you are accordingly advised that unless it is an isolated transaction in an otherwise active agency, a motor vehicle dealer who is a fire insurance agent may not receive any part of the agent's commission on fire, theft and collision insurance placed upon a motor vehicle which he sells on bailment lease, or other time payment plan. Nor may a motor vehicle dealer who is not an insurance agent, directly or indirectly, share in the agent's commission for fire, theft and collision insurance which is placed upon any motor vehicle sold on bailment lease, or other time payment plan.

Yours very truly,

DEPARTMENT OF JUSTICE

Ralph B. Umsted, Deputy Attorney General

T. McKeen Chidsey, Attorney General

#### **Pennsylvania Statutes**

Since both House Bill 980 which failed of passage and Act 476, "Motor Vehicle Sales Finance Act," effective October 1, 1947, are quoted in the Levering Report, reference is here made thereto.

#### **STATE OF TENNESSEE**

##### **Statement of the Attorney General**

In general, this act regulates "unfair methods of competition and unfair and deceptive acts and practices in the business of insurance" by prohibiting misrepresenting and false advertisement of policy contracts and the provisions as to benefits, dividends, etc.; false advertising generally; defamation of competing companies, their policies, etc.; the entering into any agreement to commit any "act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of the business of insurance, or monopolize or attempting to monopolize any part of the insurance business; false financial statements, unfair discrimination; rebates;" or "requiring as a condition precedent to lending money upon the security of a mortgage or lien upon real or personal property, that the borrower for whom such financing is arranged \* \* \* negotiate any policy of insurance covering such \* \* \* property through a particular insurance agent or company; prohibiting domestic insurance companies of this State from acquiring ownership or control of a competing domestic company; prohibiting holding office as director or other official in two or more competing domestic insurance companies."

The remainder of the act is devoted to administrative enforcement of its provisions and court review thereof.

In addition to the above our code Section 6166(7) prohibits the issuance of an agent's license which is principally to be used to effect insurance on the property of the agent or his associates. Code Section 6133 prohibits a company or agent from paying or allowing any rebate on policy premiums or special favor or advantage not available under the policy to all other policyholders of like classification of risks.

Some three or four years ago James M. McCormack, then Insurance Commissioner of Tennessee, instituted a lawsuit attempting to prove that a General Motors car dealer (Chevrolet) required the purchase of insurance in a General Motors Company (General Exchange Insurance Corporation or Motors Insurance Corporation) as a condition to financing the conditional sale of the car on the General Motors Acceptance Corporation

plan. While the proof tended to show such a condition existed the case was decided against the commissioner in the Supreme Court of Tennessee.

(Signed)

ROBERT T. KENNERLY, Counsellor General

Tennessee Statutes

CHAPTER No. 202

Senate Bill No. 618 (by Hagan)

*An act relating to unfair methods of competition and deceptive acts and practices in the business of insurance; providing for the administration and enforcement of this act; and providing penalties for violations thereof.*

SECTION 1. *Be it enacted by the General Assembly of the State of Tennessee:* Declaration of Purpose. The purpose of this act is to regulate trade practices in the business of insurance in accordance with the intent of the Congress of the United States as expressed in the act of Congress of March 9, 1945 (Public Law 15, 79th Congress), by defining, or providing for the determination of, all such practices in this State which constitute unfair methods of competition or unfair or deceptive acts or practices and by prohibiting the trade practices so defined or determined.

SEC. 4. (a) The following are hereby defined as unfair methods of competition and unfair and deceptive acts or practices in the business of insurance:

Boycott, Coercion and Intimidation. (a) Entering into any agreement to commit, or by any concerted action committing, any act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of the business of insurance, or (b) by any act of boycott, coercion or intimidation monopolizing or attempting to monopolize any part of the business of insurance. (c) Nothing in (b) of this part (4) shall be interpreted as defining or determining as an unfair method of competition or an unfair or deceptive act or practice in the business of insurance any act of boycott, coercion or intimidation on the part of any person, unless such act is committed in connection with an intention on the part of such person to monopolize, or attempt to monopolize, any material part of the business of insurance; provided that no insurance company shall be held to have violated the provisions of (b) of this part (4) because of any act of an agent of said company, which act has not been authorized or approved or acquiesced in by the company.

Requiring as a condition precedent to lending money upon the security of a mortgage or lien upon real or personal property, that the borrower for whom such financing is arranged, or the owner of the property, negotiate any policy of insurance covering such real or personal property through a particular insurance agent or broker, or insurance company; provided, however, that this provision shall not prevent the exercise by any lender or lien-holder or mortgagee of its right to approve or disapprove, for reasons affecting solvency or other proper reasons, of the insurance company selected by the owner or borrower to underwrite the insurance; and provided, further, that no lending company shall be held to have violated the provisions of this paragraph (9) because of any act of an agent or loan correspondent of said company, of which act the lending company does not have actual knowledge, and which act has not been authorized, approved or acquiesced in by the lending company.

**APPENDIX B****Supplementary Data to the  
Compendium on Anti-Coercion Laws****STATE OF GEORGIA****Statement of the Insurance Commissioner**

I have your letter of July 20, 1950, regarding our Fair Trade Practice Act. No legal proceedings have been brought under this act up to this time, and you are correct in your statement that we have had little opportunity to observe the way it operates.

I understand your letter to seek for my opinion as to the effectiveness or lack thereof of this act, its strength or weaknesses, etc.

There appears to be no sanctions imposed by the act for the first offense. That first offense could be a serious matter. For conduct declared by the statute as per se unfair or deceptive, only a cease and desist order can be made by the commissioner. For conduct not so declared, the commissioner can only refer the matter to the Attorney General for the bringing of an injunction suit, but even he is powerless if the respondent has discontinued the practice.

Companies and agents disposed to cross the line (and some of them are always ready to do so) can get by with the first offense.

If the respondent persists in violating the commissioner's order dealing with those acts declared by the statute as per se unfair or deceptive, and does not appeal from the commissioner's order, the commissioner can only bring a suit for the collection of a fine. If the conduct is not such as declared per se unfair or deceptive, the commissioner cannot bring such a suit for the continued violation, but can only refer the matter to the Attorney General as above stated.

The procedure prescribed by the act is so extensive and its sanctions are so slight that I am disposed to believe it will not serve as a strong deterrent.

The act indeed reserves the right to revoke licenses. This is really the most efficacious remedy, and calls for the least procedure. However, we already had this right. The act may be valuable in the sense that it gives the commissioner the opportunity to test out certain orders in situations where the commissioner is doubtful of his position, and where the court might believe that a revocation of license would be too severe a remedy for the conduct involved. The act emanated from such a respectable source that I am willing to hold in abeyance any final opinion upon its merits. All the foregoing is just my impression gathered upon reading the act.

You can be assured that your inquiry is not out of line. As a matter of fact, I should be pleased to have the benefit of your opinion of the act including any comments on the thoughts herein stated.

Yours very truly,  
(Signed) **ZACK D. CRAVEY, Insurance Commissioner**

## STATE OF NORTH CAROLINA

## Statement of the State Bank Examiner

Our North Carolina General Statutes contain two sections relating to coercion in the placement of insurance. Section 58-42 is more or less specific and reads in part:

Revocation of Agent's or Adjuster's License. When the commissioner of insurance is satisfied that any agent or adjuster licensed by this state has wilfully \* \* \* exercised coercion in obtaining an application for or in selling insurance, etc., the commissioner may revoke, and it shall be his duty to revoke, the license of such agent or adjuster for all companies which he represents in this state for such length of time as he may decide, not exceeding one year.

\* This particular statute has other all-embracing provisions and, of course, provides for adequate notice and the right of appeal.

Section 58-54.4, paragraph 4, which we quote verbatim below, is general in its terms and, to our minds, somewhat ambiguous:

(4) Boycott. Coercion and Intimidation. Entering into any agreement to commit, or by any concerted action committing, any act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of, or monopoly in, the business of insurance.

We are unable to find any particular statute relating to the placement of insurance by building and loan associations, banks, savings and loan associations, mortgage or insurance companies, or other specific lenders.

Due to prevailing low interest rates on prime bonds, sound real estate loans have since the war been so in demand that borrowers have been able to shop with no little success for competitive interest rates, and we do not believe there has been any coercion in requiring insurance, either as to excessive amounts or in placement with particular agents or companies. We think the above also applies to the purchase of new and second-hand automobiles—which are not jalopies—and to washing machines, refrigerators, etc. These latter loans are usually financed by banks or reputable lenders such as the Commercial Credit Corporation, Universal C. I. T. Corporation, etc.

In an attempt to correct the flagrant abuses in connection with loans made by most of our so-called industrial loan agencies, our Insurance Commissioner has recently promulgated certain rules and regulations which are to become effective September 1, 1950. Two copies of these rules and regulations are enclosed. You will note that these apply to finance companies, banks, building and loan associations, and other lending agencies. Our banks and building and loan associations do little of this type of business, although some of them do write life insurance in connection with loans at a premium rate of about 1 percent per annum of the gross amount of the loan at its inception. This insurance is on a direct reduction basis and covers only the unpaid balance due. We do not think this rate is excessive. In consequence, these rules and regulations are more or less academic as far as banks and building and loan associations are concerned.

We trust your committee can work out a solution to effectively prevent the exploitation of those of your people who are so improvident of mind or means as to become entangled with some of these agencies. We think the problem is nation-wide; and where profits of this magnitude are involved, moral issues usually become secondary. May we call your attention to an article on this subject in the July, 1950, Kiplinger Magazine, "Changing Times."

We are extremely interested in your endeavors, and if your Legislature can devise some means of curbing the worst of these practices, we hope you will furnish us with the substance, if not the whole text, of your legislative acts.

Very truly yours,

(Signed)

HUGH McLEOD, JR., State Bank Examiner

**Rules and Regulations Promulgated by Commissioner of Insurance**

**Note to Committee Members:** Particular attention is directed to paragraphs 3 and 5 of these regulations.

STATE OF CAROLINA  
INSURANCE DEPARTMENT  
Raleigh

July 28, 1950

GENTLEMEN: We are enclosing herewith copy of the Rules and Regulations for the Writing of Life, Combination Life, Accident and Health, Hospitalization and Disability Insurance When Sold in Connection With Loans.

These rules are effective September 1, 1950. On and after September 1, 1950, anywhere in the State of North Carolina, whether it be in a finance company office, a bank, a building and loan association, or any place of business, when in connection with the making of a loan of any type an insurance agent at the same time offers for sale a policy of life, combination life, accident and health or hospital and disability insurance in connection with that loan, such agent will be expected to observe in every detail these rules.

Failure to do so will result in investigation by this office and a finding by us of wilful violation by any agent will result in cancellation of the agent's license.

Wilful violation by any insurance company may result in revocation of the company's license. An insurance company, by requesting the licensing of any person as its agent represents to this department its confidence in that person and his or her ability properly to solicit, negotiate and effect contracts of insurance in its behalf and to collect the premium thereon. A request by any company for the issuance of a license for a person known by that company to have violated any of the provisions of these rules will be deemed a wilful violation of these rules by the company itself.

Yours very truly

(Signed)

WALDO C. CHEEK, Commissioner of Insurance

**RULES AND REGULATIONS FOR THE WRITING OF LIFE, COMBINATION LIFE, ACCIDENT AND HEALTH, HOSPITALIZATION AND DISABILITY INSURANCE WHEN SOLD IN CONNECTION WITH LOANS**

On and after the effective date hereof, the following rules and regulations shall govern the sale and issuance of insurance coverage in the

form of life, combination life, accident and health, accident, health, hospitalization and disability insurance, including any combination of other types of insurance when sold or issued in connection with, or as security for, a loan or credit indebtedness.

1. All policy forms, applications, receipts for premiums and endorsements shall be submitted for approval to the Insurance Department.

2. A complete disclosure of insurance obtained by a finance factor from an insurance company or an authorized agent thereof shall be made in all cases to the ultimate purchaser of such insurance by delivery to him at the time of the loan a statement showing the kind and amount of insurance coverage and the cost of same. The insurance company shall within 30 days after execution of a retail installment contract or the consummation of a loan, send or cause to be sent, to the retail buyer or borrower a policy or policies or certificate of insurance satisfactory to the commissioner, clearly setting forth the amount of the premium, the kind or kinds of insurance and the scope of the coverage and all of the terms, exceptions, limitations, restrictions and conditions of the contract or contracts of insurance; provided, however, that the policy or policies or certificate may be retained by the finance factor upon written authorization of the borrower.

3. **Every purchaser or borrower desiring insurance, to cover either the purchaser's or borrower's interest, or that of the finance factor, shall be given the option of furnishing to the finance factor a required policy of insurance, in any company duly licensed in the state, provided such policy contains the coverage essential to the proper protection of the motor vehicle pledged as security. No insurance company or representative thereof shall require a buyer or purchaser to purchase insurance from any particular insurance agent or insurance company not of his own choosing and the buyer shall be given full opportunity to secure such insurance freely from any licensed agent or insurer in this state. A statement to this effect shall be contained in bold type in the application for insurance, signed by the applicant.**

4. Policies or certificates of insurance must be written for the full term for which a premium may be charged the purchaser or borrower. All insurance premiums collected, or charged in finance transactions, shall be paid to the insurance company for whom the premium was collected, within the terms of the agency contract or brokerage arrangement between the insurance company, and the insurance agent or broker handling the transaction, and in no event may any insurance company extend more than 30 days' credit terms for the payment of premiums, by the agent or broker to the company, and no agent or broker shall extend to a finance factor, credit beyond 25 days for the payment of premiums. No combination life, accident, health, disability, hospital protection may be written where the monthly benefits in one of the aforementioned forms, types or kinds of insurance exceed the amount of the loan or the borrower's monthly income whichever is the smaller, and in no event in excess of \$200, or where the time for which the same may run exceeds the period of the loan; and no life, accident, health, hospital protection or disability policies may be written in connection with loans where the monthly benefits exceed the amount of the monthly payment on the loan, and in no event shall it exceed \$200 monthly indemnity where other

insurance such as fire, theft, comprehensive or collision coverage on automobiles has been furnished. Provided, in no event shall a finance factor be permitted to require health and accident insurance as a condition precedent to obtaining a loan where automobile fire, theft, comprehensive or collision coverage is issued.

5. Where single interest coverage is written in connection with a finance or loan transaction and the premium is paid by the purchaser or borrower, a clear and concise statement shall be furnished to the purchaser or borrower, advising him that the insurance effected is solely for the interest of the finance factor, and that no protection thereunder exists for the benefit of such purchaser or borrower except any proceeds will apply as payment on his indebtedness.

6. The assured, purchaser or borrower must be properly notified of any cancellation or change in a policy or certificate and the amount of the return premium due, except where cancellation is effected by surrender of the purchaser's copy of the policy contract, or through a lost policy receipt, which shall be accompanied by, or have incorporated therein, a signed request from the named assured for cancellation. All notices of cancellation or change shall be effected in the same manner as the cancellation of other types of policies handled by the insurance company, as provided in the policy, with full responsibility on the company at all times to have evidence that notification of a cancellation or change in a policy or certificate has been properly sent to the assured, purchaser or borrower. Where an automobile has been repossessed, the finance factor must certify to the insurer the facts of such repossession in form satisfactory to the insurer and may cancel the policy upon evidence to that effect.

7. Where a policy is canceled by the company the pro rata unearned return premium due shall be paid either directly by the company or credited to the account of the agent or broker through whom the policy was written, and the assured so notified in full, with prompt repayment of such unearned premium as may be due the assured being effected by the agent or broker or company. Records of the company, agents and brokers shall at all times be available for the inspection of representatives of the Insurance Department showing the proper repayment of unearned premiums received from the insurance company. All insurance companies are required to maintain a complete record of North Carolina business at some designated office. At any time when the insured or purchaser pays his indebtedness in advance of the date it is due to be paid, he shall have the privilege of canceling a policy of insurance which he may have procured in connection with such loan or indebtedness. Where policies are canceled upon request of the assured, cancellation shall be upon a "pro-rata basis," unless otherwise provided in the Manual of Insurance, with repayment of the unearned premium carried forth as herein provided. The amount of return premium due shall be shown on all cancellations.

8. All policy claims shall be promptly reported through adequate notice by the finance factor, having first knowledge of such claim, to the company's designated claim agent or representative. Adjustment of claims shall be made strictly in accordance with policy terms by qualified representatives of the insurance company, and in the case of finance factors other than automobile, no plan or arrangement shall be used



whereby any person, firm or corporation other than the insurer itself pays or adjusts claims. Nor shall any plan or arrangement be used which allows any accident and health policies to be executed except at the office of the insurance company.

9. No company shall enter into or renew any contract or agreement with any agent or representative which permits the representative or agent to retain any portion of premiums received for the payment of losses incurred, or to be incurred, under policies of insurance issued for said company. All claim payments shall be made either by draft drawn upon the insurance company or by check of the insurance company to the order of the claimant to whom payment of the claim is due pursuant to the policy conditions, or upon direction of such claimant to one specified.

10. In the case of finance factors other than automobile where a policy writing fee is charged, a maximum of 35 cents per policy issued may be charged, but no policy writing fee shall be levied unless a policy is actually issued. Insurance writings by such finance factors shall be reported and premiums therefor must be paid by the agent to the insurance company within 30 days following date of application. Policies may only be issued upon receipt of an application signed by the borrower or applicant which shall clearly state the kind and amount of insurance coverage and cost of same.

11. When life insurance is issued in a combination life, accident and health policy, the above Rules 1 through 10 shall be strictly complied with.

12. When life insurance only is issued, it must be in strict compliance with all statutes pertaining to the writing of life insurance and also be subject to the following conditions:

- (a) No life insurance may be written where the insurance exceeds the amount of the loan, or where the time for which the same may run exceeds the period of a loan.
- (b) In no event shall a finance factor be permitted to require life insurance as a condition precedent to obtaining a loan where automobile fire, theft, comprehensive, or collision coverage is also issued.
- (c) Life insurance writings by finance factors shall be reported and premiums therefor paid by the agent to the insurance company within 30 days following date of application.

13. Each finance company shall inform the Insurance Commissioner of its standard procedure in handling insurance in connection with loan transactions.

14. When the Commissioner of Insurance is satisfied that an insurance agent or insurance company has wilfully violated any of the provisions of these rules and regulations, he may revoke the license or licenses of such agent, or insurance company after notice and hearing in accordance with the procedure set out in Section 58-42 of the General Statutes of North Carolina.

The foregoing rules shall be effective on and after September 1, 1950.

(Signed)

WALDO C. CHEEK  
Commissioner of Insurance

## STATE OF CALIFORNIA

Statement by the Chairman of the Assembly Interim Committee  
on Finance and Insurance

Reference to my files in re S. B. 1098, discloses:

- 1 letter from the Insurance Brokers Association;
- 31 telegraphic requests from insurance agents and brokers;
- 21 letter requests from insurance agents and brokers;
- 1 letter request from an individual;

favoring the passage of this bill.

These files also show:

- 1 letter from the Independent Insurance Agents Association;
- 43 letters from building and loan and savings and loan associations;
- 22 letters from insurance agents;
- 5 letters from general contractors;
- 13 letters from security and mortgage loan companies;
- 2 letters from automobile and truck dealers;
- 46 letters from individuals;

protesting its passage.

This, no doubt, closely corresponds with your own records on this measure. You will further recall that the proponents of this bill argued:

- 1. Freedom of contract;
- 2. Deprivation of insurer of services of own broker or agent;
- 3. Equalization of competitive basis as between insurance agents and money lenders;
- 4. Better qualification of agents and brokers to handle insurance as against mortgage or building and loan companies;
- 5. That S. B. No. 1098 was not class legislation as it did not prohibit the writing of insurance but only its coercion.
- 6. That S. B. No. 1098 did not restrict lending institutions in protecting investments, as all rights to require proper and adequate protection are unaffected, but coercion is prohibited.
- 7. That borrower is unaware of the coercive feature on insurance until loan application is made, examined and loan is ready for closing;
- 8. That insurance so placed is closed to competition for 10, 15, 20 or 25 years according to life of the loan.

Opponents argued:

- 1. Class legislation, in that it would specifically benefit agents and brokers and discriminate against mortgage lending institutions;
- 2. Any law restricting mortgage loan institutions in protecting investments made by them against public policy;
- 3. Loans in a great many instances exceed borrowers' interest in property;
- 4. Difficulty in getting satisfactory service from agents and brokers in securing necessary endorsements;
- 5. Many independent insurance agents not permanently established nor available for servicing insurance contracts;
- 6. Better qualified to buy proper insurance than the borrower;

7. Necessity for selection of carrier companies with necessary reserves, etc. (citation of Rhode Island case) ;
8. Loss claims more easily handled to the benefit of the borrower if lender has control of placement of insurance.

California Proposed Legislation

SENATE BILL

No. 1098

Introduced by Senator Miller

January 27, 1949

REFERRED TO COMMITTEE ON FINANCIAL INSTITUTIONS

*An act to add Section 768 of the Insurance Code, in relation to prohibiting the designation of particular insurance agents or brokers by persons, firms and corporations loaning money on the security of personal and real property.*

*The people of the State of California do enact as follows:*

SECTION 1. Section 768 is added to the Insurance Code, to read :

768. No person, firm or corporation engaged in the business of financing the purchase of real or personal property or of lending money on the security of real or personal property and no trustee, director, officer, agent or other employee, or affiliate of, any such person, firm, or corporation shall require, as a condition precedent to financing the purchase of such property or to loaning money upon the security of a mortgage thereon, or as a condition prerequisite for the renewal or extension of any such loan or mortgage or for the performance of any other act in connection therewith, that the person, firm or corporation for whom such purchase is to be financed or to whom the money is to be loaned or for whom such extension, renewal or other act is to be granted or performed negotiate any policy of insurance or renewal thereof covering such property through a particular insurance agent or broker. This section shall not prevent the exercise by any such person, firm, corporation, trustee, director, officer, agent or employee of its right to approve or disapprove of the insurance company selected to underwrite the insurance.

A violation of this section shall constitute a misdemeanor.

**A SPECIAL REPORT, WITH EXHIBITS, ON ANTICOERCIVE LEGISLATION IN OHIO, PENNSYLVANIA, AND NEW YORK**

By HON. HAROLD K. LEVERING, Chairman of Subcommittee  
(Issued as Appendix "C" to the Compendium on Anticoercion Laws)

*For the Assembly Interim Committee on Finance and Insurance (H. R. 239)*

Mr. Chairman, and Members of the Committee, in compliance with my offer \* to the committee, the following is a report on my observation of the workings of so-called anticoercive legislation, found in the states of Pennsylvania, New York and Ohio. Before getting into the report, for the benefit of those members of the committee not in attendance at the San Francisco hearing and for the benefit of others who have not yet had an opportunity to read the transcript completely, please let me very briefly

\* See page 115, Transcript of Testimony, San Francisco Hearings, May 11th and 12th, 1950.

sum up, as a preface to this report, the chief complaints registered by the Insurance Agents Association and their witnesses.

It was their allegation that there were certain coercive practices in the insurance and finance field in California that were detrimental to the public interest. Briefly stated, they were:

1. That: Certain mortgage loan or finance companies, as a prerequisite to making a loan, were adding to their contract a sentence to the effect that applicant for the loan granted to the mortgage loan company the sole right of designating who should write the insurance. They further stated they considered this to be a monopolistic (coercive) practice and that it worked out to the detriment of the borrower or homeowner in that sometimes the borrower was sold more insurance than was necessary, thereby increasing the premium and consequently the commission earned on that premium. In other instances only single interest insurance was written the result being that when a loss was incurred the insured or homeowner received little or nothing, because his equity in his home was not insured.

2. That: Certain automobile dealers as a condition of delivery of a motor vehicle to a purchaser made it mandatory on the part of the purchaser that the insurance be placed by the dealer. The insurance agents claimed that this was a coercive practice and not in the public interest. In some instances they complained that charges against the customer for insurance were lumped with the financing charge; that sometimes a lower charge was made for insurance, also that the customer didn't know what kind of insurance he had until a loss occurred.

Then, he would often find the only kind of coverage he had was fire and theft with perhaps some kind of deductible collision policy and that he was not covered for liability and property damage as he thought. The agents and their representatives further stated that, in some instances, in order to secure delivery of a motor vehicle the purchaser was required to cancel the policy he then had on a short-term basis, thereby suffering a substantial loss.

It was further brought out in testimony that at least in one instance, although there may be others, the purchaser was required to assign the unearned premium to the dealer and that the dealer then pocketed that unearned premium and did not turn it over to the customer as agreed.

There were other charges made concerning so-called coercive practices, but I think these are the chief charges leveled against both the mortgage loan companies and some few motor car dealers.

With this as a background, let us now take a look at the condition of the insurance and the automobile business and the existent laws in the State of Pennsylvania. I am not submitting the following as testimony that has been proven, but as information submitted by people whom I have known for a great many years and whose reputation for honesty and integrity is unquestioned.

Persons interviewed were Mr. W. F. Wingett, Manager of the Aetna Casualty Company, First National Bank Building, Scranton, Pennsylvania; Mr. Dudley Atherton, Executive Vice President of the Third National Bank of Scranton, Pennsylvania; and Mr. Harold Conrad, President of the Scranton Auto Dealers Association.

In this state no mortgagor of property of any kind is licensed to sell insurance, therefore, no commissions are authorized to be paid to dealers

or others but dealers' reserves depend upon the insurance bought with the contract.

The Banking Act of this state provides that no officer or employee of a bank or mortgage loan company is licensed to sell insurance, therefore, the selling of insurance in this state, insofar as it affects property other than motor vehicles or other items carried by finance companies, is left to the regularly licensed insurance agent or broker.

Now as to the matter of complaints. The agents and their representatives state that occasionally a bank or mortgage loan company, particularly the smaller ones, will make sort of a private deal with a certain insurance agent to write insurance on mortgages placed by that particular loaning institution. However, a deal of this character does not last very long because, as soon as it is discovered, someone will make a complaint to the Superintendent of Insurance or to the Banking Commissioner and it is very promptly controlled. Now, there is no fight going on at the present time, that I could ascertain, between the insurance agents and the automobile dealers. Each one stays in their own respective field and the condition is pretty satisfactory for all parties concerned.

This was not brought about so easily, however, because in the year of 1947 the brokers and agents tried to prevent finance companies from writing any kind of insurance whatsoever. They introduced in the General Assembly of the State of Pennsylvania, House Bill No. 980, Printers No. 729, a digest of which is attached. (See Exhibit No. I) On page 3, beginning with line 13, this bill reads: "Each applicant for an agent's license or for any renewal thereof must certify as a condition precedent to the issuance of such agent's license, without which no license shall be issued or renewed, that he will not solicit, negotiate or effect contracts of insurance for the coverage of any personal property sold, handled or dealt in by himself, his employer, employee, fellow employee, agent, fellow agent or a member of his immediate family, except as is incidental to and a minor part of his other insurance business contracted with the public generally. If during the period of any one (1) year, for which an agent's license shall have been issued or renewed, any agent shall solicit, negotiate or effect contracts of insurance for the coverage of any personal property sold, handled or dealt in by himself, his employer, employee, fellow employee, agent, fellow agent or a member of his immediate family, except as is incidental to and a minor part of his other insurance business, it shall be unlawful for the Insurance Commissioner, his agents or employees to renew such agent's license. 'Incidental to' and 'minor part of' as used in this section shall mean 10 percent (10%) or less of the agent's total net annual premiums."

This you will note was a very far reaching bill. It was an attempt on the part of the insurance agents and brokers to put every one else out of insurance writing except themselves. Mr. W. F. Wingett, Manager of the Aetna Casualty Company, and Mr. Frank D. Moses, Secretary of the Pennsylvania Association of Insurance Agents in Harrisburg, both told me it was a horrible mistake to have ever proposed this kind of legislation. In the first place, it failed miserably. While the agents started out with some friends when the legislation was first proposed, after it was ascertained what they were attempting to do, they wound up without any friends. There was too much opposition on the part of every one engaged in selling "on time."

In 1949, General Motors Acceptance Corporation and others passed Bill No. 476 (Exhibit No. II), allowing them to write property damage and public liability insurance. The insurance agents did not fight the bill because an amendment was written into the Banking Act allowing any mortgagee to have free choice in naming the agent and company who were to write the insurance. All parties interviewed state that this provision of the law works pretty well except that a clause was inserted in the law allowing the mortgagor to pass on the company writing the insurance.

In the beginning a very few finance or loan companies threw back some of the policies, simply because it was alleged they were getting "a cut" or a secret rebate through a secret deal they might have made with some other agent who had previously been writing the insurance. They further stated that this does not present any very difficult problem because when the Insurance Commissioner steps in, this is discontinued and the policies are acceptable.

Page 17 of the printed copy of this act, the short title of which is "Motor Vehicle Sales Finance Act," says:

"The buyer of a motor vehicle under an installment sales contract shall have the privilege of purchasing such insurance from an agent or broker of his own selection and **selecting an insurance company acceptable to the seller.**"

This appears to be the crux of the section. It is under this section that peace and harmony seem to prevail in the state. All parties interviewed, as stated before, are well satisfied with the results. They further state that they are planning no further legislation on the subject. They do point out, however, that this is another case where it is not possible to legislate morals. They feel that they have accomplished their end in what they now have. I attach (Exhibit No. III) original letter from Mr. Frank D. Moses, Secretary of the Pennsylvania Association of Insurance Agents, as a part of this report.

#### STATE OF NEW YORK

In the State of New York, they also passed a so-called anticoercion bill authored by Senator Floyd E. Anderson of Binghamton, New York. I was unable to talk to Senator Anderson, who was out of the city, but I had interviews with several motor car dealers and with several insurance agents.

In this state the insurance agents and brokers have no legislative representative and as in the State of Pennsylvania, no particular difficulty or trouble was reported with banks, mortgage loan companies or building and loan associations in handling insurance on real estate loans. Here too there is a provision in the Banking Act, similar to the one in Pennsylvania, that prohibits banks or any of their officers or employees from selling insurance. Consequently, the business is going directly to agents. The only difficulty reported is similar to that reported in the State of Pennsylvania, that is, in some instances, there are private deals being made and kickbacks received by various lending institutions. Generally these are the very smallest concerns and the complaints are not numerous.

I ran into a rather interesting sidelight here in the operation of the Binghamton Credit Corporation, whose president I have **known all my**

lifetime. This company is engaged in the mortgage loan business and also in the construction finance business. They state that their charter is 30 years old and they believe, if they so desired, they could write insurance on the properties they finance, as their charter allows them to do anything but to accept deposits from their clients. Their operation is strictly that of private invested capital in the mortgage loan business.

I asked the president if they were allowed to write insurance why they did not do so. His answer was that they felt the connections they had with insurance agents, who were sending them business, was on a reciprocal basis and that they would lose much more than they gained if they went into the writing of insurance on the property they financed.

This company, incidentally, puts out money on first mortgages at 6 percent, that is, on properties that are completed, but when a construction loan is undertaken, they not only get the 6 percent, but they get seven-twelfths of a percent per month for what they call brokerage fee. In other words, if it takes a year to build a house, the first year they get 13 percent simple interest, which is pretty good rate of interest. The brokerage fee does not include such things as construction superintending. It is merely for paying the bills when the various portions of the house are completed, or when certain contract jobs are finished.

In the automobile and motor vehicle financing business the picture is somewhat different than it is in the neighboring State of Pennsylvania, because in this state, as in some other states, the insurance agents are the direct representatives of banks and are soliciting finance business from the general public. In some instances they are soliciting business at lower rates than the rates offered by the dealers through their respective finance companies.

They use billboard advertising and direct mail solicitation to the customer with the idea that when he gets into the market for a motor vehicle he will come to the insurance agent to handle the financing. The way this works out is:

The prospective purchaser will go to the dealer of his choice for the motor vehicle he desires to purchase on a cash basis. He will get the motor serial number and other necessary information and take this to his insurance agent who will, in turn, fill out the papers, discount the paper with the bank he represents, then turn the cash over to the purchaser who will pay the dealer. I do not know that the agent gets a fee from the bank for his services in procuring the loan but, if he does receive anything, it is a very small fee, as in many instances the rate of interest charged is only 3 or 4 percent simple interest. I do know, however, that the agent gets the insurance and this may be regarded as his compensation for placing the loan on behalf of the bank.

This procedure, of course, does not make for any reserves on the part of the dealer as he gets cash for his motor vehicle. The dealer, of course, would much rather sell the car on time, if the deal is good. As a sample of the solicitation used by insurance agents in this state the following is quoted from one of the pamphlets put out by the agents:

*"It is your privilege to select your own insurance agent or broker to write your insurance on that new car—or, in fact, on any property, real or personal.*

The penal law of the State prohibits anyone financing purchases of property or lending money on security of such property or lend-

ing money on security of such property from requiring, as a condition of such loan or finance agreement, that a policy of insurance or renewal thereof insuring such property by negotiated through a particular insurance agent or broker. The lender or his agent may approve or disapprove the insurance company selected to underwrite the insurance, but disapproval must be reasonable and not a purely arbitrary disapproval for the purpose of diverting the business to a particular agent or broker. The law provides a penalty for violation.

*Before you buy a new car, see this agency for full particulars regarding financing its purchase through a local bank and insuring it through your insurance agent."* (Exhibit No. IV.)

This is the setup for procuring finance business on the part of the banks and for the insurance on the part of the agents. The condition is not too happy. In this small city of Binghamton, which is a city of about 75,000 people, located in the south central part of the State of New York, both agents and dealers tell me that the present so-called anticoercion law is not being enforced by any department. This may not be true, however, in some of the large metropolitan cities, such as New York, Buffalo, Rochester, Syracuse, etc. The information I procured is accurate insofar as the City of Binghamton is concerned, but may not be a cross-section of what is going on all over the State of New York.

The agents state that the reason the provisions of the law are not being more rigidly enforced is because of lack of evidence rather than lack of attempt to do the enforcing. I asked several agents why, when they heard of cases, they didn't report them. They stated that it was not good business to stir up any more trouble on the subject as they had enough already when this legislation went through. Furthermore, many agents carried a certain amount of the dealers' insurance such as liability, property damage and other insurance which he might have on his buildings or his business and that the premiums were rather sizable.

The failure to make reports of infractions of the law on the part of the dealers is because they were afraid of reprisals, in that the dealer might decide to select another insurance agent.

Both the dealers and the agents report that while they are not happy with the present law they are not going to make any attempt to have it changed at the next session of the legislature.

Again, a different opinion might be given were a further investigation pursued in some of the larger and more populous areas.

#### STATE OF OHIO

In the State of Ohio, the operation of the so-called anticoercion law, House Bill No. 274 (Exhibit No. V), passed April 27, 1949, approved May 12, and which became effective August 9, 1949, has put the entire insurance and financing industry in a state of chaos. The whole matter is now before the courts and both sides of this controversy have now gone into politics in a big way. There has been a corporation formed among the automobile dealers called the Independent Insurance Agents of Ohio, who are merely the combined forces of the dealer body of that state attempting to have the law changed at the next session of the Legislature. They are spending all of their time and energies in politics to secure enough votes to get what they want.



In Exhibit No. VI—"Explanation \* \* \* The Ohio Retail Installment Sales Act. Effective August 9th, 1949." I have quoted sections from an explanation of this act by the City Loan and Savings Company. Some of this wording seems to pretty well cover the complaints made in San Francisco.

Rather than go into a lengthy personal observation of my own findings in talking to dealers and insurance men, I am presenting next as **Exhibit No. VII**, a mimeographed document called "A Few Undisputed Facts."

This article was written by C. C. Edmonds, a trustee of the Independent Insurance Agents of Ohio, and President of the Baley Buick Co., Inc., of Lakewood, Ohio (a suburb of Cleveland). Mr. Edmonds is an ex-zone manager for the Buick Motor Corporation. While he has very ably presented the viewpoint of the dealers, I want to point out to the committee that the article as written is pretty much slanted from the dealers' viewpoint.

As an illustration and in order to be fair in this presentation, because I am presenting here the observations of another, let us refer to page 4, paragraph 4, of the statement. This statement occurs: "Dealers of this state are well aware of the fact that they could not continue in the business of selling cars on a finance plan, unless they provide and make available at the time of purchase or delivery, an insurance plan. They are also aware of the fact that this plan must be available at many odd hours when the ordinary insurance office is not open for business, and that it must cover a great mass market of buyers whom the ordinary insurance office could not, or would not, insure."

Now, what Mr. Edmonds is clearly saying is this: Unless the dealers sell the insurance the customer is apt to go without **any insurance**. He implies that the finance company is the only one who will take such insurance risks and that other insurance companies will not, that is, I mean insurance written by an outside broker. He also implies that unless the office is open at all times, the customer cannot be covered.

Now, it is not a common practice among automobile dealers to deliver cars upon a moments notice, at night, on holidays, or on Sundays, when the insurance brokers or agents office is not open, as they don't sell cars on time unless it is to an excellent credit rated customer. Furthermore, and I am confident when I make this statement, if any dealer wants to make an arrangement with an outside insurance broker, when the dealer signs the contract, even though it be in odd hours, he can make arrangements with the broker so that a binder can be placed on the car at the time of delivery and the insurance written later. As a matter of fact, that is exactly what happens anyhow, when the papers are signed by the dealer and sent to the finance company. Sometimes they arrive two or three days after the car has been delivered but the car has been covered by the finance company's insurance company in the meantime. So, I don't think that argument holds too much water, or carries too much weight.

The next item I am enclosing is a pamphlet which I have numbered **Exhibit No. VIII**, titled Independent Insurance Agents of Ohio, Inc. In this pamphlet is set forth the objectives of the organization.

As stated earlier this is purely a dealer organization that has been rapidly whipped together and financed by the dealers to bring about a

correction in the legislation that was passed hastily and without due consideration by the dealers or their representatives.

Apparently from the difficulties that have been stirred up in this state, the insurance agents themselves are not at all happy about it.

As the matter now stands the Insurance Superintendent of the State of Ohio has sent out notices of cancellation of insurance licenses to over 800 dealers in that state.

Under the terms of the bill he has ruled that these dealers are not proper persons to hold licenses. In his ruling, he has set forth the fact that unless the dealers are writing fifty percent of their business of the type known as "outside business" and by that I mean business they develop on the outside and does not consist of insurance placed on automobiles or commodities that they sell, they are not entitled to hold a license in the State of Ohio.

This you can readily see is not satisfactory to the dealers. In the first place, their principal business is selling motor vehicles and the sale of insurance is a second act brought about by the sale of motor cars. Secondly, they are not set up to go out and solicit business on the outside, but now find themselves forced to do so in order to retain their license and to be able to write any insurance on the products they sell. This of course creates a situation which increases competition for those insurance brokers and agents who are independent representatives of companies and not connected with the dealer agencies. The result is that when they had competition before among themselves, they now have these over 800 dealers out actively soliciting business in order to retain their licenses.

From this angle the insurance agents of this State are very unhappy, in fact they are just as unhappy as the dealers. The net result of this bad legislation, from the talks had with dealers, insurance brokers and agents, is that they are going to somewhat modify the law next year to try and bring about a change so that they can both live and operate under it in a manner satisfactory to both them and the public.

It should also be stated that in Ohio, as in New York and Pennsylvania there is a provision in the Statutes prohibiting banks, building and loan associations, their officers, directors, employees, etc., from writing insurance.

However, this experiment in legislation has been very costly for both sides and I believe this again points out the fact that hasty legislation, pressured through by any group, is apt to turn out to be bad legislation for a great many people.

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I trust that these observations on the conditions in these three states where they have so-called antioercion laws in effect will prove of some benefit to the over-all study of this subject by the committee.

**EXHIBIT NO. 1—LEVERING SUBCOMMITTEE REPORT ON INSURANCE WORKINGS—PENNSYLVANIA, NEW YORK, AND OHIO**

(A digest of the complete bill, copy of which is in master file of committee)

Previous Printer's No. 576

Printer's No. 729

**THE GENERAL ASSEMBLY OF PENNSYLVANIA****HOUSE BILL**

No. 980 Session of 1947

INTRODUCED BY MR. STIMMEL, MARCH 25, 1947

AS AMENDED ON SECOND READING, IN HOUSE OF REPRESENTATIVES, MAY 27, 1947

**AN ACT**

*To further amend section six hundred three and amend section six hundred twenty-two of the act approved the seventeenth day of May, one thousand nine hundred twenty-one (Pamphlet Laws 789) entitled as amended "An act relating to insurance establishing an insurance department and amending revising and consolidating the law relating to the licensing qualification regulation examination suspension and dissolution of insurance companies Lloyds associations reciprocal and inter-insurance exchanges and certain societies and orders the examination and regulation of fire insurance rating bureaus and the licensing and regulation of insurance agents and brokers the service of legal process upon foreign insurance companies associations or exchanges providing penalties and repealing existing laws" further regulating the licensing of insurance agents and brokers.*

*The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:*

**SEC. 603. Agent's Licenses.** The Insurance Commissioner may issue upon certification as aforesaid by any company association or exchange authorized by law to transact business within this commonwealth an agent's license to any person of at least 21 years of age and to any copartnership or corporation. No license as agent shall be granted to any corporation unless by provisions of its charter it is authorized to engage in the business of insurance or real estate and unless individual licenses are also secured for each active officer of such corporation and no license shall be granted to a copartnership or firm unless individual licenses are also secured for each active member of such copartnership or firm. **Each applicant for an agent's license or for any renewal thereof must certify as a condition precedent to the issuance of such agent's license without which no such license shall be issued or renewed that he will not solicit, negotiate or effect contracts of insurance for the coverage of any personal property sold, handled or dealt in by himself, his employer, employee, fellow employee, agent, fellow agent or a member of his immediate family except as is incidental to and a minor part of his other insurance business contracted with the public generally. If during the period of any one (1) year for which an agent's license shall have been issued**

or renewed any agent shall solicit, negotiate or effect contracts of insurance for the coverage of any personal property sold, handled or dealt in by himself, his employer, employee, fellow employee, agent, fellow agent or a member of his immediate family except as is incidental to and a minor part of his other insurance business it shall be unlawful for the Insurance Commissioner, his agents or employees to renew such agent's license "incidental to" and "minor part of" as used in this section shall mean ten percent (10%) or less of the agent's total net annual premiums.

\* \* \* SEC. 622. Brokers Licenses: Is a repetition of Section 603 except for the word "broker" instead of "agent."

**EXHIBIT NO. 2—LEVERING SUBCOMMITTEE REPORT ON INSURANCE WORKINGS—PENNSYLVANIA, NEW YORK, AND OHIO**

(A digest of the complete bill, copy of which is in master file of committee)

No. 476

AN ACT

*The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:*

SECTION 1. Short Title. This act shall be known and may be cited as the "Motor Vehicle Sales Finance Act."

SEC. 14 Contents of Contract.

A. Every installment sale contract shall state the full names and addresses of all the parties thereto, the date when signed by the buyer and shall contain a description of the motor vehicle sold which shall be sufficient for accurate identification.

B. Every installment sale contract shall set forth the following separate items as such and in the following order:

1. Cash price of the motor vehicle. This amount may include any taxes, charges for delivery, cost of servicing, repairing or improving the motor vehicle, costs of accessories and installation or other costs normally included in the delivered cash price of such motor vehicle.

2. Down payment made by the buyer at the time of or prior to execution of the contract, indicating whether made in cash, or represented by the agreed value of a "trade-in" motor vehicle, or other goods, or both. The amount of cash and/or the value of any "trade-in" shall be shown separately. A description of the "trade-in," if any, sufficient for identification shall be shown.

3. Unpaid cash balance which shall be the difference between the cash price (Item 1) and the down payment (Item 2) above.

4. Insurance premium costs for the payment of which the seller agrees to extend credit to the buyer. The term of such insurance, a concise description of the coverage and the amount of the premium shall be set forth. If the precise cost of the insurance is not available at the time the contract is signed, an estimated amount, ascertained from a chart prepared by the licensee and approved by the administrator, may be set forth in the contract. When the cost of the insurance is so estimated, the contract shall so state and it shall contain notice to the buyer that the difference between the estimated cost and the actual cost of the insurance, including finance charges on such amount, will be adjusted

at the time of the final payment on the contract, and a statement of the amount of the adjustment shall be furnished to the buyer simultaneously with the delivery of the insurance policy or certificate.

5. Other costs, necessary or incidental, which the seller contracts to pay on behalf of the buyer and for the amount of which the seller agrees to extend credit to the buyer as authorized by this act. Such costs shall be itemized in the contract as to nature and amount.

6. Principal amount financed which shall be the total of the unpaid cash price balance (Item 3) plus the insurance premium costs (Item 4) plus other costs (Item 5) for which the seller agrees to extend credit to the buyer.

7. Finance charge which is the consideration in excess of the cash price (Item 1), excluding insurance premium (Item 4), and other costs (Item 5), which the buyer agrees to pay to the seller for the privilege of purchasing the motor vehicle under the installment sale contract.

8. Time balance which shall be the total of the principal amount financed (Item 6), plus the finance charge (Item 7), and which shall represent the total obligation of the buyer which he agrees to pay in two or more scheduled payments.

9. Payment schedule which shall state the number of payments, the amount of the payments and the time of the payments required to liquidate the time balance.

C. Every installment sale contract shall state clearly any collateral security taken for the buyer's obligation under the contract.

D. Every installment sale contract shall contain a summary notice of the buyer's principal legal rights respecting prepayment of the contract and rebate of finance charge and reinstatement of the contract in the event of repossession.

E. Every installment sale contract shall contain specific provisions as to the buyer's liability respecting default charges, repossession and sale of the motor vehicle, in case of default or other breach of contract, and respecting the collateral security, if any.

#### Sec. 15. Prohibited Provisions of Contract.

A. No installment sale contract shall be signed by any party thereto when such contract contains blank spaces to be filled in after such contract has been signed. This provision shall not apply to serial numbers or other identifying marks which are not available for description of the motor vehicle at the time of execution of the contract.

B. No installment sale contract shall contain any acceleration clause under which any part or all of the time balance represented by payments, not yet matured, may be declared immediately payable because the seller or holder deems himself to be insecure. This provision shall not affect an acceleration clause authorizing the seller or holder to declare the entire time balance due and payable in case of default in the payment of one or more installment payments or use of the motor vehicle for illegal purposes.

C. No installment sale contract shall contain any provision authorizing any person acting on behalf of the seller or holder to enter upon premises of the buyer unlawfully, or to commit any breach of the peace in the repossession of the motor vehicle or collateral security.

D. No installment sale contract shall contain any provision whereby the buyer waives any right of action against the seller, holder, collector-repossessor or other person acting on behalf of the holder for any illegal act committed in the collection of payments under the contract or in the repossession of the motor vehicle or collateral security.

E. No installment sale contract shall contain any provision whereby the buyer executes a power of attorney appointing the seller, the holder, a collector-repossessor or the agent of such licensee as the buyer's agent in collection of the payments under the contract or in repossession of the motor vehicle sold or collateral security. This provision shall not apply to a power of attorney issued by the buyer to an attorney-at-law to be used only in the collection of the obligation by legal process.

F. No installment sale contract shall contain any provision relieving the holder, or other assignee, from liability for any legal remedies which the buyer may have had against the seller under the contract or under any separate instrument executed in connection therewith.

G. No installment sale contract shall require or entail the execution of any note or series of notes by the buyer, which when separately negotiated, will cut off as to third parties any right of action or defense which the buyer may have against the original seller.

#### SEC. 16. Transfer of Installment Sale Contract.

A. The seller of a motor vehicle under an installment sale contract, executed in the Commonwealth of Pennsylvania, shall not sell, transfer or assign the obligation represented by such contract to any person in Pennsylvania, or elsewhere, who is not licensed as a sales finance company pursuant to the provisions of this act.

B. A sales finance company, licensed pursuant to the provisions of this act, shall not sell, transfer or assign the obligation represented by a motor vehicle installment sale contract, executed in the Commonwealth of Pennsylvania, which it has lawfully acquired, to any other person in Pennsylvania, or elsewhere, who is not licensed as a sales finance company pursuant to the provisions of this act.

C. Whenever an installment sale contract is lawfully sold, transferred or assigned to a person who is licensed as a sales finance company, pursuant to the provisions of this act, such new holder shall furnish to the buyer in such contract a written notice of such sale, transfer or assignment, excepting when assignment is made only to secure a bona fide commercial loan. Such notice shall set forth the name and address of the new holder and shall notify the buyer of the name and address of the person authorized to receive future payments on such contract. If such notice has not been given, any payment or tender of payment made to and any service of notice on the last known holder by the buyer shall be binding upon any subsequent holder.

D. The provisions of this section shall not apply to an assignment of an aggregation of installment sale contracts, which is executed by a seller or sales finance company only as collateral security for a bona fide commercial loan, obtained at lawful rates of interest from a person regularly engaged in the business of lending money on the security of such assigned collateral, and under which, in the absence of default or other bona fide breach of the loan contract, ownership of the assigned contracts remains vested in the assignor and collection of payments on such assigned contracts is made by the assignor; And provided, such

assignment and loan contracts are not for the purpose of evading or circumventing the provisions of this act.

SEC. 17. Insurance.

A. The buyer of a motor vehicle under an installment sale contract may be required to provide insurance on such motor vehicle at the buyer's expense for the protection of the seller or subsequent holder. Such insurance shall be limited to insurance against substantial risk of damage, destruction or theft of such motor vehicle: Provided, however, the foregoing shall not interfere with the liberty of contract of the buyer and seller to contract for other or additional insurance as security for or by reason of the obligation of the buyer, and inclusion of the cost of such insurance premium in the principal amount advanced under the installment sale contract. Such insurance shall be written for the dual protection of the buyer and of the seller, or subsequent holder, to the extent of his interest in the motor vehicle. Such insurance shall be for an amount, and period of time, and upon terms and conditions, which are reasonable and appropriate considering the type and condition of the motor vehicle, the amount of the time balance and the schedule of payments in the installment sale contract.

B. The buyer of a motor vehicle under an installment sale contract shall have the privilege of purchasing such insurance from an agent or broker of his own selection and selecting an insurance company acceptable to the seller: Provided, however, the inclusion of the cost of the insurance premium in the installment sale contract, when the buyer selects the company agent or broker, shall be optional with the seller.

C. Whenever the seller contracts to purchase, at the buyer's expense, such insurance on a motor vehicle sold under an installment sale contract, **such insurance shall be purchased through an agent and/or broker, authorized to conduct business in Pennsylvania, and such insurance shall be written by an insurance company qualified to do business in Pennsylvania.** The status of the buyer and seller or holder, as set forth in such insurance contract, shall conform to the status of these parties in the installment sale contract. The cost of the premium on such insurance to the buyer shall not be in excess of the amount of the premium which others are required to pay to such insurance company for similar coverage, and in no event in excess of rates established in the then current published applicable manual of a recognized standard insurance rating bureau, or the rates fixed by authority of the Commonwealth of Pennsylvania.

D. Whenever the seller contracts to purchase, at the buyer's expense, such insurance on a motor vehicle sold under an installment sale contract, **a copy of the policy or a certificate of insurance shall be delivered to the buyer within thirty (30) days of the date of the buyer's signing of the installment sale contract.**

E. The insurance policy which is furnished to the buyer when the insurance is placed by the seller, or subsequent holder, at the buyer's expense shall set forth complete information as to the effective dates, amounts of premiums and coverage, and shall contain all the terms of the insurance contract. When a certificate of insurance issued under a master policy is furnished to the buyer in lieu of an individual policy, such certificate shall set forth all information as to effective dates, amounts

of premiums and coverage, and shall contain all the terms of the insurance contract embodied in the master policy to the same extent as would appear if an individual policy were issued, and shall give due notice that it is not an insurance policy.

F. When the seller or subsequent holder has placed at the expense of the buyer, insurance on a motor vehicle sold under an installment sale contract and the buyer prepays the time balance under the contract prior to the expiration date of the insurance, such insurance shall remain in force unless the buyer requests cancellation thereof. The seller or holder shall not cancel the insurance under such circumstances without the buyer's consent, nor shall the seller or holder coerce the buyer to cancel the insurance. Unexpired insurance premiums received by the seller or holder, resulting from cancellation of insurance which was originally placed at the buyer's expense, shall be paid to the buyer or credited to any matured unpaid installments under the contract.

G. When the seller contracts to purchase insurance at the buyer's expense and such insurance is cancelled by the insurance company prior to expiration, the seller or subsequent holder shall place comparable insurance with another insurance company and furnish the buyer with a copy of the insurance policy, subject to the same requirements of this act applicable to the original policy. In the event the holder is unable to obtain such insurance in another insurance company, he shall immediately notify the buyer, who may then obtain such insurance from an insurance company, agent or broker of his own selection and the holder shall be liable for any additional costs incurred by the buyer in rewriting such insurance for the unexpired period for which the original insurance was written. The holder under these circumstances shall also be liable to the buyer for any loss suffered by the buyer through negligence on the part of the holder in promptly advising the buyer of his inability to obtain replacement insurance.

**EXHIBIT NO. 3—LEVERING SUBCOMMITTEE REPORT ON INSURANCE WORKINGS—PENNSYLVANIA, NEW YORK, AND OHIO**

**Pennsylvania**

**ASSOCIATION OF INSURANCE AGENTS**

212 No. Third Street  
HARRISBURG, PA., July 6, 1950  
**AIR MAIL**

HON. HAROLD K. LEVERING  
900 Moraga Drive  
Los Angeles 49, California

DEAR MR. LEVERING: When you telephoned me from Mr. W. F. Wingett's office in Scranton about Pennsylvania Legislation relating to automobile dealers, I felt sure I would be able to get hold of copies of the legislation very quickly. However, this material was introduced in our 1947 Session and it has taken me a little longer to get what you wanted than I thought would be the case.

Enclosed you will find Act No. 476 of the 1947 General Session of the Pennsylvania Legislature which was approved by Governor Duff on June 28th of that year. The short title is "Motor Vehicle Sales Finance Act."



This act created a special division in our Banking Department to administer the new law. Perhaps you will be interested in all of it but I invite your particular attention to pages 13-16, inclusive, which relates to contents of contract and insurance.

Also enclosed you will find a copy of House Bill 980, Printer's No. 729, of the 1947 Session which failed to pass. As you will note, general purpose of the bill was to restrict vendors who desired to engage in the insurance business as insurance agents for the principal or sole purpose of writing insurance on personal property sold by them on time.

This bill aroused a great deal of opposition which started with automobile dealers and then branched out into a rather wide area.

Although we started with some friends, they gradually fell away when they found that trouble was brewing.

I hope the information I gave you by telephone, together with the enclosures, will serve your purpose. With best wishes,

Yours very truly

(Signed)

FRANK D. MOSES, Secretary

FDM:pdh

C. C. Mr. W. F. Wingett

Enclosures

**EXHIBIT NO. 4—LEVERING SUBCOMMITTEE REPORT ON INSURANCE WORKINGS—PENNSYLVANIA, NEW YORK, AND OHIO**

This is a 3" x 8½"—2-color—2-fold—pocket reminder whose entire content is shown in the body of report.

**EXHIBIT NO. 5—LEVERING SUBCOMMITTEE REPORT ON INSURANCE WORKINGS—PENNSYLVANIA, NEW YORK, AND OHIO**

(House Bill No. 274)

**AN ACT**

*To amend Section 644-3 of the General Code relative to revoking licenses of agents, solicitors and foreign brokers of insurance other than life, to provide for hearings and appeals, and to repeal existing Section 644-3 of the General Code.*

*Be it enacted by the General Assembly of the State of Ohio:*

SECTION 1. That Section 644-3 of the General Code be amended to read as follows:

Sec. 644-3. It shall be the duty of the superintendent of insurance to \* \* \* refuse to grant any license applied for, \* \* \* to refuse to renew, and to revoke any license of or to any appointee, agent, solicitor or foreign broker, when he is satisfied that the principal use of such license has been or is to procure, receive or forward applications for insurance of any kind, other than life, or to solicit, place or effect such insurance directly or indirectly upon or in connection with the property of such appointee, agent, foreign broker or solicitor \* \* \* or that of relatives, employers, employees, or that for which they or the appointee, agent, foreign broker or solicitor are or is agent, custodian, vendor, bailee, trustee or payee, or to evade or violate the provisions of Section 9589-1 of the General Code.

It also shall be the duty of the superintendent of insurance when a written complaint is filed with him that any such appointee, agent, foreign broker or solicitor has been, is or will be using any license or

renewal thereof directly or indirectly for the purpose or purposes above set forth, to investigate such complaint forthwith. Provided, however, that in the event the superintendent of insurance finds there is no probable cause for complaint, he may order the complaint dismissed. Such action of the superintendent of insurance shall be subject to review by appeal to the court of common pleas of Franklin County, Ohio, provided such appeal shall be filed by the complainant with the superintendent of insurance and the court within 30 days after such action by the superintendent. Said cause shall proceed as a new civil action with the right of either party to submit evidence and to appeal.

Unless the complaint has been dismissed as aforesaid, immediately upon completion of such investigation, the superintendent of insurance shall fix a time and place at which such complaint will be heard and shall give notice thereof to the complainant and to the appointee, agent, foreign broker or solicitor complained of. The date set for such hearing shall be within 30 days, but not earlier than 15 days after the date of such notice. The complainant shall be a party, and any other person as defined by Section 154-62 of the General Code upon application to the superintendent of insurance and for good cause shown may be made a party to such hearing. At such hearing, any party shall have the right to produce and examine witnesses and to participate in the investigation and hearing with all rights of a party under the provisions of the Administrative Procedure Act including the right of appeal from any order entered therein to the common pleas court of Franklin County.

Sec. 2. That existing Section 644-3 of the General Code be and the same is hereby repealed.

JOHN F. CANTWELL  
Speaker of the House of Representatives  
GEORGE D. NYE  
President of the Senate

Passed April 27, 1949

Approved May 12, 1949

FRANK J. LAUSCHE, Governor

**EXHIBIT NO. 6—LEVERING SUBCOMMITTEE REPORT ON INSURANCE  
WORKINGS—PENNSYLVANIA, NEW YORK, AND OHIO**

This is an 8½" x 11"—4-page—2-color folder titled "Explanation of the Ohio Retail Installment Sales Act, effective August 9, 1949, Compliments of the City Loan and Savings Company," with main subheads as follows:

Who is Affected?

Installment Sales Affected

Installment Sales Not Affected

Installment Sales Covered by the Act Must be Evidenced by a  
Written Instrument or Instruments

Maximum Finance and Service Charge Permitted Under the  
Law

Filing Fees and Taxes Allowed the Seller

Late Charges Allowed Holder of Note

Holder of Written Instrument Must Give Refund of Carrying  
Charge if the Account is Prepaid in Full

In Short

The particular paragraph referred to in the report follows:

**Installment Sales Covered by the Act Must Be Evidenced by a  
Written Instrument or Instruments**

The written instrument shall contain all of the agreements of the parties. The seller must give the buyer a copy of all of the instruments. If the seller customarily obtains from the buyer a combination note and mortgage covering such sales, or a separate note and separate mortgage or simply a note, a copy of each and all of them must be given to the buyer either at the time of execution or upon delivery of the goods. In addition, the seller must give the buyer a statement of sale. This statement shall recite the following information:

1. The cash selling price of the motor vehicle; 2. The amount of down payment, if any (cash or trade-in or both); 3. The unpaid balance (the difference between items 1 and 2); 4. The cost of any insurance the retail buyer agrees to procure if the retail seller agrees to purchase it and extend credit to the buyer for the price thereof. (A general description of the type of insurance shall be described in the Statement of Sale); 6. The amount of the carrying charge; 7. The total time balance (the sum of items 5 and 6); 8. The number of installment payments required and the amount and date each payment is due.

The cost of insurance and finance charge may be stated as one item but in such event the retail seller or his successor in interest shall within 25 days, deliver or send by mail a statement showing these two items separately. The retail seller must mail or cause to be mailed the insurance policy or certificate of insurance prior to the due date of the first installment.

**Suggestion: Always keep on hand the new city loan contract forms, which are properly drawn in triplicate as the law provides, and consist of a combination note, mortgage, and statement of sale, all in one instrument for your convenience. Give your customer the triplicate copy after it has been properly filled out and executed, and submit the original and duplicate to The City Loan.**

**EXHIBIT NO. 7—LEVERING SUBCOMMITTEE REPORT ON INSURANCE  
WORKINGS—PENNSYLVANIA, NEW YORK, AND OHIO**

**A FEW UNDISPUTED FACTS**

We are all familiar with the fact that the manufacturers of automobiles, when they placed their commodity on the market, found a problem of financing sales. Naturally, volume sales could not be done on a cash basis. Neither the companies nor the dealers could carry the tremendous sums of credit necessary to produce volume sales and make the commodity available to the public. Efforts were made at that time, through banks and other lending institutions, to establish a system of credit which would meet the situation. We are also familiar, I am sure, with the fact that this could not be accomplished at that time through the regular, established lending institutions. It therefore became necessary to instigate and establish lending agencies that would carry this credit.

The establishment of this credit system immediately produced an insurance problem. Naturally, the interest of the mortgagor had to be

protected against the hazards of fire, theft, etc., just as the building and loan must be protected against such hazards in financing a home.

The insurance field was exhausted at that time in an effort to secure this type of insurance coverage for the mass market buyers of automobiles. Several of the largest fire insurance companies of the United States experimented with this project and turned it down. Foreign companies were induced to take on the risk and they had a similar experience. These experiments resulted frequently in mass cancellation and withdrawal on the part of the insurance companies, leaving the mortgagor without protection.

The financing agencies found that they must solve their own insurance problem and this was accomplished on the part of the leading financiers in the field by establishing an affiliated insurance company for the purpose of covering these risks. This system has continued to operate till the present time, and the insurance field, outside of these special companies, has not yet found any other answer to the problem.

In most cases, the financing and insuring of the time payment purchase of an automobile has been completely handled and arranged for by the dealer selling the car. Until the past few years, these dealers were not licensed as insurance agents and received no commissions on the insurance sold.

Many states permitted and still permit a dealers reserve system which covers both the cost of financing and insuring the product. This situation, as we all know, has been recently changed in the State of Ohio. Under the present restrictive laws regarding dealers reserve, the item is, of course, now figured on the basis of the unpaid balance.

Several years ago, regularly constituted and normally operating fire and automobile insurance companies discovered that a certain portion of the automobile finance business was attractive and profitable. They, therefore, started licensing automobile dealers, under the laws of the various states, as official representatives of the companies, and the dealers in these cases received a full commission covering the insurance involved.

In the case of the G. M. A. C. and G. E. I. C. arrangement, it was quickly discovered that an attractive and profitable portion of finance insurance business was going to the companies who were paying commissions. (This would certainly be a logical procedure on the part of the dealer.) That portion of the business which was still being placed with G. E. I. C. being largely only such risks as the other companies would not take, naturally created a considerable underwriting hazard for the company.

In order to meet this situation, Motors Insurance Corporation was formed and started operations in these states by also licensing the dealer and paying him full commissions on his sales. In providing this service to the dealer they naturally urged him to place with M. I. C. not only the risks which were being refused by other companies, but at least a reasonable portion of the good risks, along with the bad. They also urged the dealer, under this plan, to actively solicit the sale of insurance from the automobile buying public on both cash and term deals. It was discovered through a survey that people who purchased cars on a time payment plan which included fire, theft and collision insurance for the duration of the payment contract, that less than 20 percent of these buyers were solicited

to renew this insurance after the expiration of the financing term. The mass buyers in this group were actually the people who could least afford to be without this sort of protection. In many instances, serious damage to their cars resulted in removing them from the market. A considerable portion of this group, under such circumstances, was unable either to finance the repair of their car or the purchase of a new one.

In order to meet this situation of service to the automobile buying public and in order to provide for their remaining a potential customer, the dealers who were licensed by M. I. C. were urged to solicit renewal of these finance contracts.

This system proved very popular and profitable, both to the dealer and to the automobile owner, and it spread very rapidly from the West Coast across the country. The plan is now in operation in 43 states, including Ohio. There has been some opposition in various states by organized insurance agents who have sought to eliminate this competition in their business. To date they have not succeeded in any state in stopping these operations.

Here in the State of Ohio we found a condition peculiar to this state. Laws had been placed on the statutes the past several years which were considerably more restrictive than in any other state. This is the only state in the Union, so far as we know, where an insurance agent is prohibited from using his license principally for the purpose of selling insurance on property of which he is or has been the vendor or the bailee. (A dealer is the bailee of a car during such time as it may be in his place of business for repair.)

A superintendent of insurance of the State of Ohio (formerly Executive Secretary of the Ohio Association of Insurance Agents) had issued a ruling to the effect that any person connected with an automobile sales agency was an unsuitable person, under the statutes, to be licensed as an insurance agent. This was one of several rulings issued by administrative officials in the State of Ohio, all of which would seem to make it more difficult for new people to enter the insurance field in this state, particularly if such people had other business connections or other means of making a livelihood. (It should be pointed out that so far as we know, all of these restrictive rulings had the endorsement and the approval of the Ohio Association of Insurance Agents.)

A number of insurance companies and groups challenged these various rulings of the superintendent of insurance in the courts and in practically every case the courts ruled against such administrative restrictions.

Motors Insurance Corporation challenged the ruling regarding the unsuitability of people connected with automobile sales agencies. The courts pointed out, in effect, that administrative officials were without authority to set up such stipulations and that the mere fact that a citizen of the United States was connected with an automobile sales agency was not sufficient grounds to deny him the privilege of exercising the right of individual free enterprise by engaging in other lines of business if he chose to do so (subject, of course, to the individual meeting any statutory requirement involved).

We are all rather familiar with the fact that here in Ohio, as a result of court decisions, automobile dealers were permitted, under the law,

providing they made satisfactory grades and produced other satisfactory evidence of honesty, trustworthiness, etc., to become licensed as insurance agents, and to collect commissions on insurance sold.

It is not our purpose to deal here with all of the ramifications of the political campaign of some two years ago when this subject became a very controversial political issue.

Attempts had been made in previous sessions of the Legislature to pass agents qualifying laws, many of which would appear to go much further than the protection of the public, by eliminating unsatisfactory personnel, and introducing technical obstacles which might serve to restrict additional agents from becoming competitors in the field. These attempts, until the last session of the Legislature, had not proved successful.

There was such a bill presented to the last General Assembly (House Bill 274) which did become a law. This law does not say that it is wrong or illegal for an automobile dealer to sell insurance on the cars which he sells, providing that for every dollar's worth of insurance he sells to one of his customers, he goes down the street or in some manner, secures an equal amount of business from some person who is not a customer. It was contended by the proponents of this legislation that such an arrangement was in the public interest.

Naturally, this law is being challenged in the courts of this state. The Superintendent of Insurance conducted hearings in the cases of three agencies in different counties in the state and issued an order revoking their licenses. These cases were immediately appealed to the common pleas courts in their counties of residence, and in each case the courts issued an order stopping the Superintendent of Insurance from interfering with the normal operations of these agencies until such time as could be determined in a court of law whether or not this new law is constitutional or effective. It was suggested by representatives of the automobile dealers agencies, that the matter rest in the hands of the courts, and until such time as a final decision has been reached by them, that the operations of these agencies in the State of Ohio should not be hampered. This would seem to be a normal and impartial manner of administrative supervision. This plan was declined by the present state administration, and as this material is being prepared, it would appear that further litigation becomes necessary in order to protect the normal operations of the remainder of the licensed automobile dealers in this state from being interfered with by the Superintendent of Insurance while the legal question is pending. (Whatever legal steps are necessary under the circumstances are now being executed.)

It would appear that Mr. John Q. Public, particularly that large portion of American citizenship who find it necessary to purchase automobiles on a time payment plan, has been completely ignored in all of this controversy as to whether or not the automobile dealer is a suitable person to sell insurance.

There appears to be no particular objections to the financing and insurance plans in operation which do not provide that the dealer be licensed and receive a commission.

Dealers of this state are well aware of the fact that they could not continue in the business of selling cars on a finance plan, unless they provide and make available at the time of purchase or delivery,

an insurance plan. They are also aware of the fact that this plan must be available at many odd hours when the ordinary insurance office is not open for business, and that it must cover a great mass market of buyers whom the ordinary insurance office could not, or would not, insure.

It is rather apparent that, regardless of the legal outcome as to the status of the present law, the solution to our problem is probably going to be made by the Legislature of this state. We feel confident that we have a good case before the courts, and we are even more confident that we have a good case to present to the public and to the representatives of your community whom you designate to come to Columbus and represent you and the interest of your community and the public in general, in making the laws which govern the State of Ohio.

It would seem that our only problem in order to be permitted to operate in this state in an open, honest, legitimate manner, the same as automobile dealers operate in other states in the Union is the problem of apprising the public and the law makers of the true facts regarding our operations.

June 13, 1950

**EXHIBIT NO. 8—LEVERING SUBCOMMITTEE REPORT ON INSURANCE WORKINGS—PENNSYLVANIA, NEW YORK, AND OHIO**

This exhibit is a 3" x 6" four-page, single-color folder detailing the organization plans, policies, and objectives of the Independent Insurance Agents of Ohio. (Held in Committee files.)

**ANNOUNCEMENT OF COMMITTEE MEETINGS**

It was announced that the following committees would hold meetings:

*Today, at 2 p m.—*

Military Affairs.

Finance and Insurance, in Room 432.

*Today upon recess—*

Rules.

Governmental Efficiency and Economy.

Education, in Room 432.

Industrial Relations.

Civil Service and State Personnel, at desk of Mr. Caldecott.

**GUESTS EXTENDED COURTESIES OF ASSEMBLY**

On request of Mr. Luckel and The Assembly, the usual courtesies of the Assembly for this day were unanimously extended to Howard K. Cramer, former Assemblyman from Chula Vista.

On request of Mr. Tomlinson, the usual courtesies of the Assembly for this day were unanimously extended to Paul E. Stewart of Santa Barbara.

On request of Mr. Dickey, the usual courtesies of the Assembly for this day were unanimously extended to Seemah Battat and Bobbie Holt of Alameda.

On request of Mr. Meyers and the San Francisco Delegation, the usual courtesies of the Assembly for this day were unanimously extended to Ernest Scott and Miss Aline Aviani of San Francisco.

**ADJOURNMENT**

At 3.30 p.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Monday, September 25, 1950, out of respect to the memory of the late Clifton R. Montgomery.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk



CALIFORNIA LEGISLATURE

1950 THIRD EXTRAORDINARY SESSION

# ASSEMBLY DAILY JOURNAL

FIFTH LEGISLATIVE DAY

SIXTH CALENDAR DAY

## IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO

Monday, September 25, 1950

The Assembly met at 10 a m.

Hon. Sam L. Collins, Speaker of the Assembly, presiding.

Chief Clerk Arthur A. Ohnimus at the desk.

## ROLL CALL

The roll was called, and the following answered to their names :

Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hineley, Hollibaugh, Kikwood, Levering, Lewis, Lincoln, Lindsay, Lapscomb, Lowrey, Luckel, Malonev, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stess, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—75.

Quorum present.

## PRAYER

The following prayer was offered by the Chaplain, Dr. Torrance Phelps :

*God of Our Fathers:* May we be glad this morning, to pledge allegiance to this Republic in gratitude for all the blessings that America has given us

Gladly vow our devotion to these principles for which America stands among nations as the Paradise of earth, and to which millions of other nations wish to come.

May every citizen in the Nation pledge loyalty to this Republic, which has mothered him, given him and his children his liberties and his opportunity to earn his bread and butter.

In gratitude, may we proclaim unfaltering devotion to this land hallowed by a heroic multitude, and that has given us the precious freedom of mind and soul

God grant that we may forever keep America the home of the loyal and the land of the sane.—AMEN.

## PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Speaker Sam L. Collins, the Assembly then gave the pledge of allegiance to the Flag.

**READING OF THE JOURNAL DISPENSED WITH**

On motion of Mr. Stewart, further reading of the Journal of the previous legislative day was dispensed with.

**LEAVES OF ABSENCE FOR THE DAY**

The following members were granted leaves of absence for the day, because of illness:

Mr. Rosenthal, on motion of Mr. Beck.

Mr. Kilpatrick, on motion of Mr. Crowley.

The following member was granted leave of absence for the day, and desired to waive his per diem:

Mr. Huyek, on motion of Mr. Smith.

**COMMUNICATIONS**

By Speaker Sam L. Collins:

The following communication was received, read, and ordered printed in the Journal:

KERN COUNTY CHAMBER OF COMMERCE  
BAKERSFIELD, CALIFORNIA, September 22, 1950

*Mr. Sam L. Collins*  
*State Office Building*  
*Sacramento, California*

DEAR MR. COLLINS: The Committee for the Retention of the California Institution for Women feels that this is not the time to spend taxpayers' money changing the location of the institution when state funds are needed to provide proper facilities for school children and to care for the mentally ill and other unfortunate people needing institutional care. State money should not be put into another institution for women when, with a small outlay, the present one can be made to serve adequately.

The hundreds of resolutions and letters of support from womens' clubs, granges, chambers of commerce, organizations, and individuals from all parts of the State indicate a strong feeling for retention, and we should like to enlist your support to help prevent this waste of state tax funds.

Yours very truly,

MRS. W. F. SPRINKLE, SR.  
Committee Chairman

By Speaker Sam L. Collins:

A communication from the Los Angeles County Woman's Christian Temperance Union and a resolution relative to the liquor question, was received, and the "resolved" part of the resolution was ordered printed in the Journal as follows:

*Be it Resolved*, That we, the Delegates to the Sixty-sixth Annual Convention Los Angeles County Woman's Christian Temperance Union petition our Senators and State Assemblymen, respectively, to give their attention to the immediate framing and passing of a federal law and a state bill putting an end to the advertising of alcoholic beverages in newspapers and periodicals, also to that by means of radio, television and postal and telegraphic communication. And this, by reason of the immense expenditure of taxpayers money to offset the results of advertising manifestly designed to popularize an injurious custom which is fast becoming a harmful *national* as well as a personal habit.

Respectfully,

MRS. R. R. SAWYER  
Corresponding Secretary

**ANNOUNCEMENT**

Speaker Sam L. Collins announced that a luncheon meeting of the Pals Club will be held at noon, tomorrow, Tuesday, September 26th, at the Hotel Senator; and requested that Members of the Assembly remind their wives to make reservations today with either Mrs. Hulse, the President, or with Mrs. Sutton.

**INTRODUCTION, FIRST READING, AND REFERENCE  
OF ASSEMBLY BILLS**

The following bill was introduced, and read the first time :

**Assembly Bill No. 71:** By Mr. Luckel—An act to amend Section 19432 of the Education Code, relating to use of school property.

Referred to Committee on Education.

**REPORTS OF STANDING COMMITTEES**

**Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined :

Assembly Bill No. 40

Assembly Bill No. 59

Assembly Bill No. 49

Assembly Bill No. 61

Assembly Bill No. 52

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Assembly Bill No. 40 ordered re-referred to the Committee on Social Welfare.

Balance of above reported bills ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined .

Assembly Bill No. 8

Assembly Bill No. 10

Assembly Bill No. 25

And reports the same correctly re-engrossed.

GRUNSKY, Vice Chairman

Above reported bills ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined :

Assembly Bill No. 55

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered re-referred to the Committee on Ways and Means.

**Committee on Social Welfare**

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Social Welfare, to which was referred :

Assembly Bill No. 40

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

NIEHOUSE, Chairman

Above reported bill ordered to third reading.

**CONSIDERATION OF DAILY FILE  
THIRD READING OF ASSEMBLY BILLS**

**Assembly Bill No. 38**—An act to add Section 4126.6 to the Public Resources Code, relating to the closure to entry of lands during the existence of an emergency resulting in an extreme fire hazard from incendiary or other causes, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read.

Assembly Bill No. 38 ordered temporarily passed on file.

**Assembly Bill No. 30**—An act to amend Section 699.5 of the Military and Veterans Code, and to ratify actions of the Department of Veterans Affairs, relating to assistance to veterans and their dependents.

Bill read third time.

The roll was called, and the bill passed by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Luckel, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Yorty, and Mr. Speaker—66.

**NOES**—None.

Bill ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP SENATE  
BILL NO. 30 IN LIEU OF ASSEMBLY BILL NO. 17**

Mr. Dunn asked for, and was granted, unanimous consent that he be permitted to take up Senate Bill No. 30 in lieu of Assembly Bill No. 17, at this time.

**CONSIDERATION OF SENATE BILL NO. 30**

**Senate Bill No. 30**—An act to amend Section 5046 of the Education Code, relating to apportionments to school districts from the Public School Building Loan Fund, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Yorty, and Mr. Speaker—66.

**NOES**—None.

The roll was called, and the bill passed by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Yorty, and Mr. Speaker—66.

**NOES**—None

Bill ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP  
ASSEMBLY BILL NO. 11**

Mr. Smith asked for, and was granted, unanimous consent that he be permitted to take up Assembly Bill No. 11, temporarily passed on file, for purpose of amendment, at this time.

**CONSIDERATION OF ASSEMBLY BILL NO. 11**

**Assembly Bill No. 11**—An act making an appropriation to the Attorney General to be expended during the 1950-51 Fiscal Year, to take effect immediately.

Bill read third time.

**Motion to Amend**

Messrs. Smith, Sherwin, and Yorty moved the adoption of the following amendment:

**Amendment No. 1**

On page 1, lines 3 to 6, of the printed bill, strike out "carry on such investigations as may be necessary to prevent sabotage against persons or property within the State as a result of an enemy attack or a threatened enemy attack", and insert "enable him to cooperate with federal, state, and local law enforcement agencies on matters relative to sabotage and subversive activities affecting internal security, in accordance with the President's directive of July 24, 1950".

Amendment read, and adopted.

Bill ordered reprinted, and re-engrossed.

**Motion to Place Rush Order on Printing of Assembly Bill No. 11**

Mr. Smith moved that a rush order be placed upon the printing of Assembly Bill No. 11.

Motion carried.

**CONSIDERATION OF DAILY FILE (RESUMED)**

**THIRD READING OF ASSEMBLY BILLS (RESUMED)**

**Assembly Bill No. 39**—An act to amend Sections 20890 and 20894.5 of the Government Code and Sections 14449, 14495.2, and 14702 of the Education Code, relating to public retirement systems in respect to absence of members in military service and contributions therefor, and declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloved, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Huckleby, Hollibaugh, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Thomas, Thompson, Tomlinson, Waters, Yorty, and Mr. Speaker—66.

**NOES**—None.

The roll was called, and the bill passed by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloved, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins,

Hinckley, Hollibaugh, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Sillman, Smith, Thomas, Thompson, Tomlinson, Waters, Yorty, and Mr. Speaker—66.

NOES—None.

Bill ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT THAT COMMUNICATION  
BE PRINTED IN JOURNAL**

Mr. Hollibaugh asked for, and was granted, unanimous consent that the following communication be ordered printed in the Journal:

KERN COUNTY PERSONNEL DEPARTMENT  
BAKERSFIELD, CALIFORNIA, September 20, 1950

*The Honorable Vernon Kilpatrick  
Assemblyman, Sacramento, California*

DEAR MR. KILPATRICK: Mr. John England has referred me to you for advice on selecting a qualified person to sit as a member of the Oral Board for Superintendent, Industrial Farm and Road Camp, scheduled for Tuesday, October 10th, commencing at 10 a. m.

Mr. England told me that you are quite an authority on county honor farms, and we would appreciate any assistance you can give us in this connection.

We are enclosing a copy of our bulletin for this position, listing the pertinent information. All necessary expenses will be paid by Kern County and, upon request, we shall be pleased to make a hotel reservation for the person you select.

Sincerely yours,

ERNEST N. MOBLEY  
Acting Personnel Director

**REQUEST FOR UNANIMOUS CONSENT THAT TELEGRAM  
BE PRINTED IN JOURNAL**

Mr. Thomas asked for, and was granted, unanimous consent that the following telegram be ordered printed in the Journal:

TORRANCE, CALIFORNIA, September 25, 1950

*Hon. Vincent Thomas, Assemblyman  
Care the Capitol, Sacramento, California*

Representative local citizens are opposed to AB-18

GEORGE STEVENS, City Manager  
City of Torrance

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP SENATE  
BILL NO. 33 IN LIEU OF ASSEMBLY BILL NO. 14**

Mr. Dunn asked for, and was granted, unanimous consent that he be permitted to take up Senate Bill No. 33, in lieu of Assembly Bill No. 14, at this time.

**CONSIDERATION OF SENATE BILL NO. 33**

**Senate Bill No. 33**—An act to add Section 5046.1 to the Education Code, relating to apportionments to school districts from the Public School Building Loan Fund, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Yorty, and Mr. Speaker—68.

**NOES**—None.

The roll was called, and the bill passed by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Yorty, and Mr. Speaker—68.

**NOES**—None.

Bill ordered transmitted to the Senate.

**CONSIDERATION OF DAILY FILE (RESUMED)****THIRD READING OF ASSEMBLY BILLS (RESUMED)**

**Assembly Bill No. 25**—An act to amend Sections 1, 2, 3, 7, 8, 9, and 10, and to repeal Section 15, of the Sabotage Prevention Act, relating to unlawful entries on, injuries to, and interference with, property, and unlawful entries on closed streets, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Motion to Amend**

Mr. George D. Collins moved the adoption of the following amendment:

**Amendment No. 1**

On page 1, line 15, of the printed bill, strike out "power", and insert "country".

Amendment read.

Assembly Bill No. 10 ordered temporarily passed on file.

**Assembly Bill No. 5**—An act to add Section 12006 to the Health and Safety Code, relating to the purchase and possession of explosives, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Motion to Amend**

Mr. Thompson moved the adoption of the following amendment:

**Amendment No. 1**

On page 1, line 4, of the printed bill, strike out "chapter", and insert "part".

Amendment read, and adopted.

Bill ordered reprinted, and re-engrossed.

**REPORTS OF STANDING COMMITTEES****Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined.

Assembly Bill No. 47

Assembly Bill No. 48

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bills ordered to third reading.

**CONSIDERATION OF DAILY FILE (RESUMED)****THIRD READING OF ASSEMBLY BILLS (RESUMED)**

**Assembly Bill No. 59**—An act to amend Sections 19533, 19533.1 of and to add Section 19533.2 to the Government Code in respect to the rights of veterans in the state civil service.

Bill read third time.

The roll was called, and the bill passed by the following vote:

AYES—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hinckley, Hollibaugh, Kirkwood, Leveing, Lewis, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rufford, Sherwin, Silliman, Smith, Stanley, Thomas, Thompson, Tomlinson, Yorty, and Mr. Speaker—66.

NOES—None.

Bill ordered transmitted to the Senate.

**Assembly Bill No. 61**—An act to add Chapter 8 to Division 4, Title 1 of the Government Code, relating to an oath of allegiance for civil defense workers and public employees, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Motion to Amend**

Mr. Yorty moved the adoption of the following amendment:

**Amendment No. 1**

On page 2, line 19, of the printed bill, strike out "five", and insert "three".

Amendment read.

**Amendment Withdrawn**

Mr. Yorty withdrew his amendment.

**Urgency Clause**

Urgency clause read.

**Speaker pro Tempore Presiding**

At 11.08 a.m., Hon. Thomas A. Maloney, Speaker pro Tempore of the Assembly, presiding.

The question being on the adoption of the urgency clause.

**Hon. Richard H. McCollister, Presiding**

At 11.24 a.m., Hon. Richard H. McCollister, Member of the Assembly from the Seventh District, presiding.

The question being on the adoption of the urgency clause.



**Speaker Presiding**

At 11.30 a.m., Hon. Sam L. Collins, Speaker of the Assembly, presiding.

**Demand for Previous Question**

Messrs Doyle, Silliman, Lindsay, Luckel, and Burke demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of the urgency clause to Assembly Bill No. 61.

The roll was called, and the urgency clause adopted by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloved, Coats, Collier, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—69.

**NOES**—George D. Collins, Condon, Elliott, Lewis, and McMillan—5.

The roll was called, and the bill passed by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloved, Coats, Collier, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—69.

**NOES**—George D. Collins, Condon, Elliott, Lewis, and McMillan—5.

Bill ordered transmitted to the Senate.

**Explanations of Vote on Assembly Bill No. 61**

I voted "No" on Assembly Bill No. 61 since I consider this bill to be bad legislation. Its proponents stated that the bill was aimed at the Communists. Yet, nowhere in the measure are the words "Communist" or "Communism" used. It would appear that other groups than the Communists are the targets of the bill, but just which groups cannot be ascertained by such general language used in Assembly Bill No. 61, as "advocates" or "other unlawful means." Had the bill singled out the Communist Party by name, then it might have the objective claimed by its sponsors. I am also very dubious of the loyalty oath technique. As an indirect means of punishing Communists, many innocent persons whose economic and social views are unorthodox, although not Marxist or Communist, may find themselves in danger of a perjury prosecution, because they may have joined some organization whose real motivation differed from its stated objectives.

ROBERT L. CONDON

I voted "No" on Assembly Bill No. 61 because I feel that the present oath to support the Constitution and allegiance to the Flag and Republic is adequate.

Further oaths serve merely to depreciate and make empty the present oath.

JOE C. LEWIS

**Explanation of Failure to Vote on Assembly Bill No. 61**

Due to the fact that I was absent from the Assembly Chamber on legislative business when Assembly Bill No. 61 was up for passage, I was unable to vote. Had I been present, I would have voted "Aye" on this important legislation.

VERNE W. HOFFMAN

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP  
SENATE BILL NO. 34**

Mr. Dunn asked for, and was granted, unanimous consent that he be permitted to take up Senate Bill No. 34, out of order, for purpose of amendment, at this time.

**CONSIDERATION OF SENATE BILL NO. 34**

**Senate Bill No. 34**—An act to add Section 5048.1 to the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Motion to Amend**

Mr. Dunn moved the adoption of the following amendments:

**Amendment No. 1**

On page 1, line 5, of the printed bill, after "district," insert "authorize the governing board to transfer funds from other authorized purposes if more than one purpose has been authorized in the district by the board, or to".

**Amendment No. 2**

On page 1, line 6, of said bill, after "district", insert ", or both,".

**Amendment No. 3**

On page 1, line 7, of said bill, after "apportionments", insert "or transfers".

Amendments read, and adopted.

Bill ordered reprinted, and to third reading.

**Motion to Place Rush Order on Printing of Senate Bill No. 34**

Mr. Dunn moved that a rush order be placed upon the printing of Senate Bill No. 34.

Motion carried.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP FURTHER  
CONSIDERATION OF ASSEMBLY BILL NO. 25**

Mr. Beck asked for, and was granted, unanimous consent that he be permitted to take up further consideration of Assembly Bill No. 25, temporarily passed on file, at this time.

**FURTHER CONSIDERATION OF ASSEMBLY BILL NO. 25**

**Assembly Bill No. 25**—An act to amend Sections 1, 2, 3, 7, 8, 9, and 10, and to repeal Section 15, of the Sabotage Prevention Act, relating to unlawful entries on, injuries to, and interference with, property, and unlawful entries on closed streets, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Further Consideration of Amendment Offered by Mr. George D. Collins****Amendment No. 1**

On page 1, line 15, of the printed bill, strike out "power", and insert "country".

Amendment read.

**Amendment Withdrawn**

Mr. George D. Collins withdrew his amendment.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Diekev, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn,

Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Sillman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—73.  
**NOES**—None.

**Request for Unanimous Consent That Names Be Added to Roll Call**

Messrs. Conrad, McCarthy, and Levering asked for, and were granted, unanimous consent that their names be placed upon the roll call on the urgency clause to Assembly Bill No. 25, and that they be recorded as voting "Aye."

The question being on the passage of the bill.

The roll was called, and the bill passed by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Sillman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—73.  
**NOES**—None.

Bill ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP  
 ASSEMBLY BILL NO. 8**

Mr. Sherwin asked for, and was granted, unanimous consent that he be permitted to take up Assembly Bill No. 8, temporarily passed on file, at this time.

**CONSIDERATION OF ASSEMBLY BILL NO. 8**

**Assembly Bill No. 8**—An act relating to the unified program for construction, improvement and equipment for state agencies, making an appropriation, and declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Porter, Price, Reagan, Rumford, Sherwin, Sillman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—71.  
**NOES**—None.

The roll was called, and the bill passed by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Porter, Price, Reagan, Rumford, Sherwin, Sillman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—71.  
**NOES**—None.

Bill ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT THAT REPORTS OF  
STANDING COMMITTEES BE DEEMED READ**

Mr. Hawkins asked for, and was granted, unanimous consent that all reports of standing committees, being held at the desk, be deemed read.

**REPORTS OF STANDING COMMITTEES**

**Committee on Rules**

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

Assembly Joint Resolution No. 3

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKEY, Chairman

Above reported resolution ordered engrossed.

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

Assembly Concurrent Resolution No. 11

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKEY, Chairman

Above reported resolution ordered engrossed.

**INTRODUCTION, FIRST READING, AND REFERENCE OF  
ASSEMBLY BILLS (RESUMED)**

The following resolution was offered:

**Assembly Concurrent Resolution No. 14:** By Messrs. Hawkins, Morris, Rumford, Elliott, Anderson, George D. Collins, Condon, Dills, Doyle, Evans, Fletcher, Fleury, Lewis, Maloney, Moss, Mrs. Niehouse, Messrs. Porter, Sherwin, Stewart, and Yorty—Relative to the award of the Nobel Peace Prize to Dr. Ralph J. Bunche.

Referred to Committee on Rules.

**Motion to Place Rush Order on Printing of Assembly  
Concurrent Resolution No. 14**

Mr. Hawkins moved that a rush order be placed upon the printing of Assembly Concurrent Resolution No. 14.

Motion carried.

**RESOLUTIONS**

The following resolutions were offered:

By Mr. Geddes:

**House Resolution No. 27**

Relative to augmenting the funds of the Assembly Interim Committee on Finance and Insurance

*Resolved by the Assembly of the State of California*, That in addition to any money heretofore made available, the sum of five hundred dollars (\$500) or so much thereof as may be necessary is hereby made available from the Contingent Fund of the Assembly for the expenses of the Assembly Interim Committee on Finance and Insurance (created by House Resolution No. 239, 1949 Regular Session) and its members, and for any charges, expenses, or claims it may incur under said resolution or under House Resolution No. 23, 1950, First Extraordinary Session, to be paid from said Contingent Fund and disbursed after certification by the chairman of the committee, upon warrants drawn by the State Controller on the State Treasurer.

Resolution read, and ordered referred to the Committee on Rules.

By Messrs. Weber, Cloyed, Gaffney, Hagen, Hansen, Lewis, Lincoln, Lindsay, and Yorty :

**House Resolution No. 28**

Relative to augmenting the funds of the Assembly Interim Committee on Conservation, Planning, and Public Works

WHEREAS, The Assembly Interim Committee on Conservation, Planning, and Public Works has held extensive public hearings throughout the State, taking testimony and information with reference to public works requirements of local agencies of government; and

WHEREAS, The hearings and investigations of the committee have become so extensive that it would be impossible to complete the work in accordance with legislative instructions with funds available; now, therefore, be it

*Resolved by the Assembly of the State of California*, That in addition to any money heretofore made available, the sum of twenty-four thousand dollars (\$24,000) or so much thereof as may be necessary, is hereby made available from the Contingent Fund of the Assembly for the expenses of the Assembly Interim Committee on Conservation, Planning, and Public Works (created by House Resolution No. 212, 1949 General Session) and its members and for any charges, expenses or claims it may incur under said resolution, to be paid from said Contingent Fund and disbursed after certification by the chairman of the committee, upon warrants drawn by the State Controller on the State Treasurer; and be it further

*Resolved*, That the committee be hereby instructed to submit its preliminary report and legislative recommendations not later than January 15, 1951, and its final report containing the public works inventory of the entire State not later than March 31, 1951.

Resolution read, and ordered referred to the Committee on Rules.

**INTRODUCTION, FIRST READING, AND REFERENCE OF  
ASSEMBLY BILLS (RESUMED)**

The following bills were introduced, and read the first time :

**Assembly Concurrent Resolution No. 15:** By Mr. Maloney—Relative to congratulating the Department of Public Works upon the Centennial Edition of its magazine and commending its Editor Kenneth Adams.

Referred to Committee on Rules.

**Assembly Concurrent Resolution No. 16:** By Messrs. Levering, Beck, and Morris—Relative to oaths of allegiance.

Referred to Committee on Rules.

**Assembly Bill No. 72:** By Mr. Brown—An act to amend Section 1714.5 of the Civil Code, relating to liability of one who owns or maintains any building or premises designated as a shelter from enemy attacks.

Referred to Committee on Judiciary.

**Assembly Bill No. 73:** By Mr. Brown—An act to amend Sections 403.5 and 765 of the Vehicle Code, relating to violations of the Vehicle Code in order to comply with regulations promulgated under Civil Defense Act of 1950, or the California Disaster Act.

Referred to Committee on Judiciary.

**Assembly Bill No. 74:** By Mr. Brown—An act to amend and renumber Section 1714.5 of the Civil Code, relating to negligence as a matter of law, and defenses for acts or omissions in complying with orders or proclamations of military and civil authorities.

Referred to Committee on Judiciary.

**ANNOUNCEMENTS**

Speaker Sam L. Collins announced that a Republican Caucus will be held in his office upon recess, today.

Mr. Beck announced that a luncheon, and Democratic Caucus, will be held today, at 12.30 p.m., at the Hotel Sacramento.

**MOTION TO APPROVE JOURNALS**

Upon motion of Mr. Dickey, the Assembly Journals for Wednesday, September 20, 1950; Thursday, September 21, 1950; Friday, September 22, 1950; and Saturday, September 23, 1950; were approved as corrected by the Minute Clerk.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 23, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Concurrent Resolution No. 6  
Senate Concurrent Resolution No. 7

J. A. BECK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

**FIRST READING AND REFERENCE OF SENATE BILLS**

The following resolutions were read:

**Senate Concurrent Resolution No. 6**—Relative to approving amendments to the charter of the City of Santa Rosa, a municipal corporation in the County of Sonoma, State of California, voted for and ratified by the qualified electors of said city at a special municipal election held therein on the eleventh day of April, 1950.

Referred to Committee on Rules.

**Senate Concurrent Resolution No. 7**—Relative to approving an amendment to the charter of the City of Napa, a municipal corporation in the County of Napa, State of California, voted for and ratified by the qualified electors of said city at a special municipal election held therein on the first day of May, 1950.

Referred to Committee on Rules.

**RE-REFERENCE OF BILLS**

By order of the Speaker, the following bill was re-referred as follows:  
Senate Bill No. 35 re-referred to the Committee on Education.

**RECESS**

At 11.56 a.m., on motion of Mr. Dickey, the Assembly recessed until 3 p.m.

**REASSEMBLED**

At 3 p.m., the Assembly reconvened.

Hon. Sam L. Collins, Speaker of the Assembly, presiding.  
Chief Clerk Arthur A. Ohnimus at the desk.

**INTRODUCTION, FIRST READING, AND REFERENCE OF  
ASSEMBLY BILLS (RESUMED)**

The following resolution was offered :

**Assembly Concurrent Resolution No. 17:** By Messrs. Davis and Clarke—Relative to adjournment in respect to the memory of former Assemblyman A. J. Mathews.

**Request for Unanimous Consent**

Mr. Davis asked for, and was granted, unanimous consent to take up Assembly Concurrent Resolution No. 17, at this time, without reference to committee, print, or file, and that the same be considered engrossed.

**CONSIDERATION OF ASSEMBLY CONCURRENT RESOLUTION NO. 17**

**Assembly Concurrent Resolution No. 17**—Relative to adjournment in respect to the memory of former Assemblyman A. J. Mathews. Resolution read, and adopted unanimously by a rising vote. Resolution ordered printed, and transmitted to the Senate.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 25, 1950

MR. SPLAKER. I am directed to inform your honorable body that the Senate on this day adopted :

Assembly Concurrent Resolution No. 1  
Assembly Concurrent Resolution No. 6  
Assembly Concurrent Resolution No. 8

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

Above resolutions ordered enrolled.

**REPORTS OF STANDING COMMITTEES****Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:  
Assembly Joint Resolution No. 3

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported resolution ordered on file for adoption.

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:  
Assembly Concurrent Resolution No. 11

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported resolution ordered on file for adoption.

**Committee on Social Welfare**

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Social Welfare, to which was referred:  
Assembly Bill No. 56

Has had the same under consideration, and reports the same back with amendments with the recommendation: Amend, and do pass, as amended.

NIEHOUSE, Chairman

Above reported bill ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS  
(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 56**—An act to add Chapter 8, comprising Sections 13775 to 13781, inclusive, to Part 3, Division 3, Title 2 of the Government Code, relating to social security coverage for state and local public employees, declaring the urgency thereof, to take effect immediately.

Bill read second time.

**Consideration of Committee Amendments**

The following amendments were proposed by the Committee on Social Welfare:

**Amendment No. 1**

In lines 3 and 4 of the title of the printed bill, strike out "state and local public employees", and insert "employees of public agencies".

**Amendment No. 2**

On page 1 of said bill, strike out lines 8 to 11, inclusive, and insert  
"(a) "Public agency" means any city, county, city and county, district, municipal or public corporation or any instrumentality thereof, the employees of which constitute a coverage group."

Amendments read, and adopted.

Bill ordered reprinted, and re-engrossed.

**Motion to Place Rush Order on Printing of Assembly Bill No. 56**

Mrs. Niehouse moved that a rush order be placed upon the printing of Assembly Bill No. 56.

Motion carried.

**INTRODUCTION, FIRST READING, AND REFERENCE OF  
ASSEMBLY BILLS (RESUMED)**

The following bill was introduced, and read the first time:

**Assembly Bill No. 75:** By Messrs. Beck, Babbage, and Smith—  
An act relating to the registration of members of Communist organizations and regulating the activities of registrants.

Referred to Committee on Governmental Efficiency and Economy.

**REPORTS OF STANDING COMMITTEES**

**Committee on Governmental Efficiency and Economy**

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Governmental Efficiency and Economy, to which was referred:

Assembly Bill No. 65

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

STEWART, Chairman

Above reported bill ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 65**—An act to add Section 5050.2 to the Education Code, relating to elections upon acceptance, expenditure, and repayment of school building apportionments, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.



### RESOLUTIONS

The following resolution was offered :

By Messrs. Hahn, Morris, Burke, Crowley, Beck, Anderson, Babbage, Bennett, Berry, Brady, Brown, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Sam L. Collins, Condon, Connolly, Conrad, Cooke, Davis, Diekey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Moss, Mrs. Niehouse, Messrs Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty :

#### House Resolution No. 29

Relative to requesting the President of the United States to set aside a day of prayer for the Nation

WHEREAS, The Legislature of the State of California has been convened in special session due to the disturbed conditions of the world ; and

WHEREAS, This Nation considers Freedom of Religion as one of the bulwarks of its Constitution ; and

WHEREAS, There exist nations in the world opposed to our Christian way of life, and

WHEREAS, The Founding Fathers and great leaders of this Nation have realized the need of prayer ; and

WHEREAS, This great Nation can be guided and helped by prayer ; now, therefore, be it

*Resolved by the Assembly of the State of California*, That this Assembly respectfully requests the President of the United States to set aside a day of prayer for Divine guidance in this troubled world ; and be it further

*Resolved*, That the Chief Clerk of the Assembly is directed to transmit a copy of this resolution to the President of the United States, and to the Governor of each state.

#### Request for Unanimous Consent

Mr. Hahn asked for, and was granted, unanimous consent to take up House Resolution No. 29, at this time, without reference to committee or file

Resolution read, and adopted.

### QUESTION OF PERSONAL PRIVILEGE

Mr. Beck arose to a question of personal privilege.

### REPORTS OF STANDING COMMITTEES

#### Committee on Governmental Efficiency and Economy

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Governmental Efficiency and Economy, to which was referred :

Assembly Bill No. 68

Has had the same under consideration, and reports the same back with the recommendation: Subject matter be re-referred to the Interim Subcommittee on Subversive Activities of the Judiciary Committee

STEWART, Chairman

Above reported bill ordered to the inactive file, and the subject matter ordered re-referred to the Subcommittee on Un-American Activities of the Interim Committee on Judicial System and Judicial Process.

**Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 5

And reports the same correctly re-engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 22

Assembly Bill No. 64

Assembly Bill No. 63

Assembly Bill No. 65

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Assembly Bill No. 22 ordered re-referred to the Committee on Education.

Balance of above reported bills ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 11

And reports the same correctly re-engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

**Committee on Ways and Means**

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Ways and Means, to which were referred:

Assembly Bill No. 63

Assembly Bill No. 64

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

SHERWIN, Chairman

Above reported bills ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)****Assembly Bill No. 63**—An act relating to institutions under the control of the Department of Mental Hygiene, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 64**—An act relating to institutions under the control of the Department of Mental Hygiene and the use of money appropriated therefor, declaring the urgency of this act, to take effect immediately.

Bill read second time, and ordered engrossed.

**RESOLUTIONS**

The following resolution was offered:

By Mr. Maloney:

**House Resolution No. 30**

Relative to the preparation and printing of a Summary Digest

*Resolved by the Assembly of the State of California*, That the Legislative Counsel is directed to prepare a Summary Digest of statutes enacted and constitutional amendments proposed at the 1950 Third Extraordinary Session of the Legislature; and be it further

*Resolved*, That copies of the Summary Digest be mailed to all Members of the Legislature as soon as possible after the "bill-signing" period; and be it further

*Resolved*, That the Chief Clerk of the Assembly be authorized and directed to cause to be printed not to exceed 2,000 copies of the Summary Digest, the cost thereof to be paid from the legislative printing appropriation.

Resolution read, and ordered referred to the Committee on Rules.

**Speaker pro Tempore Presiding**

At 3.18 p.m., Hon. Thomas A. Maloney, Speaker pro Tempore of the Assembly, presiding.

**CONSIDERATION OF DAILY FILE (RESUMED)**

**THIRD READING OF ASSEMBLY BILLS (RESUMED)**

**Assembly Bill No. 10**—An act making an appropriation for preparation of plans and specifications of an office building for the Department of Employment, to take effect immediately

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunkley, Hollibaugh, Kirkwood, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Moss, Niehouse, Porter, Price, Rumford, Sherwin, Silliman, Smith, Stanley, Thomas, Thompson, Waters, Weber, and Yorty—62

**NOES**—Geddes, Reagan, and Tomlinson—3.

The roll was called, and the bill passed by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunkley, Hollibaugh, Kirkwood, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Moss, Niehouse, Porter, Price, Rumford, Sherwin, Silliman, Smith, Stanley, Thomas, Thompson, Waters, Weber, and Yorty—62.

**NOES**—Geddes, Reagan, and Tomlinson—3.

Bill ordered transmitted to the Senate.

**RESOLUTIONS**

The following resolution was offered:

By Messrs. McCollister and Maloney:

**House Resolution No. 31**—Relative to commending the Honorable Ernest C. Crowley.

Resolution read.

**Request for Unanimous Consent That Names of All Members Present Be Placed Upon House Resolution No. 31**

Mr. McCollister asked for, and was granted, unanimous consent that the names of all members present be placed upon House Resolution No. 31, as co-authors.

By Messrs. McCollister, Maloney, Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Sam L. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Davis, Dickey, Dills, Dolwig,

Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, McCarthy, McMillan, Meyers, Morris, Moss, Mrs. Niehouse, Messrs. Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty.

#### House Resolution No. 31

Relative to commending the Honorable Ernest C. Crowley

WHEREAS, The Honorable Ernest C. Crowley, Assemblyman from the Fifth District, was elected to the California State Assembly in 1928, and has been re-elected consistently every two years; and

WHEREAS, The Honorable Ernest C. Crowley during his term of office in the California State Assembly has won the admiration and confidence of all of the Members of the Legislature; and

WHEREAS, The Honorable Ernest C. Crowley has been very active in many fields of legislative endeavor, including legislation relating to veterans' welfare, and

WHEREAS, The Honorable Ernest C. Crowley was awarded the Distinguished Citizens' Award by the Disabled American Veterans on September 22, 1950; now, therefore, be it

*Resolved*, That the Members of the California State Legislature hereby commend the Honorable Ernest C. Crowley for his legislative efforts on behalf of veterans, and be it further

*Resolved*, That a suitably prepared copy of this resolution be forwarded to the Honorable Ernest C. Crowley.

#### Request for Unanimous Consent

Mr. McCollister asked for, and was granted, unanimous consent to take up House Resolution No. 31, at this time, without reference to committee or file.

Resolution read, and adopted unanimously by a rising vote.

#### INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS (RESUMED)

The following resolution was offered:

**Assembly Concurrent Resolution No. 18:** By Mr. Dickey—Relative to adjournment sine die of the 1950 Third Extraordinary Session of the Legislature of the State of California.

#### Request for Unanimous Consent

Mr. Dickey asked for, and was granted, unanimous consent to take up Assembly Concurrent Resolution No. 18, at this time, without reference to committee, print, or file, and that the same be considered engrossed.

#### CONSIDERATION OF ASSEMBLY CONCURRENT RESOLUTION NO. 18

**Assembly Concurrent Resolution No. 18**—Relative to adjournment sine die of the 1950 Third Extraordinary Session of the Legislature of the State of California.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, and Yorty—65.

NOES—None.

Resolution ordered printed, and transmitted to the Senate.

INTRODUCTION, FIRST READING, AND REFERENCE OF  
ASSEMBLY BILLS (RESUMED)

The following resolution was offered:

**Assembly Concurrent Resolution No. 19:** By Mr. Lindsay—Relative to recess of the 1950 Third Extra Session of the Legislature of the State of California and the temporary transfer of the State Capitol.

Referred to Committee on Rules.

CONSIDERATION OF DAILY FILE (RESUMED)  
THIRD READING OF ASSEMBLY BILLS (RESUMED)

**Assembly Bill No. 47**—An act to add Section 29 to the Education Code, relating to the definition of the word "war" as used in said code.  
Bill read third time.

Urgency Clause

Urgency clause read, and adopted by the following vote:

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Sillman, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—65.

NOES—None.

The roll was called, and the bill passed by the following vote:

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Sillman, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—65.

NOES—None.

Bill ordered transmitted to the Senate

**Assembly Bill No. 48**—An act to add Section 18 to the Military and Veterans Code, relating to the definition of the word "war."

Bill read third time.

Urgency Clause

Urgency clause read, and adopted by the following vote:

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Sillman, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—65.

NOES—None.

The roll was called, and the bill passed by the following vote:

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley,

Hollibaugh, Kirkwood, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—65.

NOES—None.

Bill ordered transmitted to the Senate.

**Assembly Bill No. 49**—An act to amend Section 14702 of the Education Code, relating to members in the armed service.

Bill read third time.

The roll was called, and the bill passed by the following vote:

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—65.

NOES—None.

#### Motion to Amend Title

Mr. Beck moved the adoption of the following amendment to the title:

#### Amendment No. 1

In line 2 of the title of the printed bill, after "members", insert "of school district retirement systems".

Amendment read, and adopted

Bill ordered transmitted to the Senate.

**Assembly Bill No. 52**—An act to add Sections 1502.5, 1503, 1508 and 1509, Article 2 5, comprising Sections 1518 to 1518.3, inclusive, and Article 4.5, comprising Sections 1535 to 1535 6, inclusive, to Chapter 1 of Division 7 of the Military and Veterans Code, relating to civil defense, and declaring the urgency thereof, to take effect immediately.

Bill read third time.

#### Urgency Clause

Urgency clause read.

Assembly Bill No. 52 ordered temporarily passed on file.

#### REQUEST FOR UNANIMOUS CONSENT TO TAKE UP ASSEMBLY BILL NO. 5

Mr. Thompson asked for, and was granted, unanimous consent that he be permitted to take up Assembly Bill No. 5, temporarily passed on file, out of order, at this time.

#### CONSIDERATION OF ASSEMBLY BILL NO. 5

**Assembly Bill No. 5**—An act to add Section 12006 to the Health and Safety Code, relating to the purchase and possession of explosives, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote :

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Cloyed, Coats, Collier, George D Collins, Connolly, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Holibaugh, Kirkwood, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Silliman, Smith, Stanley, Thomas, Thompson, Weber, and Yorty—64.

**NOES**—None.

The roll was called, and the bill passed by the following vote :

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Cloyed, Coats, Collier, George D Collins, Connolly, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Holibaugh, Kirkwood, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Silliman, Smith, Stanley, Thomas, Thompson, Weber, and Yorty—64.

**NOES**—None.

Bill ordered transmitted to the Senate.

**REPORTS OF STANDING COMMITTEES**

**Committee on Rules**

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

**MR. SPEAKER** : Your Committee on Rules, to which were referred :

Assembly Concurrent Resolution No. 13

Assembly Concurrent Resolution No. 14

Has had the same under consideration, and reports the same back with the recommendation : Be adopted.

**DICKEY**, Chairman

Above reported resolutions ordered engrossed.

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

**MR. SPEAKER** : Your Committee on Rules, to which were referred :

Senate Concurrent Resolution No. 6

Senate Concurrent Resolution No. 7

Has had the same under consideration, and reports the same back with the recommendation : Be adopted.

**DICKEY**, Chairman

Above reported resolutions ordered on file for adoption.

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

**MR. SPEAKER** : Your Committee on Rules, to which was referred :

Assembly Joint Resolution No. 2

Has had the same under consideration, and reports the same back with the recommendation : Be adopted.

**DICKEY**, Chairman

Above reported resolution ordered engrossed.

**Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

**MR. SPEAKER** : Your Committee on Legislative Procedure has examined :

Assembly Concurrent Resolution No. 14

And reports the same correctly engrossed.

**GRUNSKY**, Vice Chairman

Above reported resolution ordered on file for adoption.

**RESOLUTIONS**

The following resolution was offered :

By Mr. Dickey :

**House Resolution No. 32**

Commending Art Larsen on his success in the United States Hardcourt Championship Tennis Meet

WHEREAS, Art Larsen of San Leandro, California, is National Singles Tennis Champion ; and

WHEREAS, On September 20, 1950, Art Larsen met Bill Hoogs, Singles Tennis Champion of Berkeley, California, in a hard-fought match in the United States Hardcourt Championships at the Berkeley Tennis Club, in which Mr. Larsen emerged victorious 4-4, 9-8, 10-8, 6-3 ; and

WHEREAS, Art Larsen, laboring under the disadvantage in the said match of being full of civic oratory, turkey, and green peas following a San Francisco luncheon and parade in his honor and being burdened by a new mustache of gigantic proportions, came from behind in the first set to defeat the redoubtable Mr. Hoogs ; now, therefore, be it

*Resolved by the Assembly of the State of California*, That Mr. Art Larsen is hereby congratulated and commended by this Assembly for his outstanding performance in the United States Hardcourt Championships at the Berkeley Tennis Club on Wednesday, September 20, 1950 ; and, be it further

*Resolved*, That the Chief Clerk of the Assembly be, and he is hereby instructed, to transmit a copy of this resolution to Mr. Art Larsen.

Resolution read, and ordered referred to the Committee on Rules.

**QUESTION OF PERSONAL PRIVILEGE**

Mr. Doyle arose to a question of personal privilege.

**CONSIDERATION OF DAILY FILE (RESUMED)****THIRD READING OF ASSEMBLY BILLS (RESUMED)**

**Assembly Joint Resolution No. 1**—Relating to memorializing the President and Congress of the United States in respect to residential construction.

Resolution read.

The roll was called, and the resolution adopted by the following vote :

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Cloyed, Coats, Collier, George D. Collins, Connolly, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleurv, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Lewis, Lincoln, Lindsay, Lipcomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Silliman, Smith, Stanley, Thomas, Thompson, Weber, and Yorty—64.

**NOES**—None.

Resolution ordered transmitted to the Senate.

**THIRD READING OF SENATE BILLS (RESUMED)**

**Senate Bill No. 31**—An act to add Section 5051.1 to Chapter 1.6 of Division 3 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote :

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans,



Fletcher, Fleury, Gaffney, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—69.

NOES—None.

The roll was called, and the bill passed by the following vote :

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—69.

NOES—None.

Bill ordered transmitted to the Senate.

**Senate Bill No. 32**—An act to amend Sections 5103 and 5107 of, and to add Section 5105.1 to, the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read third time.

#### Urgency Clause

Urgency clause read, and adopted by the following vote :

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—69.

NOES—None.

The roll was called, and the bill passed by the following vote :

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—69.

NOES—None.

Bill ordered transmitted to the Senate.

**Senate Bill No. 34**—An act to add Section 5048.1 to the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read third time.

#### Urgency Clause

Urgency clause read.

**Demand for Previous Question**

Messrs. Kirkwood, Burke, Stanley, Silliman, and Hansen demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of the urgency clause.

The roll was called, and the urgency clause adopted by the following vote:

**AYES**—Anderson, Babbage, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Caldecott, Clarke, Cloyed, Coats, Collier, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Luckel, Maloney, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Silliman, Stanley, Stewart, Thompson, Tomlinson, Weber, Yorty, and Mr. Speaker—60.

**NOES**—Butters, Davis, Lowrey, McCarthy, Reagan, Smith, and Thomas—7.

The roll was called, and the bill passed by the following vote:

**AYES**—Anderson, Babbage, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Caldecott, Clarke, Cloyed, Coats, Collier, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Luckel, Maloney, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Silliman, Stanley, Stewart, Thompson, Tomlinson, Waters, Weber, and Yorty—60.

**NOES**—Butters, McCarthy, Reagan, Smith, and Thomas—5.

Bill ordered transmitted to the Senate.

**REPORTS OF STANDING COMMITTEES****Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

**MR. SPEAKER:** Your Committee on Legislative Procedure has examined:

Assembly Concurrent Resolution No. 13

And reports the same correctly engrossed.

**GRUNSKY, Vice Chairman**

Above reported resolution ordered on file for adoption.

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

**MR. SPEAKER:** Your Committee on Legislative Procedure has examined:

Assembly Joint Resolution No. 2

And reports the same correctly engrossed.

**GRUNSKY, Vice Chairman**

Above reported resolution ordered on file for adoption.

**ANNOUNCEMENT**

Speaker Sam L. Collins announced that the gift of oranges distributed to the members today were sent by Mr. Bill Yaeger of Fullerton, California.

**CONSIDERATION OF DAILY FILE (RESUMED)****THIRD READING OF SENATE BILLS (RESUMED)**

**Senate Bill No. 10**—An act to amend Sections 4353 and 3211.92 of the Labor Code, relating to disaster service workers, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Anderson, Babbage, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Connolly, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—67.

**NOES**—None.

The roll was called, and the bill passed by the following vote:

**AYES**—Anderson, Babbage, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Connolly, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—67.

**NOES**—None.

Bill ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT THAT COPIES OF LETTERS  
BE PRINTED IN JOURNAL FOLLOWING ROLL CALL ON  
SENATE BILL NO. 10**

Mr. Geddes asked for, and was granted, unanimous consent that the following copies of letters be ordered printed in the Journal:

**COPIES OF LETTERS TO MR. GEDDES**

**Copy of Letter From Legislative Counsel to Mr. Geddes**

September 24, 1950

**COMPENSATION OF DISASTER SERVICE WORKER—No. 2587**

*Question*

You have asked whether a state employee who is covered by the workmen's compensation provisions of the Labor Code and is injured while serving without the State as a disaster service worker will receive the compensation to which he is entitled as a state employee or as a disaster service worker.

*Opinion*

In our opinion a state employee as well as any other natural person who is a "disaster service worker" as defined in Labor Code Sec 3211.92 is entitled only to the limited compensation provided for disaster service workers in the event of a compensable injury.

However, a state employee acting as such, in a state of extreme emergency is entitled to full workmen's compensation benefits.

*Analysis*

With exceptions not here pertinent a "disaster service worker" is defined as any natural person who is registered with a disaster council for the purpose of engaging in disaster service pursuant to the California Disaster Act without pay or other consideration (Labor Code, Section 3911.92; Military and Veterans Code, Section 1599). A "disaster council" is one certified by the State Disaster Council as one conforming with its rules and regulations (Labor Code, Section 3211.91).

Counties, cities and counties are authorized to create disaster councils (Military and Veterans Code, Section 1571).

It is a person registered with such a local disaster council as a volunteer worker who is entitled only to the limited benefits provided by Chapter 10 5 of Part 1 of Division 4 of the Labor Code. A state employee as well as any other person so registered who is injured under the circumstances prescribed by Labor Code, Section 4353 is governed by that chapter.

On the other hand, the California Disaster Act (Military and Veterans Code, Division 7, Chapter 1) contemplates that employees of the State and various of its agencies shall be used in the event of a state of extreme emergency as defined in the

chapter. (See, for example, Sections 1514, 1540, 1563, 1581, and 1584). When so used by virtue of their status as state employees they are acting within the course and scope of their employments and, in the event of injury, are entitled to compensation as state employees.

The fact that the injury occurs outside the State is immaterial so long as the employee is otherwise entitled to compensation.

Very truly yours,

(Signed)

RALPH N. KLEPS, Legislative Counsel  
By W. E. PRINGLE, Deputy

**Copy of a Further Letter From Legislative Counsel to Mr. Geddes**

September 25, 1950

**APPROPRIATIONS FOR WORKMEN'S COMPENSATION FOR CIVILIAN DEFENSE WORKERS  
No. 2583**

You have asked whether there is any money left from the appropriation made by Chapter 920 of the Statutes of 1943 for providing workmen's compensation benefits for civilian defense workers or from subsequent appropriations made to augment that appropriation.

In 1943, Chapter 10 was added to Part 1 of Division 4 of the Labor Code to provide for workmen's compensation benefits for civilian defense workers and their dependents, and, at the same time, an appropriation of \$500,000 was made to the California State War Council to be expended by its adjusting agent, the State Compensation Insurance Fund, for this purpose and to reimburse the fund for its services (Chapter 920 of the Statutes of 1943).

In 1946, the unexpended balance of this appropriation was reapportioned to the California State Disaster Council for the same services as to disaster service workers and their dependents (Chapter 104 of the Statutes of 1946 (1st Ex. Sess.)). According to information received from the Controller, all the money which remained of this appropriation, \$21,962.24, reverted to the General Fund on March 7, 1950.

Since that time the following Budget Act appropriations have been made to augment these funds.

\$25,000 by Item 337 of the 1947 Budget Act (1947:486:1390).

\$25,000 by Item 383 of the 1948 Budget Act (1948:23:34).

\$25,000 by Item 388 of the 1949 Budget Act (1949:700:1207).

\$2,000 by Item 501 of the 1950 Budget Act (1950 (Reg. Sess.):2:255).

All of these appropriations, of course, are limited to the current fiscal year for which they were made, so that the only money still available is that which remains from the 1950 appropriation.

We have been advised by the State Controller that at the present time there is an unexpended balance of \$1,849.53 in the funds available from the 1950 appropriation.

It should be pointed out that money may be made available to augment these funds from the Emergency Fund created by Item 277 of the 1950 Budget Act.

(Signed)

RALPH N. KLEPS, Legislative Counsel  
By RAY H. WHITAKER, Deputy

**Copy of Letter From Legislative Auditor to Mr. Geddes**

September 25, 1950

The following is in response to your inquiry of September 23, 1950, as to an estimate of the cost of Senate Bill No. 10 relating to compensation for injuries to disaster service workers.

In order to arrive at an estimate of the amount of money which might be required for payment of compensation for injuries incurred in the course of serving as disaster service workers, Mr. Burton Washburn of the Disaster Council was able to furnish the following information.

During the last program under the former State War Council, a total of over 1,000,000 different people were at one time or another registered as disaster service workers. The highest active peak of such registrations was in 1943 and 1944, at which time there were approximately 726,000 active registered workers. According to Mr. Washburn's best recollections, since 1945 there were only 11 claims filed for compensable injuries. Only five or six of these claims were actually honored by payment in the amount of a total of approximately \$7,000.

Under the present program for civilian defense, the Federal Government contemplates a total of 15,000,000 trained civilian defense workers in the United States. Washburn states that the Red Cross in California is striving to achieve a total of 1,500,000 first aid workers, the bulk of whom would become eligible under the disaster service program. For the immediately foreseeable future, Mr. Washburn estimates that perhaps between one million and one and a half million people will be recruited under the disaster service program.

It appears obvious from the experience under the last program that the total number of claims filed in relationship to the total peak load of workers was exceptionally small, being in the ratio of only 11 claims against the peak of 726,000 workers.

Similarly by virtue of past experience only about 50 percent of these claims that were actually filed were actually honored for a total of \$7,000, or approximately 1 percent in dollars as against the total number of workers. It must also be borne in mind, however, that the United States did not incur any direct civilian injuries or deaths from continental attack by an enemy. This cannot be assumed to be likely of repetition in the event of war with Russia.

Further information was secured from Mr. Don Gallagher of the Compensation Insurance Fund in San Francisco. Mr. Gallagher advised that it could reasonably be expected that as the program develops and more people become aware of the fact that they are entitled to benefits for injuries received, that this factor alone will result in some increase in the claims filed, and, accordingly, in the number of claims eventually paid. Mr. Gallagher will attempt to verify Mr. Washburn's figures and will advise this office by telephone as soon as the information is available. Mr. Washburn indicated that the sum of \$100,000, if presently set aside, would be much more than ample protection between now and the time the Legislature again convenes in January.

Further information will be forwarded upon receipt from Mr. Don Gallagher.

Sincerely yours,  
(Signed)

A. ALAN POST  
Legislative Auditor

### CONSIDERATION OF DAILY FILE (RESUMED)

#### THIRD READING OF SENATE BILLS (RESUMED)

**Senate Bill No. 1**—An act to add Section 1582 to the Military and Veterans Code, relating to interstate preparedness for disasters, declaring the urgency thereof, to take effect immediately.

Bill read third time.

#### Urgency Clause

Urgency clause read, and adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Connolly, Cooke, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunkley, Hollibaugh, Kirkwood, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—66.

**NOES**—None.

The roll was called, and the bill passed by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Connolly, Cooke, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunkley, Hollibaugh, Kirkwood, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—66.

**NOES**—None.

Bill ordered transmitted to the Senate.

**Senate Bill No. 27**—An act to amend Section 699.5 of the Military and Veterans Code, and to ratify actions of the Department of Veterans Affairs, relating to assistance to veterans and their dependents.

Bill read third time.

The roll was called, and the bill passed by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Connolly, Cooke, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunkley, Hollibaugh, Kirkwood, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney,

McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Sillman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—66.  
NOES—None.

Bill ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP ASSEMBLY  
CONCURRENT RESOLUTION NO. 13**

Mr. Grant asked for, and was granted, unanimous consent that he be permitted to take up Assembly Concurrent Resolution No. 13, out of order, at this time.

**CONSIDERATION OF ASSEMBLY CONCURRENT RESOLUTION NO. 13**

**Assembly Concurrent Resolution No. 13**—Approving certain amendments to the charter of the City of Long Beach, State of California, ratified by the qualified electors of said city at a special municipal election held therein on the sixth day of June, 1950.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Cooke, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Sillman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—66.

NOES—None.

Resolution ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP FURTHER  
CONSIDERATION OF ASSEMBLY BILL NO. 11**

Mr. Sherwin asked for, and was granted, unanimous consent that he be permitted to take up further consideration of Assembly Bill No. 11, at this time.

**CONSIDERATION OF ASSEMBLY BILL NO. 11**

**Assembly Bill No. 11**—An act making an appropriation to the Attorney General to be expended during the 1950-51 Fiscal Year, to take effect immediately.

Bill read third time.

The roll was called, and the bill passed by the following vote:

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Cooke, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Sillman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—66.

NOES—None.

Bill ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP ASSEMBLY  
CONCURRENT RESOLUTION NO. 11**

Mr. Babbage asked for, and was granted, unanimous consent that he be permitted to take up Assembly Concurrent Resolution No. 11, out of order, at this time.

**CONSIDERATION OF ASSEMBLY CONCURRENT RESOLUTION NO. 11**

**Assembly Concurrent Resolution No. 11**—Relative to domestic espionage, sabotage, subversive activities and related matters.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Cooke, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunkley, Hollibaugh, Kirkwood, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—66.

**NOES**—None.

Resolution ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP ASSEMBLY  
CONCURRENT RESOLUTION NO. 14**

Mr. Hawkins asked for, and was granted, unanimous consent that he be permitted to take up Assembly Concurrent Resolution No. 14, out of order, at this time.

**CONSIDERATION OF ASSEMBLY CONCURRENT RESOLUTION NO. 14**

**Assembly Concurrent Resolution No. 14**—Relative to the award of the Nobel Peace Prize to Dr. Ralph J. Bunche.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunkley, Hollibaugh, Kirkwood, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—69.

**NOES**—None.

Resolution ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP ASSEMBLY  
JOINT RESOLUTION NO. 3**

Mr. McCollister asked for, and was granted, unanimous consent that he be permitted to take up Assembly Joint Resolution No. 3, out of order, at this time.

**CONSIDERATION OF ASSEMBLY JOINT RESOLUTION NO. 3**

**Assembly Joint Resolution No. 3**—Relating to the drafting of peace officers and police personnel for military service.

Resolution read.

The roll was called, and the resolution refused adoption by the following vote:

**AYES**—Babbage, Cloyed, Dickey, Dolwig, Doyle, Hahn, Hansen, Hollibaugh, Lipscomb, Luckel, McCollister, Morris, Niehouse, Smith, and Stanley—15

**NOES**—Berry, Burke, Burkhalter, Butters, Collier, Connolly, Cooke, Dunn, Gaffney, Geddes, Grunsky, Hinckley, Lewis, Lindsay, Lowrey, Maloney, McCarthy, Reagan, Sherwin, Stewart, and Thompson—21.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP SENATE  
CONCURRENT RESOLUTION NO. 6**

Mr. McCollister asked for, and was granted, unanimous consent that he be permitted to take up Senate Concurrent Resolution No. 6, out of order, at this time.

**CONSIDERATION OF SENATE CONCURRENT RESOLUTION NO. 6**

**Senate Concurrent Resolution No. 6**—Relative to approving amendments to the charter of the City of Santa Rosa, a municipal corporation in the County of Sonoma, State of California, voted for and ratified by the qualified electors of said city at a special municipal election held therein on the eleventh day of April, 1950.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Cloyed, Collier, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Doyle, Dunn, Elliott, Erwin, Fletcher, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, and Yorty—61.

**NOES**—None.

Resolution ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP SENATE  
CONCURRENT RESOLUTION NO. 7**

Mr. Crowley asked for, and was granted, unanimous consent that he be permitted to take up Senate Concurrent Resolution No. 7, out of order, at this time.

**CONSIDERATION OF SENATE CONCURRENT RESOLUTION NO. 7**

**Senate Concurrent Resolution No. 7**—Relative to approving an amendment to the charter of the City of Napa, a municipal corporation in the County of Napa, State of California, voted for and ratified by the qualified electors of said city at a special municipal election held therein on the first day of May, 1950.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Cloyed, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher,



Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Sillman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—67.  
 NOES—None.

Resolution ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP ASSEMBLY  
 JOINT RESOLUTION NO. 2**

Mr. Dunn asked for, and was granted, unanimous consent that he be permitted to take up Assembly Joint Resolution No. 2, out of order, at this time.

**CONSIDERATION OF ASSEMBLY JOINT RESOLUTION NO. 2**

**Assembly Joint Resolution No. 2**—Relative to the priority of schools under federal allocation program affecting construction.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

AYES—Anderson, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Coats, Collier, George D. Collins, Connolly, Cooke, Crowley, Davis, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Kirkwood, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Weber, Yorty, and Mr. Speaker—59  
 NOES—None.

Resolution ordered transmitted to the Senate.

**COMMUNICATIONS**

By Speaker Sam L. Collins:

The following telegram was received, read, and ordered printed in the Journal:

LOS ANGELES, CALIFORNIA, September 25, 1950

*Hon. Sam L. Collins, Speaker of the Assembly  
 State Capitol, Sacramento, California*

Urge that projected civil defense legislation include flat prohibition against any form of discrimination in civil defense organization. This will insure full participation of all groups of our people in our disaster defense setup and will eliminate any possibility of civil defense becoming partisan political machine.

Sincerely,

JAMES ROOSEVELT  
 Democratic Nominee for Governor

**CONSIDERATION OF DAILY FILE (RESUMED)  
 THIRD READING OF ASSEMBLY BILLS (RESUMED)**

**Assembly Bill No. 52**—An act to add Sections 1502.5, 1503, 1508, and 1509, Article 2.5, comprising Sections 1518 to 1518.3, inclusive, and Article 4.5, comprising Sections 1535 to 1535.6, inclusive, to Chapter 1 of Division 7 of the Military and Veterans Code, relating to civil defense, and declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Motion to Amend**

Mr. George D. Collins moved the adoption of the following amendments:

**Amendment No. 1**

In line 5 of the title of the printed bill, after "code," insert "providing for the extension of a freeway,".

**Amendment No. 2**

On page 6, of said bill, after line 23, insert

"SEC. 11 The Department of Public Works is hereby directed to construct an extension of the freeway presently being constructed between San Francisco and South San Francisco, running from Geneva Avenue to South San Francisco. The intention of the Legislature for so directing this highway construction is to provide emergency exits southward from the City of San Francisco in the event of an extreme emergency"

Amendments read.

**Roll Call Demanded**

Messrs. George D. Collins, Elliott, and Anderson demanded a roll call.

The roll was called, and the amendments offered by Mr. George D. Collins to Assembly Bill No. 52 refused adoption by the following vote:

AYES—Anderson, Berry, Brady, George D. Collins, Connolly, Crowley, Elliott, Fletcher, Gaffney, Hawkins, Lowrey, Maloney, McCarthy, Thomas, Weber, and Yorty—16

NOES—Babbage, Burke, Caldecott, Collier, Conrad, Dunn, Fleury, Geddes, Grunsky, Hahn, Hinckley, Kirkwood, Levering, Lincoln, Lindsay, Lipscomb, Luckel, McCollister, Morris, Moss, Niehouse, Reagan, Sherwin, Smith, Stanley, Stewart, and Thompson—27.

**Urgency Clause**

Urgency clause read.

**Speaker Presiding**

At 5.13 p.m., Hon. Sam L. Collins, Speaker of the Assembly, presiding.

**Demand for Previous Question**

Messrs. Hinckley, Grant, Morris, Silliman, and Connolly demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of the urgency clause to Assembly Bill No. 52.

The roll was called, and the urgency clause adopted by the following vote:

AYES—Anderson, Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—71.

NOES—None.

The roll was called, and the bill passed by the following vote:

AYES—Anderson, Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen,

Hawkins, Hinckley, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—71.

NOES—None.

Bill ordered transmitted to the Senate.

## REPORTS OF STANDING COMMITTEES

### Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

House Resolution No. 30

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKEY, Chairman

## CONSIDERATION OF HOUSE RESOLUTION NO. 30

By Mr. Maloney:

### House Resolution No. 30

Relative to the preparation and printing of a Summary Digest

*Resolved by the Assembly of the State of California*, That the Legislative Counsel is directed to prepare a Summary Digest of statutes enacted and constitutional amendments proposed at the 1950 Third Extraordinary Session of the Legislature; and be it further

*Resolved*, That copies of the Summary Digest be mailed to all Members of the Legislature as soon as possible after the "bill-signing" period; and be it further

*Resolved*, That the Chief Clerk of the Assembly be authorized and directed to cause to be printed not to exceed 2,000 copies of the Summary Digest, the cost thereof to be paid from the legislative printing appropriation.

Resolution read, and adopted.

## INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS (RESUMED)

The following resolutions were offered:

**Assembly Concurrent Resolution No. 20:** By Mr. Sam L. Collins—Relative to interpretation of Section 17.5 of the Budget Act of 1950.

Referred to Committee on Rules.

**Assembly Joint Resolution No. 4:** By Messrs. Dolwig, Cooke, Geddes, Hahn, Elliott, Lewis, Lipscomb, McCollister, Porter, Smith, and Yorty—Relative to memorializing the President and the Congress of the United States in respect to the welfare and recreational needs of servicemen training in California.

Referred to Committee on Rules.

## RESOLUTIONS

The following resolutions were offered:

By Mr. Yorty:

### House Resolution No. 33

Relative to expressing the appreciation of the people of the State of California to General of the Army Douglas MacArthur for his services

WHEREAS, In time of crisis a Nation must call as leaders men of high courage who have that discipline of mind and body which will place duty and service to their Country above all personal considerations; and

WHEREAS, Such a man is General of the Army Douglas MacArthur who, after a long and brilliant career of devoted service to the United States has been called upon by his Country and the United Nations, to once more, with the fervent patriotic zeal of his past undertakings, engage an enemy having the advantage of surprise and numerical superiority;

WHEREAS, His military genius in directing the United Nations forces in Korea has already wrested the initiative from the enemy and inspired American and Allied troops to perform their assigned tasks with unequalled heroism which has won them the respect of the world and the deep gratitude of all who cherish freedom;

WHEREAS, As Allied Supreme Commander in the Pacific he accepted the surrender of a vanquished enemy and, mindful that the victory was bought with the sacrifices of our dead and wounded, remained to occupy the land laid low by its commitment to war, pledging himself to the task of making it a democratic and peaceful nation;

WHEREAS, Combining his great military genius with governmental abilities proven adequate by years of successful administration at home and on foreign soil, General of the Army Douglas MacArthur won the respect, admiration, and trust of the people of the occupied nation for himself and for the United States; and

WHEREAS, General of the Army Douglas MacArthur has always, even in the heat of battle, shown concern for humane and just treatment of the enemy, teaching our way of life by example, proving the falsity of the propaganda which has incited a misguided people to risk the condemnation of the world, and to make war against their own people and the United Nations; now, therefore, be it

*Resolved by the Assembly of the State of California*, That this Assembly expresses the deep appreciation of the State of California and its citizens to General of the Army Douglas MacArthur for his long and brilliant career of outstanding and faithful service to the United States and its people in time of war, as well as in time of peace; and be it further

*Resolved*, That the Chief Clerk of the Assembly prepare and transmit a suitably engrossed copy of this resolution to General of the Army Douglas MacArthur, Supreme Commander of the forces of the United Nations.

#### Request for Unanimous Consent

Mr. Yorty asked for, and was granted, unanimous consent to take up House Resolution No. 33, at this time, without reference to committee or file.

Resolution read, and adopted unanimously.

By Mr. Waters:

#### House Resolution No. 34

Relative to purchasing copies of the 1950 Supplement to Witkin's Summary of California Law

*Resolved by the Assembly of the State of California*, That the Chief Clerk of the Assembly be and is hereby authorized and directed to purchase 81 copies of the 1950 Supplement to Witkin's Summary of California Law; and, be it further

*Resolved*, That the Chief Clerk of the Assembly be and is hereby directed to deliver one (1) copy of said supplement to each Member of the Assembly, and one set to the Chief Clerk of the Assembly; and be it further

*Resolved*, That the Controller be and he hereby is authorized and directed to draw his warrant on the Contingent Fund of the Assembly in favor of Sacramento Law Publishing Co. for an amount not to exceed one thousand three hundred dollars (\$1,300) in payment for the said supplements; and the State Treasurer to pay the same.

Resolution read, and ordered referred to the Committee on Rules.

By Mr. Maloney and Mrs. Niehouse:

#### House Resolution No. 35

WHEREAS, Assembly Bill No. 45 of this, the 1950 Third Extraordinary Session of the Legislature, proposes the establishment of a program of aid to the needy permanently and totally disabled in accordance with Title XIV of the Federal Social Security Act; and

WHEREAS, The Assembly Committee on Social Welfare after a full and complete hearing has found that the need for a program of the type proposed is widely recognized, and has been re-referred to the Assembly Committee on Ways and Means; and

WHEREAS, The Senate Welfare Committee has referred the bills to the Joint Legislative Budget Committee for the purpose of making a study; and

WHEREAS, It appears that through such a study much valuable information can be obtained which may vitally affect many of the important details of the proposed legislation; and

WHEREAS, It is important that the required information be obtained as quickly as possible in order that legislative consideration and the full activation of a state and federal plan on this important subject be made during the 1951 Regular Session; now, therefore, be it

*Resolved by the Assembly of the California Legislature*, That the Joint Legislative Budget Committee is hereby directed to complete a thorough study of the bills relating to a program of aid to the needy permanently and totally disabled as quickly as possible, and to file its report thereon with the Assembly Committee on Social Welfare and with the Legislature not later than March 10, 1951.

Resolution read, and ordered referred to the Committee on Rules.

By Messrs. Gaffney, George D. Collins, Maloney, Meyers, Berry, McCarthy, Connolly, and Brady:

#### House Resolution No. 36

Congratulating Bishop Merlin J. Guilfoyle on his elevation to the episcopacy

WHEREAS, His Excellency, the Most Reverend Merlin J. Guilfoyle was elevated to episcopal office and consecrated Titular Bishop of Bulla and Auxiliary Bishop of San Francisco at St. Mary's Cathedral in San Francisco, on Thursday, September 21, 1950; and

WHEREAS, Bishop Guilfoyle was born in San Francisco July 15, 1908; attended St. James School and thereafter began his studies for the priesthood at St. Joseph's College, Mountain View, and later St. Patrick's Seminary, at Menlo Park, and

WHEREAS, The new prelate was ordained in St. Mary's Cathedral, June 10, 1933, by the late Archbishop Edward J. Hanna, and so capably executed his priestly duties that he was designated as Domestic Prelate by Pope Pius XII; and

WHEREAS, The consecration of Bishop Guilfoyle climaxed an ecclesiastical career which has been marked by intellectual accomplishment and distinguished by proficiency in canon law; now, therefore, be it

*Resolved by the Assembly of the State of California*, That the Members of this Assembly congratulate Bishop Guilfoyle on his elevation to the episcopacy and wish him many rewarding years of episcopal effort; and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit a suitably prepared copy of this resolution to His Excellency, Bishop Merlin J. Guilfoyle.

Resolution read, and ordered referred to the Committee on Rules.

By Mr. Weber:

#### House Resolution No. 37

Relating to the protection of dams and similar public works from sabotage

WHEREAS, There have been constructed great dams impounding reservoirs containing immense bodies of water in the State of California; and

WHEREAS, There is a great danger of sabotage for the purpose of releasing these impounded waters to cause floods and destruction in vast areas of California; and

WHEREAS, The Federal Government and the State of California are both charged with the protection of human life and property and the security of such public works; now, therefore, be it

*Resolved by the Assembly of the State of California*, That the proper agencies of the State of California and of the United States Government provide that devices for the protection of such public works be constructed and that necessary armed guards and armaments be established and maintained for the necessary civil and military protection of dams located throughout the State; and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit copies of this resolution to the proper military and civil authorities, and to the Governor of the State of California.

Resolution read, and ordered referred to the Committee on Rules.

**ANNOUNCEMENT OF COMMITTEE MEETINGS**

It was announced that the following committees would hold meetings:

*Today—*

*At 2 p.m.—*

Rules.

Governmental Efficiency and Economy.

Elections and Reapportionment, Assembly Bill No. 69.

Social Welfare, Assembly Bills Nos. 50, 51, and 67.

Interim Committee on Governmental Reorganization.

*At 2.10 p.m.—*

Ways and Means.

*At 3 p.m.—*

Interim Committee on Aviation, in Room 426.

*At 8 p.m.—*

Ways and Means.

Education.

*At 8.30 p.m.—*

Industrial Relations, Assembly Bill No. 60.

*Upon adjournment—*

Interim Committee on Aviation, in Room 426.

Constitutional Amendments.

Rules.

*Tomorrow, Tuesday, September 26th—*

*At 8 a.m.—*

Breakfast meeting of Interim Committee on Governmental Reorganization.

*At 9 a.m.—*

Capitol Committee.

**GUESTS EXTENDED COURTESIES OF ASSEMBLY**

On request of Mr. Bennett, the usual courtesies of the Assembly for this day were unanimously extended to Mr. and Mrs. William Munnell of Los Angeles.

On request of Messrs. Burkhalter and Evans, the usual courtesies of the Assembly for this day were unanimously extended to Arin W. Klepinger, former Member of the Ohio Legislature, of Los Angeles.

On request of Mr. Davis, the usual courtesies of the Assembly for this day were unanimously extended to William I. Gunlock of Dunsmuir, former Member of the Assembly.

On request of Messrs. Moss and Fleury, the usual courtesies of the Assembly for this day were unanimously extended to Dr. Samuel E. Wood, Instructor, Sacramento State College, and the following pupils: Richard M. Rhodes, Nick A. Singares, James F. Byrne, Raymond D. Schulze, Edward P. Hardiman, Donald E. Twohey, Shirley C. Dittmar,

Philip A. Knight, Irl Bruce Robison, Earnest Lehr, Russell John Greene, Richard Boyd, Ronald L. Chathan, Richard E. Woodward, Charles D. Wood, John E. Tucker, and Jerry E. Beeler.

#### ADJOURNMENT

At 5.27 p.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Tuesday, September 26, 1950, out of respect to the memory of the late A. J. Mathews, former Assemblyman.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk





# CALIFORNIA LEGISLATURE

1950 THIRD EXTRAORDINARY SESSION

# ASSEMBLY DAILY JOURNAL

SIXTH LEGISLATIVE DAY

SEVENTH CALENDAR DAY

## IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO

Tuesday, September 26, 1950

The Assembly met at 10 a.m.

Hon. Thomas A. Maloney, Speaker pro Tempore of the Assembly, presiding.

Chief Clerk Arthur A. Ohnimus at the desk.

## ROLL CALL

The roll was called, and the following answered to their names:

Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—73.

## ANNOUNCEMENT

Speaker pro Tempore Maloney announced that the following members are now attending a meeting of the Joint Committee on Inter-House Cooperation and will be delayed, temporarily, outside of the Assembly Chamber; and, by unanimous consent, ordered their names placed upon the morning roll call: Messrs. Beck, Sam L. Collins, Dickey, McCarthy, and Smith.

Quorum present.

## PRAYER

The following prayer was offered by the Chaplain, Dr. Torrance Phelps:

*O God of Mankind* We pray this morning that the leaders of America and the world may have the wisdom and energy commensurate with the magnitude of passing events.

A wise leadership that does for our day the original and creative work that the giants of the past did for their critical eras.

Leaders in the states, who measure up to the needs of the hour and show that America has ability to master the issues of the day.

Let us behold the world waiting for a procession of greatness to lead us out of the turmoil.

May our representatives be statesmen who look to the future and not politicians who have eyes only on the next election.—AMEN.

#### READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Meyers, further reading of the Journal of the previous legislative day was dispensed with

#### LEAVES OF ABSENCE FOR THE DAY

The following members were granted leaves of absence for the day, because of illness :

Mr. Kilpatrick, on motion of Mr. Burkhalter.

Mr. Rosenthal, on motion of Mr. Cooke.

The following member was granted leave of absence for the day, because of legislative business elsewhere :

Mr. Lindsay, on motion of Mr. Cloyd.

The following member was granted leave of absence for the day, and desired to waive his per diem :

Mr. Huyek, on motion of Mr. Stanley.

#### REPORTS OF STANDING COMMITTEES

##### Committee on Constitutional Amendments

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Constitutional Amendments, to which was referred.

Assembly Constitutional Amendment No. 1

Has had the same under consideration, and reports the same back with the recommendation : Be adopted.

CROWLEY, Chairman

Above reported resolution ordered engrossed.

##### Committee on Education

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Education, to which was referred :

Senate Bill No. 35

Has had the same under consideration, and reports the same back with the recommendation : Do pass.

DUNN, Chairman

Above reported bill ordered to third reading.

##### Committee on Ways and Means

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Ways and Means, to which was referred :

Assembly Bill No. 66

Has had the same under consideration, and reports the same back with the recommendation : Do pass.

SHERWIN, Chairman

Above reported bill ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (BY UNANIMOUS CONSENT)**

**Assembly Bill No. 66**—An act relating to civil defense, making an appropriation to provide facilities, equipment and services essential to the civil defense of California, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

**REPORTS OF STANDING COMMITTEES**

**Committee on Industrial Relations**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Industrial Relations, to which was referred: Assembly Bill No. 60

Has had the same under consideration, and reports the same back with the recommendation: Do pass, as amended.

FLETCHER, Chairman

Above reported bill ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 60**—An act to increase production by providing for exemptions from various requirements, relating to employment and working conditions of female employees essential to the current defense program, declaring the urgency thereof, to take effect immediately.

Bill read second time.

**Consideration of Committee Amendments**

The following amendment was proposed by the Committee on Industrial Relations:

**Amendment No. 1**

On page 2, line 2, of the printed bill, after "law", insert "without a permit under this".

Amendment read, and adopted.

Bill ordered reprinted, and engrossed.

**REPORTS OF STANDING COMMITTEES**

**Committee on Education**

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Education, to which was referred.

Assembly Bill No. 70

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

DUNN, Chairman

Above reported bill ordered to second reading.

**SECOND READING OF ASSEMBLY BILLS (RESUMED)  
(BY UNANIMOUS CONSENT)**

**Assembly Bill No. 70**—An act to add Section 5047.6 to the Education Code and to amend Sections 5072 and 5073 of said code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered engrossed.

## MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day passed.

Senate Bill No. 6  
Senate Bill No. 8  
Senate Bill No. 9

Senate Bill No. 22  
Senate Bill No. 29  
Senate Bill No. 42

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

## FIRST READING AND REFERENCE OF SENATE BILLS

The following bills were read the first time:

**Senate Bill No. 6**—An act making an appropriation for the contingent expenses of the Senate, including committee expenses, to take effect immediately.

Bill ordered temporarily held at desk.

**Senate Bill No. 8**—An act to add Section 12006 to the Health and Safety Code, relating to the purchase and possession of explosives, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Judiciary.

**Senate Bill No. 9**—An act to repeal Section 15 of the Sabotage Prevention Act, relating to the protection of property and the prevention of, and punishment for, sabotage.

Referred to Committee on Judiciary.

**Senate Bill No. 22**—An act to amend Section 5050 of the Education Code, relating to apportionments of state school building aid, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education

**Senate Bill No. 29**—An act to amend Sections 5055 and 5056 of, and to add Sections 5048.2 and 5057.1 to, Chapter 1.6 of Division 3 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education.

**Senate Bill No. 42**—An act to add Chapter 8 to Division 4, Title 1, of the Government Code, relating to an oath of allegiance for civil defense workers and public employees, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Governmental Efficiency and Economy.

## MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Constitutional Amendment No. 2

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

**FIRST READING AND REFERENCE OF SENATE BILLS (RESUMED)**

The following resolution was read :

**Senate Constitutional Amendment No. 2**—A resolution to propose to the people of the State of California an amendment to the Constitution of the State by adding to Article XX thereof a new section to be numbered 3.1, relating to loyalty investigations and oaths.

Referred to Committee on Constitutional Amendments.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER I am directed to inform your honorable body that the Senate on this day concurred in Assembly amendments to

Senate Bill No. 27

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

SENATE CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted :

Assembly Concurrent Resolution No. 2

Assembly Concurrent Resolution No. 3

Assembly Concurrent Resolution No. 5

Assembly Concurrent Resolution No. 13

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

Above resolutions ordered enrolled.

**REPORTS OF STANDING COMMITTEES****Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined :

Assembly Bill No. 56

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

**INTRODUCTION, FIRST READING, AND REFERENCE  
OF ASSEMBLY BILLS**

The following resolution was offered :

**Assembly Concurrent Resolution No. 21:** By Mr. Brady—Relative to an investigation, performance and report on a separation of grade between certain thoroughfares in the City and County of San Francisco.

Referred to Committee on Rules.

**REPORTS OF STANDING COMMITTEES****Committee on Rules**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred :

House Resolution No. 24

Has had the same under consideration, and reports the same back with amendments with the recommendation. Amend, and be adopted, as amended.

DICKEY, Chairman

**CONSIDERATION OF HOUSE RESOLUTION NO. 24**

By Mr. Brady:

**House Resolution No. 24**

Relating to an investigation, performance, and report relative to a separation of grade between certain thoroughfares in the City and County of San Francisco

WHEREAS, The State Legislature has been convened in special session, and it is possible at once to determine that we as legislators shall take heed and act, and urge departments of our State Government to take heed and act—for there is the necessity presently upon us to provide for civilian defense in all its aspects; and

WHEREAS, With the fear of atomic warfare pervading the minds of all citizens—and the fear of all men, women, and children that extraordinary weapons might be loosed upon them; and

WHEREAS, The mobility of masses of military forces and equipment—and the possible removal of large segments of our population demands that we in the State Legislature concern ourselves with the physical features of our respective areas in order to accommodate both the military and the civilian population; and

WHEREAS, In the Park Presidio District in San Francisco there is the main north-south thoroughfare communicating between the Golden Gate Bridge to Golden Gate Park and thence southward through San Francisco to the San Mateo Peninsula; and

WHEREAS, State Highway No. 56, also known in the Richmond District of San Francisco as *Park Presidio Drive*, intersects at grade with *Fulton Street* and with *Geary Boulevard* in the City and County of San Francisco; and

WHEREAS, The east-west traffic moving on the same level as this part of Highway No. 56, is constantly congested now—and in the event of a catastrophe or disaster either the north-south, or east-west traffic would necessarily become immobile; therefore, be it

*Resolved by the Assembly of the State of California*, That the Division of Highways, Department of Public Works, and the appropriate officials of the City and County of San Francisco, including the Department of Public Works, are requested to make an engineering survey as a preliminary step in the separation of grade at the above described intersections, and to call for bids, or start construction, or report to the Assembly not later than January 15, 1951, and be it further

*Resolved*, That the Chief Clerk of the Assembly be instructed to forward a copy of this resolution to Mr. Charles H. Purcell, the Department of Public Works, Division of Highways, and the Department of Public Works City and County of San Francisco, and the Director of Civilian Defense for the City and County of San Francisco

Resolution read.

**Consideration of Committee Amendments**

The following amendment was proposed by the Committee on Rules:

**Amendment No. 1**

Strike out lines 4 and 5 of the first "Resolved" paragraph of House Resolution No. 24, as appearing in the Assembly Journal of September 22, 1950, at page 277, and insert "make a preliminary engineering survey as a step in the separation of grade at the above described intersections, and report to the".

Amendment read, and adopted.

**Consideration of House Resolution No. 24, as Amended**

By Mr. Brady:

**House Resolution No. 24**

Relating to an investigation, performance, and report relative to a separation of grade between certain thoroughfares in the City and County of San Francisco

WHEREAS, The State Legislature has been convened in special session, and it is possible at once to determine that we as legislators shall take heed and act, and urge departments of our State Government to take heed and act—for there is the necessity presently upon us to provide for civilian defense in all its aspects, and

WHEREAS, With the fear of atomic warfare pervading the minds of all citizens—and the fear of all men, women, and children that extraordinary weapons might be loosed upon them; and

WHEREAS, The mobility of masses of military forces and equipment—and the possible removal of large segments of our population demands that we in the State Legislature concern ourselves with the physical features of our respective areas in order to accommodate both the military and the civilian population; and

WHEREAS, In the Park Presidio District in San Francisco there is the main north-south thoroughfare communicating between the Golden Gate Bridge to Golden Gate Park and thence southward through San Francisco to the San Mateo Peninsula; and

WHEREAS, State Highway No. 56, also known in the Richmond District of San Francisco as Park Presidio Drive, intersects at grade with Fulton Street and with Geary Boulevard in the City and County of San Francisco, and

WHEREAS, The east-west traffic moving on the same level as this part of Highway No. 56, is constantly congested now—and in the event of a catastrophe or disaster either the north-south, or east-west traffic would necessarily become immobile; therefore, be it

*Resolved by the Assembly of the State of California,* That the Division of Highways, Department of Public Works, and the appropriate officials of the City and County of San Francisco, including the Department of Public Works, are requested to make a preliminary engineering survey as a step in the separation of grade at the above described intersections, and report to the Assembly not later than January 15, 1951; and be it further

*Resolved,* That the Chief Clerk of the Assembly be instructed to forward a copy of this resolution to Mr. Charles H. Purcell, the Department of Public Works, Division of Highways, and the Department of Public Works City and County of San Francisco, and the Director of Civilian Defense for the City and County of San Francisco.

Resolution read, as amended, and adopted.

## REPORTS OF STANDING COMMITTEES

### Committee on Constitutional Amendments

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Constitutional Amendments, to which was referred:

Assembly Constitutional Amendment No. 2

Has had the same under consideration, and reports the same back with amendments with the recommendation: Amend, and be adopted, as amended.

CROWLEY, Chairman

## CONSIDERATION OF ASSEMBLY CONSTITUTIONAL AMENDMENT NO. 2 (BY UNANIMOUS CONSENT)

**Assembly Constitutional Amendment No. 2**—A resolution to propose to the people of the State of California an amendment to the Constitution of the State by amending Section 3 of Article XX thereof, relating to oaths required of persons holding public office or public trust.

Resolution read.

### Consideration of Committee Amendments

The following amendments were proposed by the Committee on Constitutional Amendments:

#### Amendment No. 1

In line 5 of the title of the printed measure, after "office", insert ", public employment,"

#### Amendment No. 2

On page 1, line 9, of said measure, strike out "and".

#### Amendment No. 3

On page 1, lines 10 and 11, of said measure, strike out "except such inferior officers as may be by law exempted", and insert "and all public employees".

#### Amendment No. 4

On page 1, line 21, of said measure, strike out "or", and insert a comma.

#### Amendment No. 5

On page 1, line 21, of said measure, strike out the period, and insert ", or public employment."

**Amendment No. 6**

On page 1 of said measure, after line 21, insert  
 "“Public employee” means any state employee and any person whose salary, compensation, or remuneration is paid in whole or in part from moneys raised by state or local taxation.”

Amendments read, and adopted.

Resolution ordered reprinted, and engrossed.

**REPORTS OF STANDING COMMITTEES****Committee on Rules**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred

House Resolution No. 32

House Resolution No. 36

House Resolution No. 34

House Resolution No. 37

House Resolution No. 35

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKEY, Chairman

Above reported resolutions ordered on file for adoption.

**CONSIDERATION OF HOUSE RESOLUTION NO. 36**

By Messrs. Gaffney, George D. Collins, Maloney, Meyers, Berry, McCarthy, Connolly, and Brady:

**House Resolution No. 36**

Congratulating Bishop Merlin J. Guilfoyle on his elevation to the episcopacy

WHEREAS, His Excellency, the Most Reverend Merlin J. Guilfoyle was elevated to episcopal office and consecrated Titular Bishop of Bulla and Auxiliary Bishop of San Francisco at St. Mary's Cathedral in San Francisco, on Thursday, September 21, 1950; and

WHEREAS, Bishop Guilfoyle was born in San Francisco July 15, 1908; attended St. James School and thereafter began his studies for the priesthood at St. Joseph's College, Mountain View, and later St. Patrick's Seminary, at Menlo Park; and

WHEREAS, The new Prelate was ordained in St. Mary's Cathedral, June 10, 1933, by the late Archbishop Edward J. Hanna, and so capably executed his priestly duties that he was designated as Domestic Prelate by Pope Pius XII; and

WHEREAS, The consecration of Bishop Guilfoyle climaxed an ecclesiastical career which has been marked by intellectual accomplishment and distinguished by proficiency in canon law; now, therefore, be it

*Resolved by the Assembly of the State of California*, That the Members of this Assembly congratulate Bishop Guilfoyle on his elevation to the episcopacy and wish him many rewarding years of episcopal effort, and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit a suitably prepared copy of this resolution to His Excellency, Bishop Merlin J. Guilfoyle.

Resolution read, and adopted.

**CONSIDERATION OF HOUSE RESOLUTION NO. 37**

By Mr. Weber:

**House Resolution No. 37**

Relating to the protection of dams and similar public works from sabotage

WHEREAS, There have been constructed great dams impounding reservoirs containing immense bodies of water in the State of California; and

WHEREAS, There is a great danger of sabotage for the purpose of releasing these impounded waters to cause floods and destruction in vast areas of California; and

WHEREAS, The Federal Government and the State of California are both charged with the protection of human life and property and the security of such public works; now, therefore, be it

*Resolved by the Assembly of the State of California*, That the proper agencies of the State of California and of the United States Government provide that devices for the protection of such public works be constructed and that necessary armed guards



and armaments be established and maintained for the necessary civil and military protection of dams located throughout the State; and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit copies of this resolution to the proper military and civil authorities, and to the Governor of the State of California.

Resolution read, and adopted.

## REPORTS OF STANDING COMMITTEES

### Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR SPEAKER: Your Committee on Legislative Procedure has examined:  
Assembly Bill No. 70

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR SPEAKER: Your Committee on Legislative Procedure has examined:  
Assembly Constitutional Amendment No. 1

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported resolution ordered on file for adoption.

## INVITATION ANNOUNCED

Mr Silliman announced an invitation to all Members of the Assembly and to state officials to attend the Fair and Horse Show at Monterey as his guests, on September 28th through October 1st, and announced that tickets will be provided at the office of the fair, and assured all visitors that every courtesy will be extended.

## CONSIDERATION OF HOUSE RESOLUTION NO. 34

By Mr. Waters:

### House Resolution No. 34

Relative to purchasing copies of the 1950 Supplement to Witkin's Summary of California Law

*Resolved by the Assembly of the State of California*, That the Chief Clerk of the Assembly be and is hereby authorized and directed to purchase 51 copies of the 1950 Supplement to Witkin's Summary of California Law; and, be it further

*Resolved*, That the Chief Clerk of the Assembly be and is hereby directed to deliver one (1) copy of said supplement to each Member of the Assembly, and one set to the Chief Clerk of the Assembly; and be it further

*Resolved*, That the Controllor be and he hereby is authorized and directed to draw his warrant on the Contingent Fund of the Assembly in favor of Sacramento Law Publishing Co. for an amount not to exceed one thousand three hundred dollars (\$1,300) in payment for the said supplements; and the State Treasurer to pay the same

Resolution read.

The roll was called, and the resolution adopted by the following vote:

AYES—Babbage, Berry, Brady, Brown, Burke, Butters, Caldecott, Clarke, Cloved, Collier, George D. Collins, Condon, Connolly, Conrad, Davis, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hawkins, Hoffman, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Morris, Moss, Porter, Price, Rumford, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, and Waters—50

NOES—None.

**Request for Unanimous Consent That Name Be Placed Upon Roll Call  
on House Resolution No. 34**

Mr. Morris asked for, and was granted, unanimous consent that his name be placed upon the roll call on House Resolution No. 34, and that he be recorded as voting, "Aye."

**REPORTS OF STANDING COMMITTEES**

**Committee on Rules**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred.

Assembly Concurrent Resolution No. 10

Has had the same under consideration, and reports the same back with the recommendation: Be re-referred to Committee on Ways and Means.

DICKKEY, Chairman

Above reported resolution ordered re-referred to the Committee on Ways and Means.

**CONSIDERATION OF DAILY FILE**

**THIRD READING OF ASSEMBLY BILLS**

**Assembly Bill No. 63**—An act relating to institutions under the control of the Department of Mental Hygiene, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read.

Assembly Bill No. 63 ordered temporarily passed on file.

**Assembly Bill No. 64**—An act relating to institutions under the control of the Department of Mental Hygiene and the use of money appropriated therefor, declaring the urgency of this act, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

AYES—Babbage, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hoffman, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, and Mr. Speaker—58.

NOES—None.

**Request for Unanimous Consent That Name Be Placed Upon Roll Call**

Speaker Sam L. Collins asked for, and was granted, unanimous consent that his name be placed upon the roll call on the urgency clause to Assembly Bill No. 64, and that he be recorded as voting "Aye."

The question being on the passage of the bill.

The roll was called, and the bill passed by the following vote:

AYES—Babbage, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hoffman, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey,

Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Porter, Price, Reagan, Rumford, Sherwin, Sillman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, and Mr. Speaker—58.

NOES—None.

Bill ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP FURTHER  
CONSIDERATION OF ASSEMBLY BILL NO. 63**

Mr. Stanley asked for, and was granted, unanimous consent that he be permitted to take up further consideration of Assembly Bill No. 63, temporarily passed on file, at this time.

**FURTHER CONSIDERATION OF ASSEMBLY BILL NO. 63**

**Assembly Bill No. 63**—An act relating to institutions under the control of the Department of Mental Hygiene, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

AYES—Babbage, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Sillman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—61.

NOES—None.

The roll was called, and the bill passed by the following vote:

AYES—Babbage, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Sillman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—61.

NOES—None.

Bill ordered transmitted to the Senate.

**RESOLUTION TO SUSPEND CONSTITUTIONAL PROVISION**

The following resolution was offered:

By Mr. Dickey:

*Resolved*, That Senate Bill No. 6 presents a case of urgency, as that term is used in Article IV, Section 15, of the Constitution, and the provision of that section requiring that the bill be read on three several days in each house is hereby dispensed with, and it is ordered that said bill be read the second and third times, and placed upon its passage.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

AYES—Babbage, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood,

Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, and Weber—64.

NOES—None.

Article IV, Section 15, of the Constitution was declared suspended

#### CONSIDERATION OF SENATE BILL NO. 6

**Senate Bill No. 6**—An act making an appropriation for the contingent expenses of the Senate, including committee expenses, to take effect immediately.

Bill read second time

**Senate Bill No. 6**—An act making an appropriation for the contingent expenses of the Senate, including committee expenses, to take effect immediately.

Bill read third time.

The roll was called, and the bill passed by the following vote:

AYES—Babbage, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, and Weber—64.

NOES—None.

Bill ordered transmitted to the Senate

#### CONSIDERATION OF DAILY FILE (RESUMED)

##### THIRD READING OF ASSEMBLY BILLS (RESUMED)

**Assembly Bill No. 65**—An act to add Section 5050.2 to the Education Code, relating to elections upon acceptance, expenditure, and repayment of school building apportionments, declaring the urgency thereof, to take effect immediately.

Bill read third time.

##### Urgency Clause

Urgency clause read, and adopted by the following vote:

AYES—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, and Weber—64.

NOES—None

The roll was called, and the bill passed by the following vote:

AYES—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh,

Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, and Weber—64.

NOES—None.

Bill ordered transmitted to the Senate.

**REQUEST FOR UNANIMOUS CONSENT THAT CHIEF CLERK BE INSTRUCTED TO PURCHASE BRIEF CASE AND VOLUMES OF WITKINS**

Mr. Dickey asked for, and was granted, unanimous consent that the Chief Clerk be instructed to purchase the regular three-piece brief case for the new member, Mr. Hansen, and to purchase Volumes I and II, of Witkins, for Mr. Babbage.

**CONSIDERATION OF DAILY FILE (RESUMED)  
THIRD READING OF ASSEMBLY BILLS (RESUMED)**

**Assembly Bill No. 56**—An act to add Chapter 8, comprising Sections 13775 to 13781, inclusive, to Part 3, Division 3, Title 2 of the Government Code, relating to social security coverage for state and local public employees, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

AYES—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Holibaugh, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, and Weber—65.

NOES—None.

The roll was called, and the bill passed by the following vote:

AYES—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Holibaugh, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, and Weber—65.

NOES—None.

Bill ordered transmitted to the Senate.

**REPORTS OF STANDING COMMITTEES**

**Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined Assembly Bill No. 66

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

**RESOLUTIONS**

The following resolution was offered :

By Mr. Luckel :

**House Resolution No. 38**

Congratulating Mrs. Kathryn T. Niehouse upon her award of the Veterans of Foreign Wars Citizenship Medal

WHEREAS, Our charming and beloved fellow Member of this Assembly, Mrs. Kathryn T. Niehouse, has continuously since 1943 worked diligently for the welfare of veterans and citizens in general, and

WHEREAS, Her efforts have been signally recognized by the Veterans of Foreign Wars who on July 6, 1950, through their state commander, presented to her the Veterans of Foreign Wars Citizenship Medal; and

WHEREAS, Mrs. Kathryn T. Niehouse thus becomes the only California woman to receive this award; now, therefore, be it

*Resolved by the Assembly of the State of California*, That the Members of this Assembly congratulate Kathryn T. Niehouse upon her well-merited award and the public recognition thus given her for her indefatigable efforts in behalf of veterans and the welfare of the citizens of the State in general; and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit a copy of this resolution to Mrs. Kathryn T. Niehouse.

**Request for Unanimous Consent**

Mr. Luckel asked for, and was granted, unanimous consent to take up House Resolution No. 38, at this time, without reference to committee or file

Resolution read, and adopted unanimously by a rising vote.

**RESOLUTION TO SUSPEND CONSTITUTIONAL PROVISION**

The following resolution was offered :

By Mr. Sherwin :

*Resolved*, That Assembly Bill No. 66 presents a case of urgency, as that term is used in Article IV, Section 15, of the Constitution, and the provision of that section requiring that the bill be read on three several days in each house is hereby dispensed with, and it is ordered that said bill be read the second and third times, considered engrossed, and placed upon its passage.

Resolution read.

The roll was called, and the resolution adopted by the following vote :

AYES—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Connolly, Conrad, Davis, Dickey, Dolwig, Doyle, Dunn, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood, Lincoln, Lapscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, and Weber—57.

NOES—Lowrey—1.

Article IV, Section 15, of the Constitution was declared suspended.

**CONSIDERATION OF ASSEMBLY BILL NO. 66**

**Assembly Bill No. 66**—An act relating to civil defense, making an appropriation to provide facilities, equipment and services essential to the civil defense of California, declaring the urgency thereof, to take effect immediately.

Bill read second time.

**Assembly Bill No. 66**—An act relating to civil defense, making an appropriation to provide facilities, equipment and services essential to the civil defense of California, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Motion to Amend**

Mr. Hawkins moved the adoption of the following amendments:

**Amendment No. 1**

On page 2, line 17, of the printed bill, strike out "two hundred thousand dollars (\$200,000)", and insert "five hundred thousand dollars (\$500,000)".

**Amendment No. 2**

On page 2, line 19, of said bill, after "years.", insert "The Director of Finance shall make a report to the Legislature of the money expended pursuant to this act, not later than January 15, 1951."

**Amendment No. 3**

On page 2 of said bill, between lines 19 and 20, insert  
"SEC. 6. The State Disaster Council shall prepare a comprehensive plan for the allocation of the moneys appropriated by this act, taking into consideration the needs of each agency in the over-all program."

**Amendment No. 4**

On page 2, line 20, of said bill, strike out "SEC. 6 ", and insert  
"SEC. 7."

Amendments read.

**Point of Order**

Mr. George D. Collins arose to the following point of order: That a motion for a division of the question is not in order, because the Rules provide for a division of the question upon request.

**Ruling by Speaker**

Speaker pro Tempore Maloney ruled the point of order well taken.

**Request for Unanimous Consent to Expunge Record, and Rescind Action on Motion for Division of Question**

Mr. Beck asked for, and was granted, unanimous consent to expunge the record, and rescind the action whereby the Assembly, on this day, refused adoption to the motion by Mr. Lowrey for a division of the question on the amendments offered by Mr. Hawkins to Assembly Bill No. 66.

**Division of the Question Ordered**

Speaker pro Tempore Maloney ordered a division of the question.

**Consideration of Amendment No. 1**

**Amendment No. 1**

On page 2, line 17, of the printed bill, strike out "two hundred thousand dollars (\$200,000)", and insert "five hundred thousand dollars (\$500,000)".

Amendment read.

**Roll Call Demanded**

Messrs. Beck, Condon, and George D. Collins demanded a roll call.

The roll was called, and Amendment No. 1, offered by Mr. Hawkins to Assembly Bill No. 66, refused adoption by the following vote:

**AYES**—Beck, Bennett, Berry, Burkhalter, Clarke, Coats, George D. Collins, Condon, Cooke, Dills, Elliott, Fletcher, Gaffney, Geddes, Hagen, Hawkins, Lewis, Porter, Rumford, and Thomas—20.

**NOES**—Babbage, Brady, Burke, Butters, Caldecott, Cloyed, Collier, Connolly, Conrad, Crowley, Dolwig, Doyle, Dunn, Erwin, Fleury, Grant, Grunsky, Hahn, Hansen, Hinckley, Hoffman, Hollibaugh, Kirkwood, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Morris, Moss, Niehouse, Price, Reagan, Sherwin, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, and Weber—43.

**Consideration of Amendment No. 2****Amendment No. 2**

On page 2, line 19, of said bill, after "years.", insert "The Director of Finance shall make a report to the Legislature of the money expended pursuant to this act, not later than January 15, 1951."

Amendment read.

The roll was called, and the amendment refused adoption by the following vote:

**AYES**—Beck, Bennett, Brady, Burkhalter, Coats, George D. Collins, Condon, Cooke, Crowley, Dills, Doyle, Dunn, Elliott, Fletcher, Gaffney, Hagen, Hawkins, Hollibaugh, Lewis, Lowrey, McCarthy, Meyers, Porter, Rumford, and Thomas—25.

**NOES**—Babbage, Berry, Burke, Butters, Caldecott, Clarke, Cloyed, Collier, Conrad, Dolwig, Erwin, Fleury, Geddes, Grant, Grunsky, Hahn, Hansen, Hinckley, Hoffman, Kirkwood, Levering, Lincoln, Lipscomb, Maloney, McCollister, Morris, Niehouse, Price, Reagan, Sherwin, Stanley, Stewart, Thompson, Tomlinson, Waters, and Weber—36.

**Consideration of Amendments Nos. 3 and 4****Amendment No. 3**

On page 2 of said bill, between lines 19 and 20, insert

"SEC. 6 The State Disaster Council shall prepare a comprehensive plan for the allocation of the moneys appropriated by this act, taking into consideration the needs of each agency in the over-all program."

**Amendment No. 4**

On page 2, line 20, of said bill, strike out "SEC. 6", and insert "SEC. 7."

Amendments read.

The roll was called, and the amendments refused adoption by the following vote:

**AYES**—Beck, Bennett, Brady, Burkhalter, Coats, George D. Collins, Condon, Cooke, Crowley, Dills, Doyle, Dunn, Elliott, Fletcher, Gaffney, Geddes, Hagen, Hawkins, Hollibaugh, Lewis, Lowrey, Luckel, McCarthy, Meyers, Moss, Porter, Rumford, Smith, and Thomas—29.

**NOES**—Babbage, Berry, Burke, Butters, Caldecott, Clarke, Cloyed, Collier, Connolly, Conrad, Dolwig, Erwin, Fleury, Grant, Grunsky, Hahn, Hansen, Hinckley, Hoffman, Kirkwood, Levering, Lincoln, Lipscomb, Maloney, McCollister, Morris, Niehouse, Price, Reagan, Sherwin, Stanley, Stewart, Thompson, Tomlinson, Waters, and Weber—36.

**Consideration of Further Amendment****Motion to Amend**

Mr. McCarthy moved the adoption of the following amendment:

**Amendment No. 1**

On page 1, line 11, of the printed bill, strike out "whether or", and insert "when".

Amendment read.



**Roll Call Demanded**

Messrs. McCarthy, George D. Collins, and Hagen demanded a roll call.

The roll was called, and the amendment, offered by Mr. McCarthy to Assembly Bill No. 66, refused adoption by the following vote:

**AYES**—Babbage, Berry, Brady, Burkhalter, George D. Collins, Condon, Connolly, Davis, Fletcher, Gaffney, Hagen, Levering, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, Mevers, Reagan, Smith, Thomas, and Tomlinson—22.

**NOES**—Beck, Burke, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, Conrad, Cooke, Dolwig, Doyle, Elliott, Erwin, Evans, Fleury, Geddes, Grant, Grunsky, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kirkwood, Lewis, Lincoln, McCollister, McMillan, Morris, Moss, Niehouse, Porter, Price, Sherwin, Stanley, Stewart, Thompson, Waters, and Weber—41.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, Condon, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, and Weber—67.

**NOES**—Connolly—1.

The roll was called, and the bill passed by the following vote:

**AYES**—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Coats, Collier, Condon, Conrad, Cooke, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, and Weber—64.

**NOES**—None.

Bill ordered transmitted to the Senate.

**REPORTS OF STANDING COMMITTEES**

**Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

**Assembly Concurrent Resolution No. 1**—Relative to approving amendments to the charter of the City of Watsonville, a municipal corporation in the County of Santa Cruz, State of California, voted for and ratified by the qualified electors of said city at a special municipal election held therein on the nineteenth day of June, 1950;

**Assembly Concurrent Resolution No. 6**—Relative to adjournment in respect to the memory of Clifton R. Montgomery;

**Assembly Concurrent Resolution No. 8**—Relative to the selection of the Legislative Counsel of California;

And reports that the same have been correctly enrolled, and presented to the Secretary of State on the twenty-sixth day of September, 1950, at 11 a. m.

GRUNSKY, Vice Chairman

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPLAKER: I am directed to inform your honorable body that the Senate on this day respectfully refused to concur in Assembly amendments to.

**Senate Bill No. 30**—An act to amend Section 5046 of the Education Code, and to add Section 5048 6 to said code, relating to apportionments to school districts from the Public School Building Loan Fund, declaring the urgency thereof, to take effect immediately.

And appointed Senators Dilworth, Way, and Bush as a Committee on Conference to meet a like committee from the Assembly.

J. A. BEEK, Secretary of the Senate  
By C V TAYLOR, Assistant Secretary

**APPOINTMENT OF COMMITTEE ON CONFERENCE CONCERNING  
SENATE BILL NO. 30**

The Speaker announced the appointment of Messrs. Kirkwood, Dunn, and Beck as a Committee on Conference concerning Senate Bill No. 30.

**Hon. Richard H. McCollister Presiding**

At 11.45 a.m., Hon. Richard H. McCollister, Member of the Assembly from the Seventh District, presiding.

**REPORT OF COMMITTEE ON CONFERENCE**

The following report of Committee on Conference was received, and read:

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: The Committee on Conference concerning.

**Senate Bill No. 30**—An act to amend Section 5046 of the Education Code, relating to apportionments to school districts from the Public School Building Loan Fund, declaring the urgency thereof, to take effect immediately consisting of the undersigned members, has met, and reports that it has agreed to recommend the following:

That the amendments of the Assembly be concurred in, and that the bill, as amended on September 23, 1950, be further amended as follows:

**Amendment No. 1**

On page 2, line 8, of the printed bill, as amended in the Assembly on September 23, 1950, after the period, insert "An apportionment made under this section shall be final if the original apportionment has become final; otherwise it shall become final if and when the original apportionment becomes final."

DILWORTH

WAY

BUSCH

Senate Committee on Conference

BECK

DUNN

KIRKWOOD

Assembly Committee on Conference

The roll was called, and report adopted by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Diekey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hunkley, Hoffman, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, and Weber—63.

**NOES**—Lowrey—1.

**CONSIDERATION OF HOUSE RESOLUTION NO. 35**

By Messrs. Maloney and Niehouse :

**House Resolution No. 35**

WHEREAS, Assembly Bill No. 45 of this, the 1950 Third Extraordinary Session of the Legislature, proposes the establishment of a program of aid to the needy permanently and totally disabled in accordance with Title XIV of the Federal Social Security Act ; and

WHEREAS, The Assembly Committee on Social Welfare after a full and complete hearing has found that the need for a program of the type proposed is widely recognized, and has been re-referred to the Assembly Committee on Ways and Means ; and

WHEREAS, The Senate Welfare Committee has referred the bills to the Joint Legislative Budget Committee for the purpose of making a study ; and

WHEREAS, It appears that through such a study much valuable information can be obtained which may vitally affect many of the important details of the proposed legislation ; and

WHEREAS, It is important that the required information be obtained as quickly as possible in order that legislative consideration and the full activation of a state and federal plan on this important subject be made during the 1951 Regular Session ; now, therefore, be it

*Resolved by the Assembly of the California Legislature, That the Joint Legislative Budget Committee is hereby directed to complete a thorough study of the bills relating to a program of aid to the needy permanently and totally disabled as quickly as possible, and to file its report thereon with the Assembly Committee on Social Welfare and with the Legislature not later than March 10, 1951.*

Resolution read.

**Demand for Previous Question**

Messrs. Kirkwood, Grant, Luckel, Waters, and Thompson demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of House Resolution No. 35.

Resolution adopted.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day passed :

Senate Bill No. 36

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

**FIRST READING AND REFERENCE OF SENATE BILLS (RESUMED)**

The following bill was read the first time :

**Senate Bill No. 36**—An act to amend Section 5109 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Education.

**RESOLUTIONS**

The following resolutions were offered :

By Mr. Dickey :

**House Resolution No. 39**

WHEREAS, The Members of the Assembly will desire to have shipped to their various places of residence their bill files, books, stationery and other printed matter at the end of the session ; now, therefore, be it

*Resolved*, That the Sergeant-at-Arms, Wilkie Ogg, be authorized to procure such boxes, packing and other materials as are necessary for the purpose of shipping same, properly packed, to said members, and the State Controller is hereby authorized to draw his warrants on the Contingent Fund of the Assembly in favor of said Wilkie Ogg, in the sum not to exceed one thousand five hundred dollars (\$1,500), and the State Treasurer is hereby directed to pay the same; and be it further directed that Wilkie Ogg furnish to the Controller vouchers and receipts for all expenditures made by him.

**Request for Unanimous Consent**

Mr. Dickey asked for, and was granted, unanimous consent to take up House Resolution No. 39, at this time, without reference to committee or file.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

AYES—Babbage, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Clarke, Cloyd, Coats, Collier, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lipsecomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—67.

NOES—George D. Collins—1.

By Mr. Dickey:

**House Resolution No. 40**

*Resolved*, That the Controller be and he is hereby authorized and directed to draw his warrants on the Contingent Fund of the Assembly in the sum of one thousand eight hundred dollars (\$1,800), in favor of Arthur A. Ohnimus, Chief Clerk of the Assembly, and the State Treasurer is hereby directed to pay the same, for postage, telephone service, telegraph service, supplies, traveling expenses, bills from state departments, and performing any duties imposed by the rules or resolutions of the Assembly, also to pay any bills for incidental expenses of the Assembly heretofore incurred but for which payment has not been provided by other resolutions, and other incidental expenses in connection with completing the work of the 1950 Third Extraordinary Session of the Assembly of the State of California.

The Chief Clerk of the Assembly is instructed to file with the Controller receipts covering all expenditures made hereunder.

**Request for Unanimous Consent**

Mr. Dickey asked for, and was granted, unanimous consent to take up House Resolution No. 40, at this time, without reference to committee or file.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

AYES—Babbage, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lipsecomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, and Yorty—68.

NOES—None.

**MOTION THAT CHIEF CLERK BE INSTRUCTED TO PAY BILL**

Mr. Dickey moved that the Chief Clerk be instructed to pay the bill of the Carpenter Paper Company, in the sum of \$77.18, for printing heretofore ordered for use during the Third Extraordinary Session.

Mr. Clarke seconded the motion.

The roll was called, and the motion carried by the following vote:

**AYES**—Babbage, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Luckel, Maloney, McCarthy, McColister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, and Yorty—67

**NOES**—None.

# **REQUEST FOR UNANIMOUS CONSENT TO HOLD SPECIAL MEETING OF COMMITTEE**

At 12.07 p.m., Mr. Dunn asked for, and was granted, unanimous consent to hold a special meeting of the Committee on Education in the Post Office, at this time.

## **REPORTS OF STANDING COMMITTEES**

### **Committee on Ways and Means**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Ways and Means, to which was referred:

Assembly Bill No. 1

Has had the same under consideration, and reports the same back with amendments with the recommendation: Amend, and do pass, as amended

SHERWIN, Chairman

Above reported bill ordered to second reading.

## **SECOND READING OF ASSEMBLY BILLS (RESUMED) (BY UNANIMOUS CONSENT)**

**Assembly Bill No. 1**—An act to add Division 2B, comprising Sections 139.75 to 139.96, inclusive, to the Vehicle Code, and Section 4805 to the Labor Code, relating to the California Highway Patrol Reserve Corps, making an appropriation, and declaring the urgency thereof, to take effect immediately.

Bill read second time.

### **Consideration of Committee Amendments**

The following amendment was proposed by the Committee on Ways and Means:

#### **Amendment No. 1**

On page 3 of the printed bill, as amended in the Assembly on September 22, 1950, strike out line 34, and insert

"SEC. 3 The sum of three hundred and eighty-eight thousand dollars (\$388,000) is".

Amendment read, and adopted.

Bill ordered reprinted, and re-engrossed.

### **Motion to Place Rush Order on Printing of Assembly Bill No. 1**

Mr. Sherwin moved that a rush order be placed upon the printing of Assembly Bill No. 1.

Motion carried.

**REQUEST FOR UNANIMOUS CONSENT THAT LETTER  
BE PRINTED IN THE JOURNAL**

Mr. Geddes asked for, and was granted, unanimous consent that the following letter be ordered printed in the Journal as follows:

**Copy of Subject Matter of Letter From Legislative Auditor to Mr. Geddes**

September 25, 1950

RE: COMPENSATION CLAIM EXPERIENCE—CIVIL DEFENSE CATEGORY

DEAR ASSEMBLYMAN GEDDES The following is with further reference to my letter to you of this morning concerning an estimate of the cost of S. B. 10.

Claims filed during the operation of the Civil Defense Workers' Act which was enacted in 1943 are as follows:

1. The total number of claims filed—49.
2. Total number of claims paid under Industrial Accident Commission awards—4.
3. Total number of claims paid informally—45
4. The amount of money paid under commission awards—\$3,997
5. The total amount of money paid on all claims—\$8,722.

The four claims mentioned as involving Industrial Accident Commission awards consisted of three advisory permanent disability ratings, and one compromise and release.

We do not believe that these statistics afford an adequate criteria of what may be expected, either under present noncombat conditions or actual enemy attack on the State of California.

Very truly yours,

A. ALAN POST, Legislative Auditor

**RESOLUTIONS**

The following resolution was offered:

By Mr. Davis:

**House Resolution No. 41**

Relative to augmenting the funds of the Assembly Interim Committee  
on Fairs and Expositions

*Resolved by the Assembly of the State of California*, That in addition to any money heretofore made available, the sum of two thousand five hundred dollars (\$2,500), or so much thereof as may be necessary, is hereby made available from the Contingent Fund of the Assembly for the expenses of the Assembly Interim Committee on Fairs and Expositions (created by House Resolution No. 285, 1949 Regular Session) and its members, and for any charges, expenses or claims it may incur under said resolution, to be paid from said Contingent Fund and disbursed after certification by the chairman of the committee, upon warrants drawn by the State Controller on the State Treasurer.

Resolution read, and ordered referred to the Committee on Rules.

**RESOLUTION TO SUSPEND CONSTITUTIONAL PROVISION**

The following resolution was offered:

By Mr. Kirkwood:

*Resolved*, That Assembly Bill No. 70 presents a case of urgency, as that term is used in Article IV, Section 15, of the Constitution, and the provision of that section requiring that the bill be read on three several days in each house is hereby dispensed with, and it is ordered that said bill be read the second and third times, considered engrossed, and placed upon its passage.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Babbage, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Davis, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury,

Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hinckley, Hoffman, Kirkwood, Lincoln, Lipscomb, Luckel, Maloney, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—60.

NOES—None.

Article IV, Section 15, of the Constitution was declared suspended.

#### CONSIDERATION OF ASSEMBLY BILL NO. 70

**Assembly Bill No. 70**—An act to add Section 5047.6 to the Education Code and to amend Sections 5072 and 5073 of said code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read second time.

#### Urgency Clause

Urgency clause read, and adopted by the following vote:

AYES—Babbage, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hinckley, Hoffman, Hollibaugh, Kirkwood, Levering, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—66.

NOES—None.

**Assembly Bill No. 70**—An act to add Section 5047.6 to the Education Code and to amend Sections 5072 and 5073 of said code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Read third time.

The roll was called, and the bill passed by the following vote:

AYES—Babbage, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hinckley, Hoffman, Hollibaugh, Kirkwood, Levering, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—66.

NOES—None.

Bill ordered transmitted to the Senate.

#### MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Concurrent Resolution No. 4

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

#### FIRST READING AND REFERENCE OF SENATE BILLS (RESUMED)

The following resolution was read:

**Senate Concurrent Resolution No. 4**—Relative to the dismissal of members of the staff of the University of California for failure to disavow membership in subversive organizations.

Referred to Committee on Rules.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Concurrent Resolution No. 3

Senate Concurrent Resolution No. 5

Senate Joint Resolution No. 4

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

**FIRST READING AND REFERENCE OF SENATE BILLS (RESUMED)**

The following resolutions were read:

**Senate Concurrent Resolution No. 3**—Relative to commending the F. B. I. and urging all persons to cooperate with it in combating sabotage, espionage, and subversive activities.

Referred to Committee on Rules.

**Senate Concurrent Resolution No. 5**—Relative to the suppression of beet leafhoppers.

Referred to Committee on Rules.

**Senate Joint Resolution No. 4**—Relative to memorializing Congress and the Department of Agriculture to have research and investigation on beet leafhoppers in California undertaken by the United States Bureau of Entomology and Plant Quarantine.

Referred to Committee on Rules.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate amended, and on this day passed, as amended:

Assembly Bill No. 15

And respectfully requests your honorable body to concur in said amendments.

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

Above bill ordered to unfinished business file.

**UNFINISHED BUSINESS (BY UNANIMOUS CONSENT)****CONSIDERATION OF SENATE AMENDMENTS**

**Assembly Bill No. 15**—An act to add Sections 48, 49, 50, 51, 132.6, 293.5, 296.5, 5901.5, 5904.5, 5931.6, 5932.5, 7801.5, and 7842.5 to the Elections Code, relating to elections, declaring the urgency thereof, to take effect immediately.

The question being. Shall the Assembly concur in the following Senate amendments to Assembly Bill No. 15?

**Amendment No. 1**

In line 2 of the title of the printed bill, as amended in the Assembly on September 22, 1950, after "5932.5," insert "5935.5, 5936.5,".

**Amendment No. 2**

On page 1 of said bill, strike out lines 10 to 12, inclusive.

**Amendment No. 3**

On page 2, lines 43 and 44, of said bill, strike out "for the general election,".



**Amendment No. 4**

On page 2, line 48, of said bill, after "affidavit", insert "as prescribed in Article 3 of this chapter".

**Amendment No. 5**

On page 3, lines 1 and 2, of said bill, strike out "in accordance with", and insert "under the provisions of".

**Amendment No. 6**

On page 3, line 2, of said bill, after "132.5", insert "or before any notary public, commissioned officer, warrant officer, or noncommissioned officer of a grade not lower than sergeant or equivalent rating of the armed forces of the United States or any auxiliary branch thereof, or before any minister, Consul or Vice Consul of the United States".

**Amendment No. 7**

On page 3, line 27, of said bill, after "other", insert "city".

**Amendment No. 8**

On page 3, line 29, of said bill, after "other", insert "city".

**Amendment No. 9**

On page 3 of said bill, between lines 33 and 34, insert  
 "When the affidavit is received by a clerk, other than a county clerk, the clerk receiving it shall, after the election, transmit it to the county clerk who, in case the affidavit is not subject to rejection, shall file the original and make a duplicate thereof which duplicate shall be used as are other duplicate affidavits of registration. If an affidavit of registration is rejected it shall be returned to the applicant with the reason for rejection endorsed thereon, together with a new blank form of affidavit."

**Amendment No. 10**

On page 4, lines 19 and 20, of said bill, strike out "serving in the armed forces of the United States, or any auxiliary branch thereof," and insert "a war voter".

**Amendment No. 11**

On page 4, lines 21 and 22, of said bill, strike out "after this act is in effect and no", and insert "not".

**Amendment No. 12**

On page 4, line 22, of said bill, strike out "general".

**Amendment No. 13**

On page 4, line 23, of said bill, after "election", insert a period.

**Amendment No. 14**

On page 4, line 23, of said bill, strike out "November 7, 1950."

**Amendment No. 15**

On page 4 of said bill, strike out lines 24 to 28, inclusive

**Amendment No. 16**

On page 4, line 51, of said bill, strike out the period, and insert "except in the case of a municipal election in a city of the fifth or sixth class in which case such ballots shall be received by the clerk as provided in Section 5932."

**Amendment No. 17**

On page 4 of said bill, after line 51, insert

"SEC 11.5. Section 5935.5 is added to said code, to read:

5935.5 Whenever the clerk receives an application for an absent voter's ballot from a war voter, the clerk shall ascertain whether or not the applicant is a registered elector. If the applicant is not a registered elector the clerk shall mail to the applicant one blank form of registration affidavit and the provisions of Section 132.6 relating to registration of war voters shall apply.

SEC 11.6. Section 5936.5 is added to said code, to read:

5936.5. The clerk shall deliver each affidavit of registration which he has received from a war voter and which he has found to be sufficient to the precinct board in which the absent voter resides together with the identification envelope containing the absent voter's ballot. Upon completion of the canvass at the polls the affidavits of registration shall be returned to the clerk, who shall proceed as provided in Section 132.6."

The roll was called, and the Assembly concurred in Senate amendments to Assembly Bill No. 15 by the following vote:

**AYES**—Babbage, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Cloyed, Coats, Collier, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinecklev, Hoffman, Hollihaugh, Levering, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Thomas, Thompson, Waters, Yorty, and Mr. Speaker—63

**NOES**—None.

Assembly Bill No. 15 ordered enrolled.

## REPORTS OF STANDING COMMITTEES

### Committee on Education

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

**MR. SPEAKER:** Your Committee on Education, to which was referred:

Senate Bill No. 36

Has had the same under consideration, and reports the same back with amendments with the recommendation: Amend, and do pass, as amended.

DUNN, Chairman

Above reported bill ordered to second reading.

### RESOLUTION TO SUSPEND CONSTITUTIONAL PROVISION

The following resolution was offered:

By Mr. Dunn:

*Resolved*, That Senate Bill No. 36 presents a case of urgency, as that term is used in Article IV, Section 15, of the Constitution, and the provision of that section requiring that the bill be read on three several days in each house is hereby dispensed with, and it is ordered that said bill be read the second and third times, and placed upon its passage.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinecklev, Hoffman, Hollihaugh, Levering, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—66.

**NOES**—None.

Article IV, Section 15, of the Constitution was declared suspended.

### CONSIDERATION OF SENATE BILL NO. 36

**Senate Bill No. 36**—An act to amend Section 5109 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read second time.

**Senate Bill No. 36**—An act to amend Section 5109 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Consideration of Committee Amendments**

The following amendment was proposed by the Committee on Education:

**Amendment No. 1**

On page 1, line 15, of the printed bill, as amended in the Senate on September 25, 1950, strike out "will be", and insert "additional will become".

Amendment read, and adopted.

Bill ordered reprinted, and to third reading.

**Motion to Place Rush Order on Printing of Senate Bill No. 36**

Mr. Dunn moved that a rush order be placed upon the printing of Senate Bill No. 36.

Motion carried.

**REPORTS OF STANDING COMMITTEES**

**Committee on Education**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Education, to which were referred:

Senate Bill No. 22

Senate Bill No. 29

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

DUNN, Chairman

Above reported bills ordered to second reading.

**RESOLUTION TO SUSPEND CONSTITUTIONAL PROVISION**

The following resolution was offered:

By Mr. Dunn:

*Resolved*, That Senate Bills Nos. 22 and 29 present a case of urgency, as that term is used in Article IV, Section 15, of the Constitution, and the provision of that section requiring that the bills be read on three several days in each house is hereby dispensed with, and it is ordered that said bills be read the second and third times, and placed upon their passage.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

AYES—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Levering, Lincoln, Lapscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—66.

NOES—None.

Article IV, Section 15, of the Constitution was declared suspended.

**CONSIDERATION OF SENATE BILL NO. 22**

**Senate Bill No. 22**—An act to amend Section 5050 of the Education Code, relating to apportionments of state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered to third reading.

**CONSIDERATION OF SENATE BILL NO. 29**

**Senate Bill No. 29**—An act to amend Sections 5055 and 5056 of, and to add Sections 5048.2 and 5057.1 to, Chapter 1.6 of Division 3 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read second time, and ordered to third reading

**ANNOUNCEMENT**

Acting Speaker McCollister announced that each member is to leave his mailing address in his desk before leaving Sacramento so that the Sergeant-at-Arms may mail his books and papers to him; and that committee chairmen are to prepare their reports on the bills being held in their committees, and bring same to the desk this afternoon.

**RECESS**

At 12.23 p.m., on motion of Mr. Dickey, the Assembly recessed until 3 p.m.

**REASSEMBLED**

At 3 p.m., the Assembly reconvened.

Hon. Sam L. Collins, Speaker of the Assembly, presiding.

Chief Clerk Arthur A. Ohnimus at the desk.

**RESOLUTIONS**

The following resolutions were offered :

By Mr. Dickey :

**House Resolution No. 42**

*Resolved*, That the Chief Clerk of the Assembly be and he is hereby authorized and empowered to receipt for any warrants that may be due members, officers, or other attaches of the Assembly after the close of the session, or that may be drawn upon the Contingent Fund of the Assembly.

**Request for Unanimous Consent**

Mr. Lowrey asked for, and was granted, unanimous consent to take up House Resolution No. 42, at this time, without reference to committee or file.

Resolution read, and adopted.

By Mr. Dickey :

**House Resolution No. 43**

*Resolved*, That Justin G. Child, Chief of the Bureau of Buildings and Grounds, be and he is hereby directed to leave the Assembly Chamber and all of the committee rooms and other rooms used by the Members and Officers of the Assembly in such condition that they will be available for use by the Assembly at any time. It is further directed that no person other than the Members and Officers of the Assembly be permitted to occupy or use the offices, committee rooms, or other rooms now occupied by the Assembly, or any of the Assembly equipment now being used by the Assembly; and that the desks, furniture and equipment of the Assembly be under the control of the Committee on Rules and Legislative Process Committee of the Assembly subsequent to the sine die adjournment of the session and until the Assembly shall reconvene for the next regular session;

*Resolved*, That subsequent to the sine die adjournment, and until the reconvening of the Assembly for the next regular session, the use of the Assembly Chamber shall not be permitted except on the written authorization of the Speaker and the Chairman of the Committee on Rules; and be it further

*Resolved*, That any requests for the use of committee rooms shall be made to the Chief Clerk of the Assembly, in writing, at least 10 days prior to the requested date for the use of such committee rooms, which request must be approved by the Speaker or Chairman of the Committee on Rules.

#### **Request for Unanimous Consent**

Mr. Stewart asked for, and was granted, unanimous consent to take up House Resolution No. 43, at this time, without reference to committee or file.

Resolution read, and adopted unanimously.

#### **MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER I am directed to inform your honorable body that the Senate on this day passed:

Assembly Bill No. 13  
Assembly Bill No. 26  
Assembly Bill No. 37

Assembly Bill No. 44  
Assembly Bill No. 59

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

Above bills ordered enrolled.

#### **REPORTS OF STANDING COMMITTEES**

##### **Committee on Judiciary**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER Your Committee on Judiciary, to which were referred

Assembly Bill No. 72  
Assembly Bill No. 73  
Assembly Bill No. 74

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

BROWN, Chairman

Above reported bills ordered to second reading.

#### **SECOND READING OF ASSEMBLY BILLS (RESUMED) (BY UNANIMOUS CONSENT)**

**Assembly Bill No. 72**—An act to amend Section 1714.5 of the Civil Code, relating to liability of one who owns or maintains any building or premises designated as a shelter from enemy attacks

Bill read second time, and ordered engrossed.

**Assembly Bill No. 73**—An act to amend Sections 403.5 and 765 of the Vehicle Code, relating to violations of the Vehicle Code in order to comply with regulations promulgated under Civil Defense Act of 1950, or the California Disaster Act.

Bill read second time, and ordered engrossed.

**Assembly Bill No. 74**—An act to amend and renumber Section 1714.5 of the Civil Code, relating to negligence as a matter of law, and defenses for acts or omissions in complying with orders or proclamations of military and civil authorities.

Bill read second time, and ordered engrossed.

**REPORTS OF STANDING COMMITTEES****Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

**Assembly Concurrent Resolution No. 2**—Relating to adjournment in respect to the memory of Mr. Nion R. Tucker;**Assembly Concurrent Resolution No. 3**—In honor of the late John P. McLaughlin;**Assembly Concurrent Resolution No. 5**—Approving amendment to the charter of the City and County of San Francisco voted for and ratified by the electors of said City and County of San Francisco at a consolidated direct primary and special municipal election held therein on the sixth day of June, 1950;

And reports that the same have been correctly enrolled, and presented to the Secretary of State on the twenty-sixth day of September, 1950, at 3 p.m.

GRUNSKY, Vice Chairman

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 73

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

**RESOLUTIONS**

The following resolution was offered:

By Mr. Dickey:

**House Resolution No. 44**

*Resolved*, That the Chief Clerk of the Assembly is hereby directed to take charge of arranging and preparing the bills, books, and all other records of the Assembly, and filing the same with the Secretary of State, as provided by law, subsequent to adjournment of the Third Extraordinary Session of the Legislature of 1950; and shall have charge of indexing, correcting, comparing and proofreading, and otherwise preparing the Journal and the Final History of the Assembly of the Third Extraordinary Session of the Legislature of 1950, such indexing, correcting, comparing, and proofreading of the Assembly Journals and Final History shall be performed by the State Printer under the direction of the Chief Clerk of the Assembly, making the information therein contained readily available for the use of the Members of the Legislature, state officers, and the general public, as a permanent record of the business transacted during the Third Extraordinary Session of 1950. He shall also have charge of compiling, preparing, and having printed after adjournment, a final calendar of the legislative business of the Third Extraordinary Session of 1950, said calendar to comprise a history of all bills introduced and their authors, the numbers that shall have become law; those that have been refused passage; an index to all measures introduced; and any and all such information as will provide a complete history of the session's business and a guide for the information of subsequent sessions of the Legislature.

When the final calendar is prepared, the Chief Clerk is directed to forward one copy of the Final History to each public library in the State which may apply for same, and one copy to each Member of the Assembly; and one copy of the complete unbound chapters to each Member of the Assembly; and he it further

*Resolved*, That the Chief Clerk is hereby authorized to employ such help as may be necessary to complete the aforesaid work of the Assembly and the same shall be compensated at a rate per diem not greater than that allowed them during the time the Legislature is in session; provided, however, that no compensation shall be allowed except for services actually performed in Sacramento, and the Chief Clerk is hereby directed to keep an accurate attendance record of all attaches so employed and certified by him to the State Controller as being entitled to compensation; and he it further

*Resolved*, That the State Controller is hereby authorized and directed to pay weekly compensation in such amounts and to such persons as may be certified to him by the Chief Clerk as being entitled to the same until the said work has been completed, and such sums shall be payable from the unexpended balance of the fund provided for the payment of officers and attaches of the Assembly.

**Request for Unanimous Consent**

Mr. Beck asked for, and was granted, unanimous consent to take up House Resolution No. 44, at this time, without reference to committee or file.

Resolution read.

The roll was called, and the resolution adopted by the following vote :

AYES—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Dills, Dolwig, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Grant, Grunsky, Hagen, Hahn, Hawkins, Kirkwood, Lincoln, Lipscomb, Lowrey, Luckel, McCarthy, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Yorty, and Mr. Speaker—55.

NOES—None.

**CONSIDERATION OF DAILY FILE (RESUMED)**

**THIRD READING OF ASSEMBLY BILLS (RESUMED)**

**Assembly Constitutional Amendment No. 1**—A resolution to propose to the people of the State of California an amendment to the Constitution of the State by adding to Article XX thereof a new section to be numbered 19, relating to subversive activities.

Resolution read.

**Motion to Amend**

Mr. Babbage moved the adoption of the following amendments :

**Amendment No. 1**

On page 1 of the printed measure, strike out line 20.

**Amendment No. 2**

On page 2, line 1, of said measure, strike out "(c)", and insert "(b)".

Amendments read, and adopted.

Resolution ordered reprinted, and re-engrossed.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate amended, and on this day passed, as amended :

Assembly Bill No. 25

And respectfully requests your honorable body to concur in said amendments.

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

Above bill ordered to unfinished business file.

**UNFINISHED BUSINESS (BY UNANIMOUS CONSENT) (RESUMED)**

**CONSIDERATION OF SENATE AMENDMENTS**

**Assembly Bill No. 25**—An act to protect property by making criminal certain unlawful entries on, injuries to and interference with property, authorizing the closing of streets, and to provide penalties for

the violation thereof, declaring the urgency thereof, to take effect immediately.

The question being: Shall the Assembly concur in the following Senate amendments to Assembly Bill No. 25?

**Amendment No. 1**

On page 2, line 26, of the printed bill, as amended in the Assembly on September 23, 1950, strike out "nor", and insert "and the maximum punishment shall be imprisonment in the state prison for not".

**Amendment No. 2**

On page 3, line 3, of said bill, strike out "nor", and insert "and the maximum punishment shall be imprisonment in the state prison for not".

The roll was called, and the Assembly concurred in Senate amendments to Assembly Bill No. 25 by the following vote:

AYES—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Dills, Dolwig, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Grant, Grunsky, Hagen, Hahn, Hawkins, Kirkwood, Lincoln, Lipscomb, Lowrey, Luckel, McCarthy, McCollister, McMullan, Meyers, Morris, Moss, Niehouse, Porter, Price, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Yorty, and Mr. Speaker—55.

NOES—None.

Assembly Bill No. 25 ordered enrolled.

**REPORTS OF STANDING COMMITTEES**

**Committee on Judiciary**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Judiciary, to which was referred:

Senate Bill No. 9

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

BROWN, Chairman

Above reported bill ordered held at desk.

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Judiciary, to which was referred:

Senate Bill No. 8

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

BROWN, Chairman

Above reported bill ordered to second reading

**RESOLUTION TO SUSPEND CONSTITUTIONAL PROVISION**

The following resolution was offered:

By Mr. Brown:

*Resolved*, That Senate Bill No. 8 presents a case of urgency, as that term is used in Article IV, Section 15, of the Constitution, and the provision of that section requiring that the bill be read on three several days in each house is hereby dispensed with, and it is ordered that said bill be read the second and third times, and placed upon its passage.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

AYES—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Dills, Dolwig, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Grunsky, Hagen,



Hahn, Hansen, Hoffman, Kirkwood, Lincoln, Lipscomb, Lowrey, Luckel, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Yorty, and Mr. Speaker—56.

NOES—None.

Article IV, Section 15, of the Constitution was declared suspended.

#### CONSIDERATION OF SENATE BILL NO. 8

**Senate Bill No. 8**—An act to add Section 12006 to the Health and Safety Code, relating to the purchase and possession of explosives, declaring the urgency thereof, to take effect immediately.

Bill read second time.

**Senate Bill No. 8**—An act to add Section 12006 to the Health and Safety Code, relating to the purchase and possession of explosives, declaring the urgency thereof, to take effect immediately.

Bill read third time.

#### Urgency Clause

Urgency clause read, and adopted by the following vote :

AYES—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Dills, Dolwig, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Grunsky, Hagen, Hahn, Hansen, Hoffman, Kirkwood, Lincoln, Lipscomb, Lowrey, Luckel, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Yorty, and Mr. Speaker—56.

NOES—None

The roll was called, and the bill passed by the following vote :

AYES—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Dills, Dolwig, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Grunsky, Hagen, Hahn, Hansen, Hoffman, Kirkwood, Lincoln, Lipscomb, Lowrey, Luckel, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Yorty, and Mr. Speaker—56.

NOES—None.

Bill ordered transmitted to the Senate.

#### Hon. Richard H. McCollister Presiding

At 3.23 p.m., Hon. Richard H. McCollister, Member of the Assembly from the Seventh District, presiding.

#### REPORTS OF STANDING COMMITTEES

##### Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined :

Assembly Constitutional Amendment No. 2

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported resolution ordered on file for adoption.

**Committee on Governmental Efficiency and Economy**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Governmental Efficiency and Economy, to which was referred:

Assembly Bill No. 75

Has had the same under consideration, and reports the same back with the recommendation. Subject matter be referred to the Interim Subcommittee on Subversive Activities of the Judiciary Committee.

STEWART, Chairman

Above reported bill ordered to the inactive file, and the subject matter ordered referred to the Subcommittee on Subversive Activities of the Interim Committee on the Judicial System and Judicial Process.

**REQUEST FOR UNANIMOUS CONSENT THAT PARTIAL REPORT  
BE PRINTED IN THE JOURNAL**

Mr. Morris asked for, and was granted, unanimous consent that a Partial Report of the Joint Senate-Assembly Interim Committee on Community Redevelopment and Housing Problems be ordered printed in the Journal, in 10-point type.

(Above mentioned report will appear prior to the motion to adjourn.)

**REPORTS OF STANDING COMMITTEES****Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 60

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Constitutional Amendment No. 1

And reports the same correctly re-engrossed

GRUNSKY, Vice Chairman

Above reported resolution ordered on file for adoption.

**Committee on Constitutional Amendments**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Constitutional Amendments, to which was referred

Senate Constitutional Amendment No. 2

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

CROWLEY, Chairman

Above reported resolution ordered on file for adoption.

**CONSIDERATION OF DAILY FILE (RESUMED)****THIRD READING OF ASSEMBLY BILLS (RESUMED)**

**Assembly Constitutional Amendment No. 2**—A resolution to propose to the people of the State of California an amendment to the Constitution of the State by amending Section 3 of Article XX thereof, relating to oaths required of persons holding public office or public trust.

Resolution read.

**Request for Unanimous Consent That Assembly Constitutional Amendment  
No. 2 Be Re-referred to Committee**

Speaker Sam L. Collins asked for, and was granted, unanimous consent that Assembly Constitutional Amendment No. 2 be ordered re-referred to the Committee on Constitutional Amendments.

**THIRD READING OF SENATE BILLS (RESUMED)**

**Senate Bill No. 35**—An act to add an article heading and to add Article 2, to Chapter 1.6 of Division 3 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—60.

**NOES**—Dills and Fleury—2

**Speaker pro Tempore Maloney Presiding**

At 3.58 p.m., Hon. Thomas A. Maloney, Speaker pro Tempore of the Assembly, presiding

The question being on the passage of the bill.

The roll was called, and the bill passed by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—60.

**NOES**—Dills and Fleury—2.

Bill ordered transmitted to the Senate.

**Senate Bill No. 22**—An act to amend Section 5050 of the Education Code, relating to apportionments of state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—60.

**NOES**—None.

The roll was called, and the bill passed by the following vote:

**AYES**—Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Luckel, Maloney, McCarthy, McCollister

Meyers, Morris, Moss, Niehouse, Porter, Price, Rumford, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—60.

NOES—None.

Bill ordered transmitted to the Senate.

**Senate Bill No. 29**—An act to amend Sections 5055 and 5056 of, and to add Sections 5048.2 and 5057.1 to, Chapter 1.6 of Division 3 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read third time.

#### Urgency Clause

Urgency clause read, and adopted by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hawkins, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Stanley, Stewart, Thomas, Thompson, Tomlinson, and Yorty—60.

NOES—None.

The roll was called, and the bill passed by the following vote:

**AYES**—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hawkins, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Stanley, Stewart, Thomas, Thompson, Tomlinson, and Yorty—60.

NOES—None.

Bill ordered transmitted to the Senate.

### REPORTS OF STANDING COMMITTEES

#### Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 72

Assembly Bill No. 74

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported bills ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 1

And reports the same correctly re-engrossed.

GRUNSKY, Vice Chairman

Above reported bill ordered to third reading.

### CONSIDERATION OF DAILY FILE (RESUMED)

#### THIRD READING OF SENATE BILLS (RESUMED)

**Senate Bill No. 36**—An act to amend Section 5109 of the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

AYES—Babbage, Beck, Bennett, Berty, Brady, Brown, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hawkins, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stewart, Thomas, Thompson, Tomlinson, Weber, Yorty, and Mr. Speaker—62.

NOES—None

The roll was called, and the bill passed by the following vote:

AYES—Babbage, Beck, Bennett, Berty, Brady, Brown, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hawkins, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stewart, Thomas, Thompson, Tomlinson, Weber, Yorty, and Mr. Speaker—62.

NOES—None.

Bill ordered transmitted to the Senate.

**QUESTION OF PERSONAL PRIVILEGE**

Mr. Dunn arose to a question of personal privilege.

**ANNOUNCEMENT**

Speaker pro Tempore Maloney announced that all members are requested to place their keys in the manila envelopes which have been placed upon their desks for this purpose.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day passed:

Assembly Bill No. 6  
Assembly Bill No. 33  
Assembly Bill No. 56  
Assembly Bill No. 63

Assembly Bill No. 64  
Assembly Bill No. 65  
Assembly Bill No. 66  
Assembly Bill No. 70

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

Above bills ordered enrolled.

**REPORTS OF STANDING COMMITTEES**

**Committee on Rules**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred:

Assembly Concurrent Resolution No. 15  
Assembly Concurrent Resolution No. 20

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKEY, Chairman

Above reported resolutions ordered engrossed.

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

Assembly Joint Resolution No. 4

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKEY, Chairman

Above reported resolution ordered engrossed.

**Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

**MR. SPEAKER:** Your Committee on Legislative Procedure has examined:

Assembly Concurrent Resolution No. 15

Assembly Concurrent Resolution No. 20

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported resolutions ordered on file for adoption.

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

**MR. SPEAKER:** Your Committee on Legislative Procedure has examined:

Assembly Joint Resolution No. 4

And reports the same correctly engrossed.

GRUNSKY, Vice Chairman

Above reported resolution ordered on file for adoption.

**CONSIDERATION OF DAILY FILE (RESUMED)****THIRD READING OF ASSEMBLY BILLS (RESUMED)**

**Assembly Bill No. 1**—An act to add Division 2B, comprising Sections 139.75 to 139.96, inclusive, to the Vehicle Code, and Section 4805 to the Labor Code, relating to the California Highway Patrol Reserve Corps, making an appropriation, and declaring the urgency thereof, to take effect immediately.

Bill read third time.

**Urgency Clause**

Urgency clause read.

**Motion to Re-refer Assembly Bill No. 1 to Committee on Ways and Means**

Mr. Condon moved that Assembly Bill No. 1 be re-referred to the Committee on Ways and Means.

Mr. Hagen seconded the motion.

Motion lost.

**Demand for Previous Question**

Messrs. Collier, Reagan, Lincoln, Grant, and Stanley demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of the urgency clause.

The roll was called.

**Call of the Assembly**

Pending the announcement of the vote, Mr. Luckel moved a call of the Assembly.

Motion carried. Time, 4.50 p m.

The Speaker directed the Sergeant-at-Arms to close the doors, and to bring in the following absent members:

Anderson, Brady, Coats, Sam L. Collins, Crichton, Davis, Dunn, Evans, Hagen, Hinchley, McCarthy, McMillan, Price, Rumford, and Sillman—15.

**PROCEEDINGS UNDER CALL OF THE ASSEMBLY  
BY UNANIMOUS CONSENT****TEMPORARY SUSPENSION OF ASSEMBLY RULE NO. 85**

Mr. Crowley asked for, and was granted, unanimous consent that Assembly Rule No. 85 be temporarily suspended for the purpose of placing a call of the Assembly on any matter on file.

# MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted.

Assembly Concurrent Resolution No. 18

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

Above resolution ordered enrolled.

## RESOLUTION TO SUSPEND CONSTITUTIONAL PROVISION

The following resolution was offered:

By Mr. Levering:

*Resolved*, That Assembly Bill No. 60 presents a case of urgency, as that term is used in Article IV, Section 15, of the Constitution, and the provision of that section requiring that the bill be read on three several days in each house is hereby dispensed with, and it is ordered that said bill be read the third time, and placed upon its passage.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

AYES—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Caldecott, Clarke, Cloyd, Coats, Collier, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood, Levering, Lincoln, Lowrey, Luckel, Maloney, McCarthy, McCollister, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—57.

NOES—George D. Collins, Elliott, Hawkins, and Lewis—4.

Article IV, Section 15, of the Constitution was declared suspended.

## CONSIDERATION OF ASSEMBLY BILL NO. 60

**Assembly Bill No. 60**—An act to increase production by providing for exemptions from various requirements, relating to employment and working conditions of female employees essential to the current defense program, declaring the urgency thereof, to take effect immediately.

Bill read third time.

### Urgency Clause

Urgency clause read, and adopted by the following vote:

AYES—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Caldecott, Clarke, Cloyd, Coats, Collier, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood, Levering, Lincoln, Lowrey, Luckel, Maloney, McCarthy, McCollister, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—57.

NOES—George D. Collins, Elliott, Hawkins, and Lewis—4.

### Request for Unanimous Consent That Name Be Placed Upon Roll Call

Mr. Erwin asked for, and was granted, unanimous consent that his name be placed upon the roll call on the urgency clause to Assembly Bill No. 60, and that he be recorded as voting "Aye."

The question being on the passage of the bill.

The roll was called, and the bill passed by the following vote:

AYES—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Caldecott, Clarke, Cloyd, Coats, Collier, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky,

Hagen, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood, Levering, Lincoln, Lowrey, Luckel, Maloney, McCarthy, McCollister, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—57

NOES—George D. Collins, Elliott, Hawkins, and Lewis—4.

Bill ordered transmitted to the Senate.

**FURTHER PROCEEDINGS UNDER CALL OF THE ASSEMBLY DISPENSED WITH ON URGENCY CLAUSE TO ASSEMBLY BILL NO. 1**

At 4.55 p.m., on motion of Mr. Luckel, further proceedings under the call of the Assembly were dispensed with.

The names of the absentees were called, and the urgency clause to Assembly Bill No. 1 adopted by the following vote:

AYES—Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, Connolly, Conrad, Cooke, Dickey, Dolwig, Doyle, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood, Levering, Lincoln, Lipscomb, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—55.

NOES—George D. Collins, Condon, Crowley, Dills, Elliott, Hawkins, Lewis, Lowrey, and Thomas—9.

The roll was called, and the bill passed by the following vote:

AYES—Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, Connolly, Conrad, Cooke, Dickey, Dolwig, Doyle, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood, Levering, Lincoln, Lipscomb, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—55.

NOES—George D. Collins, Condon, Crowley, Dills, Elliott, Hawkins, Lewis, Lowrey, and Thomas—9.

Bill ordered transmitted to the Senate.

**Assembly Constitutional Amendment No. 1**—A resolution to propose to the people of the State of California an amendment to the Constitution of the State by adding to Article XX thereof a new section to be numbered 19, relating to subversive activities.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

AYES—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—64.

NOES—None.

Resolution ordered transmitted to the Senate.

**REPORTS OF STANDING COMMITTEES**

**Committee on Legislative Procedure**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

**Assembly Concurrent Resolution No. 13**—Approving certain amendments to the charter of the City of Long Beach, State of California, ratified by the qualified



electors of said city at a special municipal election held therein on the sixth day of June, 1950;

And reports that the same has been correctly enrolled, and presented to the Secretary of State on the twenty-sixth day of September, 1950, at 4 p.m.

GRUNSKY, Vice Chairman

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Constitutional Amendment No. 1

And reports the same correctly re-engrossed.

GRUNSKY, Vice Chairman

Above reported resolution ordered on file for adoption.

### RESOLUTION TO SUSPEND CONSTITUTIONAL PROVISION

The following resolution was offered:

By Mr. Brown:

*Resolved*, That Assembly Bills Nos. 72, 73, and 74 present a case of urgency, as that term is used in Article IV, Section 15, of the Constitution, and the provision of that section requiring that the bills be read on three several days in each house is hereby dispensed with, and it is ordered that said bills be read the third time, and placed upon their passage.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

AYES—Babbage, Beck, Berry, Brady, Brown, Burke, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—59.

NOES—None.

Article IV, Section 15, of the Constitution was declared suspended.

### CONSIDERATION OF ASSEMBLY BILL NO. 72

**Assembly Bill No. 72**—An act to amend Section 1714.5 of the Civil Code, relating to liability of one who owns or maintains any building or premises designated as a shelter from enemy attacks.

Bill read third time.

The roll was called, and the bill passed by the following vote:

AYES—Babbage, Beck, Berry, Brady, Brown, Burke, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—59.

NOES—None.

Bill ordered transmitted to the Senate.

### CONSIDERATION OF ASSEMBLY BILL NO. 73

**Assembly Bill No. 73**—An act to amend Sections 403.5 and 765 of the Vehicle Code, relating to violations of the Vehicle Code in order to comply with regulations promulgated under Civil Defense Act of 1950, or the California Disaster Act.

Bill read third time.

The roll was called, and the bill passed by the following vote :

**AYES**—Babbage, Beck, Berry, Brady, Brown, Burke, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—59.

**NOES**—None.

Bill ordered transmitted to the Senate.

#### CONSIDERATION OF ASSEMBLY BILL NO. 74

**Assembly Bill No. 74**—An act to amend and renumber Section 1714.5 of the Civil Code, relating to negligence as a matter of law, and defenses for acts or omissions in complying with orders or proclamations of military and civil authorities.

Bill read third time.

The roll was called, and the bill passed by the following vote :

**AYES**—Babbage, Beck, Berry, Brady, Brown, Burke, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hoffman, Hollibaugh, Kirkwood, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—59.

**NOES**—None.

Bill ordered transmitted to the Senate.

#### RECESS

At 4.56 p.m., on motion of Mr. Dickey, the Assembly recessed until 4.59 p.m.

#### REASSEMBLED

At 4.59 p.m., the Assembly reconvened.

Hon. Sam L. Collins, Speaker of the Assembly, presiding.

Chief Clerk Arthur A. Ohnimus at the desk.

#### MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, September 26, 1950

**MR. SPEAKER** I am directed to inform your honorable body that the Senate on this day concurred in Assembly amendments to :

Senate Bill No. 34

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

SENATE CHAMBER, SACRAMENTO, September 26, 1950

**MR. SPEAKER** : I am directed to inform your honorable body that the Senate on this day adopted the report of the Committee on Conference concerning :

**Senate Bill No. 30**—An act to amend Section 5046 of the Education Code, relating to apportionments to school districts from the Public School Building Loan Fund, declaring the urgency thereof, to take effect immediately.

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

SENATE CHAMBER, SACRAMENTO, September 26, 1950

**MR. SPEAKER** I am directed to inform your honorable body that the Senate on this day adopted :

Assembly Joint Resolution No. 1

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

Above resolution ordered enrolled.

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER. I am directed to inform your honorable body that the Senate on this day passed.

Assembly Bill No. 7  
Assembly Bill No. 9  
Assembly Bill No. 10

Assembly Bill No. 31  
Assembly Bill No. 41  
Assembly Bill No. 43

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

Above bills ordered enrolled.

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER. I am directed to inform your honorable body that the Senate on this day passed.

Senate Bill No. 7

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

**FIRST READING AND REFERENCE OF SENATE BILLS (RESUMED)**

The following bill was read the first time:

**Senate Bill No. 7**—An act to add Section 11011 to the Government Code, relating to contracts between state agencies and the United States, making an appropriation for administrative expenses in connection therewith, declaring the urgency thereof, to take effect immediately.

Referred to Committee on Ways and Means.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day passed:

Senate Bill No. 40

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

**FIRST READING AND REFERENCE OF SENATE BILLS (RESUMED)**

The following bill was read the first time:

**Senate Bill No. 40**—An act to add Sections 1502.5, 1503, 1508, and 1509, Article 2.5, comprising Sections 1518 to 1518.3, inclusive, and Article 4 5, comprising Sections 1535 to 1535.6, inclusive, to Chapter 1 of Division 7 of the Military and Veterans Code, relating to civil defense, and declaring the urgency thereof, to take effect immediately.

Referred to Committee on Military Affairs.

**REPORTS OF STANDING COMMITTEES**

**Committee on Rules**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred:

Senate Concurrent Resolution No. 3  
Senate Concurrent Resolution No. 4  
Senate Concurrent Resolution No. 5

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKEY, Chairman

Above reported resolutions ordered on file for adoption.

## ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

Senate Joint Resolution No. 4

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKEY, Chairman

Above reported resolution ordered on file for adoption.

## ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

Senate Joint Resolution No. 1

Has had the same under consideration, and reports the same back with amendments with the recommendation: Amend, and be adopted, as amended.

DICKEY, Chairman

Above reported resolution ordered on file

## ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred:

House Resolution No. 28

House Resolution No. 41

Has had the same under consideration, and reports the same back with amendments with the recommendation: Amend, and be adopted, as amended.

DICKEY, Chairman

Above reported resolutions ordered on file.

**MESSAGES FROM THE SENATE**

## SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Concurrent Resolution No. 10

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

**FIRST READING AND REFERENCE OF SENATE BILLS (RESUMED)**

The following resolution was read:

**Senate Concurrent Resolution No. 10**—Relative to adjournment in respect to the memory of Mrs. Agnes Lillian Coyle Regan.

Referred to Committee on Rules

**RESOLUTIONS**

The following resolutions were offered:

By Mr. Dickey:

**House Resolution No. 45**

*Resolved*, That the thanks of the Members of this Assembly are extended to each and every officer, employee, and attache of this House for the splendid services they have performed during the 1950 Third Extraordinary Session of the Legislature.

**Request for Unanimous Consent**

Mr. Clarke asked for, and was granted, unanimous consent to take up House Resolution No. 45, at this time, without reference to committee or file.

Resolution read, and adopted.

By Mr. Dickey :

**House Resolution No. 46**

*Resolved by the Assembly of the State of California*, That each and every person heretofore employed by the Assembly is hereby stricken from the list of Assembly attaches, and the names stricken from the pay roll of the Assembly, to take effect upon the completion of work on the date set by resolution for *sine die* adjournment save and except Arthur A. Obnimus, Chief Clerk, and those who are certified to the Controller by the Chief Clerk.

**Request for Unanimous Consent**

Mr. Clarke asked for, and was granted, unanimous consent to take up House Resolution No. 46, at this time, without reference to committee or file.

Resolution read, and adopted.

**CONSIDERATION OF SENATE JOINT RESOLUTION NO. 1**

**Senate Joint Resolution No. 1**—Relative to the United States Marines.

Resolution read.

**Consideration of Committee Amendments**

The following amendment was proposed by the Committee on Rules :

**Amendment No. 1**

On page 2, line 10, of the printed measure, after "cooperation", strike out the comma, and insert "with other branches of the armed forces,".

Amendment read, and adopted.

Resolution ordered reprinted, and on file for adoption.

**Speaker pro Tempore Presiding**

Speaker pro Tempore Maloney, presiding.

**Hon. Gordon A. Fleury, Presiding**

Hon. Gordon A. Fleury, Member of the Assembly from the Eighth District, presiding.

**Speaker pro Tempore Presiding**

Speaker pro Tempore Maloney presiding.

**CONSIDERATION OF ASSEMBLY CONCURRENT RESOLUTION NO. 20**

**Assembly Concurrent Resolution No. 20**—Relative to interpretation of Section 17.5 of the Budget Act of 1950.

Resolution read, and adopted.

Resolution ordered transmitted to the Senate.

**CONSIDERATION OF ASSEMBLY CONCURRENT RESOLUTION NO. 15**

**Assembly Concurrent Resolution No. 15**—Relative to congratulating the Department of Public Works upon the Centennial Edition of its magazine and commending its Editor, Kenneth Adams.

Resolution read, and adopted.

Resolution ordered transmitted to the Senate.

**CONSIDERATION OF SENATE CONSTITUTIONAL AMENDMENT NO. 2**

**Senate Constitutional Amendment No. 2**—A resolution to propose to the people of the State of California an amendment to the Constitution of the State by adding to Article XX thereof a new section to be numbered 3.1, relating to loyalty investigations and oaths.

Resolution read.

**Motion to Amend**

Mr. Levering moved the adoption of the following amendments:

**Amendment No. 1**

In line 3 of the title of the printed measure, strike out "adding to Article"; and strike out all of lines 4 and 5, and insert "amending Section 3 of Article XX, relating to oaths of office."

**Amendment No. 2**

On page 1, lines 7 and 8, of said measure, strike out "adding to Article XX thereof a new section to be numbered 3.1", and insert "amending Section 3 of Article XX".

**PRINTER'S NOTE**—There being no 7-point strikeout type available, the material which should appear in strikeout type in the following amendment is indicated by being inclosed within brackets.

**Amendment No. 3**

On page 1 of said measure, strike out lines 9 to 19, inclusive, and insert

"SEC. 3. Members of the Legislature, and all officers, executive and judicial, except such inferior officers as may be by law exempted, shall, before they enter upon the duties of their respective offices, take and subscribe the following oath or affirmation:

"[I do solemnly swear (or affirm, as the case may be,) that I will support the Constitution of the United States and the Constitution of the State of California, and that I will faithfully discharge the duties of the office of -----, according to the best of my ability."

[And no other oath, declaration, or test, shall be required as a qualification for any office or public trust"]

"I, -----, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution of the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

"And I do further swear (or affirm) that I do not advocate, nor am I a member of any party or organization, political or otherwise, that now advocates the overthrow of the Government of the United States or of the State of California by force or violence or other unlawful means; that within the five years immediately preceding the taking of this oath (or affirmation) I have not been a member of any party or organization, political or otherwise, that advocated the overthrow of the Government of the United States or of the State of California by force or violence or other unlawful means except as follows: -----

(If no affiliations, write in the words 'No Exceptions')

and that during such time as I hold the office of ----- I will not advocate ----- (name of office) nor become a member of any party or organization, political or otherwise, that advocates the overthrow of the Government of the United States or of the State of California by force or violence or other unlawful means"

Amendments read, and adopted.

Resolution ordered reprinted, and on file for adoption.

**REPORTS OF STANDING COMMITTEES****Committee on Rules**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

Senate Concurrent Resolution No. 10

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKEY, Chairman

Above reported resolution ordered on file for adoption.

**CONSIDERATION OF ASSEMBLY JOINT RESOLUTION NO. 4**

**Assembly Joint Resolution No. 4**—Relative to memorializing the President and the Congress of the United States in respect to the welfare and recreational needs of servicemen training in California.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Babbage, Berry, Burke, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, Connolly, Conrad, Cooke, Dickey, Dolwig, Doyle, Elliott, Erwin, Fleury, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hollibaugh, Kirkwood, Levering, Lincoln, Lipscomb, Luckel, Maloney, Morris, Moss, Nichouse, Sherwin, Smith, Stanley, Stewart, Thompson, Waters, Weber, and Mr. Speaker—42

**NOES**—None.

Resolution ordered transmitted to the Senate.

**CONSIDERATION OF SENATE CONCURRENT RESOLUTION NO. 5**

**Senate Concurrent Resolution No. 5**—Relative to the suppression of beet leafhoppers.

Resolution read, and adopted.

Resolution ordered transmitted to the Senate.

**CONSIDERATION OF SENATE CONCURRENT RESOLUTION NO. 3**

**Senate Concurrent Resolution No. 3**—Relative to commending the F. B. I. and urging all persons to cooperate with it in combating sabotage, espionage, and subversive activities.

Resolution read, and adopted.

Resolution ordered transmitted to the Senate.

**CONSIDERATION OF SENATE JOINT RESOLUTION NO. 4**

**Senate Joint Resolution No. 4**—Relative to memorializing Congress and the Department of Agriculture to have research and investigation on beet leafhoppers in California undertaken by the United States Bureau of Entomology and Plant Quarantine.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Beck, Berry, Burke, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, Connolly, Conrad, Cooke, Dickey, Dolwig, Doyle, Elliott, Erwin, Fleury, Geddes, Grant, Grunsky, Hagen, Hansen, Hoffman, Hollibaugh, Kirkwood, Levering, Lincoln, Lipscomb, Lowrey, Maloney, Meyers, Moss, Porter, Rumford, Sherwin, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—45.

**NOES**—Evans—1.

Resolution ordered transmitted to the Senate.

**CONSIDERATION OF HOUSE RESOLUTION NO. 28**

By Messrs. Weber, Cloyed, Gaffney, Hagen, Hansen, Lewis, Lincoln, Lindsay, and Yorty:

**House Resolution No. 28**

Relative to augmenting the funds of the Assembly Interim Committee on Conservation, Planning, and Public Works

**WHEREAS**, The Assembly Interim Committee on Conservation, Planning, and Public Works has held extensive public hearings throughout the State, taking testimony and information with reference to public works requirements of local agencies of government; and

WHEREAS, The hearings and investigations of the committee have become so extensive that it would be impossible to complete the work in accordance with legislative instructions with funds available; now, therefore, be it

*Resolved by the Assembly of the State of California*, That in addition to any money heretofore made available, the sum of twenty-four thousand dollars (\$24,000), or so much thereof as may be necessary, is hereby made available from the Contingent Fund of the Assembly for the expenses of the Assembly Interim Committee on Conservation, Planning, and Public Works (created by House Resolution No. 212, 1949 General Session) and its members and for any charges, expenses or claims it may incur under said resolution, to be paid from said Contingent Fund and disbursed after certification by the chairman of the committee, upon warrants drawn by the State Controller on the State Treasurer; and be it further

*Resolved*, That the committee be hereby instructed to submit its preliminary report and legislative recommendations not later than January 15, 1951, and its final report containing the public works inventory of the entire State not later than March 31, 1951.

Resolution read.

#### Consideration of Committee Amendments

The following amendment was proposed by the Committee on Rules:

##### Amendment No. 1

In the first "Resolved" paragraph, line 2, of the resolution as printed in the Assembly Journal for September 25, 1950, at page 481, after "sum of", strike out "twenty-four thousand dollars (\$24,000)", and insert "five thousand dollars (\$5,000)".

Amendment read.

The roll was called.

#### Call of the Assembly

Pending the announcement of the vote, Mr. Weber moved a call of the Assembly.

Motion carried.

The Speaker directed the Sergeant-at-Arms to close the doors, and to bring in the following absent members:

Anderson, Beck, Bennett, Brady, Brown, Burkhalter, Caldecott, George D. Collins, Condon, Crichton, Davis, Dunn, Evans, Fletcher, Fleury, Gaffney, Hawkins, Hinchley, Hoffman, Lewis, Lapscomb, Luckel, McCarthy, McCollister, McMillan, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stewart, Thomas, Tomlinson, and Waters—36

#### PROCEEDINGS UNDER CALL OF THE ASSEMBLY BY UNANIMOUS CONSENT

##### TEMPORARY SUSPENSION OF ASSEMBLY RULE NO. 85

Mr. Condon asked for, and was granted, unanimous consent that Assembly Rule No. 85 be temporarily suspended for the purpose of placing a call of the Assembly on any matter on file.

#### RESOLUTIONS

The following resolution was offered:

By Messrs. Stewart and Beck:

##### House Resolution No. 47

WHEREAS, The Congress of the United States of America has enacted into law the "Subversive Activities Control Act of 1950"; and

WHEREAS, The Subversive Activities Control Act of 1950 provides for the registration of Communist-Action Organizations, Communist Front Organizations, and members thereof; and



WHEREAS, A. B. No. 75 relating to registration of Communists as now pending before the Legislature of the State of California may conflict with said Subversive Activities Control Act of 1950 as enacted by the Congress; and

WHEREAS, Several cities and counties of this State have enacted ordinances requiring the registration of the members of certain organizations which are operated primarily for the purpose of advancing the objectives of the world Communist movement by unlawful means, and the enactment of legislation by the State Legislature in conflict with such local ordinances may have the effect of rendering said local ordinances unenforceable by reason of the provisions of Section 11 of Article XI of the State Constitution; now, therefore, be it

*Resolved by the Assembly of the State of California*, That the Interim Committee on Judicial System and Judicial Process and its Subcommittee to Control Communism, Subversive Activities and Sabotage, be and is hereby directed to give consideration to the propriety and necessity for state legislation with respect to the registration of members of the Communist Party within this State and report its recommendations thereon at its earliest possible convenience after the convening of the regular session of the Legislature.

#### Request for Unanimous Consent

Mr. Stewart asked for, and was granted, unanimous consent to take up House Resolution No. 47, at this time, without reference to committee or file.

Resolution read, and adopted.

#### CONSIDERATION OF SENATE CONCURRENT RESOLUTION NO. 10

**Senate Concurrent Resolution No. 10**—Relative to adjournment in respect to the memory of Mrs. Agnes Lillian Coyle Regan.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Babbage, Beck, Berry, Brown, Burke, Batters, Caldecott, Clarke, Cloved, Coats, Collier, George D. Collins, Connolly, Conrad, Crowlev, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Lincoln, Lipscomb, Lowrey, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Rufford, Sherwin, Smith, Stanley, Stewart, Thompson, Weber, Yorty, and Mr. Speaker—54.  
**NOES**—None.

Resolution ordered transmitted to the Senate.

#### CONSIDERATION OF HOUSE RESOLUTION NO. 41

By Mr. Davis:

##### House Resolution No. 41

Relative to augmenting the funds of the Assembly Interim Committee on Fairs and Expositions

*Resolved by the Assembly of the State of California*, That in addition to any money heretofore made available, the sum of two thousand, five hundred dollars (\$2,500), or so much thereof as may be necessary, is hereby made available from the Contingent Fund of the Assembly for the expenses of the Assembly Interim Committee on Fairs and Expositions (created by House Resolution No. 285, 1949 Regular Session) and its members, and for any charges, expenses or claims it may incur under said resolution, to be paid from said Contingent Fund and disbursed after certification by the chairman of the committee, upon warrants drawn by the State Controller on the State Treasurer.

Resolution read.

#### Consideration of Committee Amendments

The following amendment was proposed by the Committee on Rules:

##### Amendment No. 1

In line 3 of the resolution, as typed, after "sum of", strike out "two thousand, five hundred dollars (\$2,500)", and insert "one thousand, five hundred dollars (\$1,500)".

Amendment read.

The roll was called, and the amendment adopted by the following vote:

**AYES**—Berry, Burke, Butters, Caldecott, Clarke, Cloyd, Coats, Connolly, Crowley, Dickey, Dolwig, Erwin, Gaffney, Geddes, Grunsky, Hagen, Hollibaugh, Kirkwood, Lincoln, Lowrey, Moss, Rumford, Sherwin, Waters, and Weber—25.

**NOES**—Babbage, Collier, Conrad, Hahn, Levering, Lipscomb, and Morris—7.

#### **Consideration of House Resolution No. 41, as Amended**

By Mr. Davis:

##### **House Resolution No. 41**

Relative to augmenting the funds of the Assembly Interim Committee on Fairs and Expositions

*Resolved by the Assembly of the State of California, That in addition to any money heretofore made available, the sum of one thousand five hundred dollars (\$1,500), or so much thereof as may be necessary, is hereby made available from the Contingent Fund of the Assembly for the expenses of the Assembly Interim Committee on Fairs and Expositions (created by House Resolution No. 285, 1949 Regular Session) and its members, and for any charges, expenses or claims it may incur under said resolution, to be paid from said Contingent Fund and disbursed after certification by the chairman of the committee, upon warrants drawn by the State Controller on the State Treasurer*

Resolution read, as amended.

The roll was called, and the resolution refused adoption by the following vote:

**AYES**—Berry, Caldecott, Clarke, Cloyd, Coats, Connolly, Cooke, Crowley, Dickey, Dills, Dolwig, Gaffney, Hoffman, Hollibaugh, Lowrey, Maloney, Moss, Niehouse, Porter, Rumford, Thompson, Weber, and Yorty—23.

**NOES**—Babbage, Burke, Butters, Collier, Conrad, Elliott, Erwin, Evans, Grant, Grunsky, Hagen, Hahn, Kirkwood, Levering, Lipscomb, Morris, Sherwin, and Smith—18.

#### **REPORTS OF STANDING COMMITTEES**

##### **Committee on Ways and Means**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER Your Committee on Ways and Means, to which was referred

Senate Bill No. 7

Has had the same under consideration, and reports the same back with the recommendation. Do pass

SHERWIN, Chairman

Above reported bill ordered to second reading.

#### **FURTHER PROCEEDINGS UNDER CALL OF THE ASSEMBLY DISPENSED WITH ON AMENDMENT TO HOUSE RESOLUTION NO. 28**

On motion of Mr. Weber, further proceedings under the call of the Assembly were dispensed with.

The names of the absentees were called, and the committee amendment to House Resolution No. 28 adopted by the following vote:

**AYES**—Berry, Brady, Burke, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, Condon, Connolly, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hollibaugh, Levering, Lincoln, Lowrey, Maloney, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Stanley, Stewart, Thompson, Weber, Yorty, and Mr. Speaker—45

**NOES**—Babbage, Conrad, and Kirkwood—3.

**Consideration of House Resolution No. 28, as Amended**

By Messrs Weber, Cloyed, Gaffney, Hagen, Hansen, Lewis, Lincoln, Lindsay, and Yorty :

**House Resolution No. 28**

Relative to augmenting the funds of the Assembly Interim Committee on Conservation, Planning, and Public Works

WHEREAS, The Assembly Interim Committee on Conservation, Planning, and Public Works has held extensive public hearings throughout the State, taking testimony and information with reference to public works requirements of local agencies of government; and

WHEREAS, The hearings and investigations of the committee have become so extensive that it would be impossible to complete the work in accordance with legislative instructions with funds available; now, therefore, be it

*Resolved by the Assembly of the State of California*, That in addition to any money heretofore made available, the sum of five thousand dollars (\$5,000), or so much thereof as may be necessary, is hereby made available from the Contingent Fund of the Assembly for the expenses of the Assembly Interim Committee on Conservation, Planning, and Public Works (created by House Resolution No. 212, 1949 General Session) and its members and for any charges, expenses or claims it may incur under said resolution, to be paid from said Contingent Fund and disbursed after certification by the chairman of the committee, upon warrants drawn by the State Controller on the State Treasurer; and be it further

*Resolved*, That the committee be hereby instructed to submit its preliminary report and legislative recommendations not later than January 15, 1951, and its final report containing the public works inventory of the entire State not later than March 31, 1951

Resolution read, as amended.

The roll was called, and the resolution adopted by the following vote :

AYES—Bennett, Berry, Brady, Burke, Caldecott, Clarke, Cloyed, Coats, Condon, Connolly, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Gaffney, Geddes, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hollibaugh, Lincoln, Lowrey, Maloney, Meyer, Morris, Moss, Niehouse, Porter, Rumford, Stanley, Stewart, Thompson, Weber, and Yorty—42.

NOES—Babbage, Collier, Kirkwood, and Levering—4.

**RESOLUTION TO SUSPEND CONSTITUTIONAL PROVISION**

The following resolution was offered :

By Mr. Sherwin :

*Resolved*, That Senate Bill No. 7 presents a case of urgency, as that term is used in Article IV, Section 15, of the Constitution, and the provision of that section requiring that the bill be read on three several days in each house is hereby dispensed with, and it is ordered that said bill be read the second and third times, and placed upon its passage

Resolution read

The roll was called, and the resolution adopted by the following vote :

AYES—Babbage, Beck, Bennett, Berry, Brown, Burke, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Levering, Maloney, McCarthy, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Stanley, Stewart, Thompson, Waters, Weber, and Yorty—54.

NOES—None

Article IV, Section 15, of the Constitution was declared suspended.

**CONSIDERATION OF SENATE BILL NO. 7**

**Senate Bill No. 7**—An act to add Section 11011 to the Government Code, relating to contracts between state agencies and the United States, making an appropriation for administrative expenses in connection therewith, declaring the urgency thereof, to take effect immediately.

Bill read second time.

**Urgency Clause**

**Urgency clause read, and adopted by the following vote:**

**AYES**—Babbage, Beck, Bennett, Berry, Brown, Burke, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Levering, Maloney, McCarthy, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Stanley, Stewart, Thompson, Waters, Weber, and Yorty—54.

**NOES**—None.

**Senate Bill No. 7**—An act to add Section 11011 to the Government Code, relating to contracts between state agencies and the United States, making an appropriation for administrative expenses in connection therewith, declaring the urgency thereof, to take effect immediately.

**Bill read third time.**

**The roll was called, and the bill passed by the following vote:**

**AYES**—Babbage, Beck, Bennett, Berry, Brown, Burke, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Levering, Maloney, McCarthy, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Stanley, Stewart, Thompson, Waters, Weber, and Yorty—54.

**NOES**—None.

**Bill ordered transmitted to the Senate.**

**MESSAGES FROM THE SENATE**

SENATE CHAMBERS, SACRAMENTO, September 26, 1950

**MR. SPEAKER:** I am directed to inform your honorable body that the Senate amended, and on this day passed, as amended:

Assembly Bill No. 34

Assembly Bill No. 39

And respectfully requests your honorable body to concur in said amendments.

J. A. BEEK, Secretary of the Senate

By C. V. TAYLOR, Assistant Secretary

**Above bills ordered to unfinished business file.**

**UNFINISHED BUSINESS (BY UNANIMOUS CONSENT) (RESUMED)****CONSIDERATION OF SENATE AMENDMENTS**

**Assembly Bill No. 39**—An act to amend Sections 20890 and 20894.5 of the Government Code and Sections 14449, 14495.2, and 14702 of the Education Code, relating to public retirement systems in respect to absence of members in military service and contributions therefor, and declaring the urgency thereof, to take effect immediately.

**The question being:** Shall the Assembly concur in the following Senate amendments to Assembly Bill No. 39?

**Amendment No. 1**

In line 1 of the title in the printed bill, strike out "An act to amend Sections 20890 and 20894.5 of the Government", and insert "An act to add Sections 20891.1 and 20892.5, and to amend Sections 20890, 20891, 20892, 20894, 20894.1 and 20894.5 of the Government".

**PRINTER'S NOTE**—There being no 7-point strikeout type available, the material which should appear in strikeout type in the following amendment is indicated by being enclosed within brackets.

**Amendment No. 2**

On page 1 of the printed bill, between lines 18 and 19, insert

"SECTION 1.1. Section 20891 of the Government Code is amended to read :

20891. Any local member so absent on military service may contribute to this system [ , either ] during [ his absence on military or upon his return to State service, ] such absence, at times and in the manner prescribed by the board, amounts equal to the contributions which would have been made by him to the system on the basis of his compensation earnable at the commencement of his absence if he had remained in state service. When made, such contributions are normal contributions.

SEC. 1.2. Section 20891.1 is added to the Government Code, to read :

20891.1. Any state member who is absent on military service may contribute to this system during such absence, at times and in the manner prescribed by the board, amounts equal to the contributions which would have been made by him to the system on the basis of his compensation earnable at the commencement of his absence plus the annual salary adjustments which he would have received, if he had not been so absent. For the purposes of this section, such member shall be deemed to have received a service rating for the period of such absence entitling him to annual salary adjustments

SEC. 1.3. Section 20892 of the Government Code is amended to read :

20892. [ If he does so contribute, he ] Any member who makes the contributions as provided in Section 20891 or Section 20891.1, shall receive credit for the absence as state service in the same manner as if he had not been absent from state service. If he does not contribute he shall receive credit for the absence as state service solely for the purpose of qualification for retirement and death benefits.

SEC. 1.4. Section 20892.5 is added to the Government Code, to read :

20892.5. Any member who was absent on military service and who did not make the contributions as provided in Section 20891 or Section 20891.1, or whose contributions are not paid for him by his employer as provided in Section 20894.5, may make such contributions upon his return to state service at times and in the manner prescribed by the board. If he does so contribute, he shall receive credit for the absence as state service in the same manner as if he had not been absent from state service.

SEC. 1.5. Section 20894 of the Government Code is amended to read :

20894. When [ ever ] a member [ elects to continue and continues such contributions, ] makes the contributions as provided in Sections 20891, 20891.1 or 20892.5, the same contributions shall be made by the State or contracting agency in respect to such absence that would have been made if the member had not been absent on military service, except that such contributions shall be determined by the employer rate of contribution in effect when such contributions are made

SEC. 1.6. Section 20894.1 of the Government Code is amended to read :

20894.1. [ The provisions of this article relative to absence on military service apply to local members, including those local members absent on military service on the effective date of the agency's contract making its employees members of this system, to the same extent and in the same manner that they apply to state members. ] Any employee of a contracting agency who is or was absent on military service on the effective date of the contract and who would become or would have become a member if he were not so absent becomes or become a member on said effective date, with the same status and rights of membership as if he were not or had not been so absent on said effective date. Any such employee and any other employee of a contracting agency who was absent on military service prior to said effective date shall receive credit as prior service for time during which he was absent on military service prior to said effective date."

The roll was called, and the Assembly concurred in Senate amendments to Assembly Bill No. 39 by the following vote :

AYES—Rabbage, Beck, Bennett, Berry, Brown, Burke, Butters, Caldecott, Clarke, Cloved, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Dowie, Dunn, Elliott, Erwin, Evans, Fletcher, Flenny, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Levering, Maloney, McCarthy, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Stanley, Stewart, Thompson, Waters, Weber, and Yorty—54.

NOES—None

Assembly Bill No. 39 ordered enrolled.

**Assembly Bill No. 34**—An act to amend the title to Chapter 3, Part 2, Division 2, to amend Sections 51, 120, 422, 551, 552, 553, 554, 555, 557, 560, 561, 562, and 640 of, and to add 566 and 643.1 to the Military

and Veterans Code, relating to the creation, organization and administration of a Security and Reserve Force, the rules and regulations for government of such forces and reserves, the pay and allowances of said forces, the appointment of armory boards, federal service, Uniform Code of Military Justice, workmen's compensation, employment of members of National Guard with said forces, restoration of state duty after federal service, disposition of National Guard funds, termination of commissions and discharge of members of said forces, unemployment insurance, decorations, wearing of the uniform and composition of office of the Adjutant General, declaring the urgency thereof, to take effect immediately.

The question being: Shall the Assembly concur in the following Senate amendments to Assembly Bill No. 34:

**Amendment No. 1**

In line 3 of the title of the printed bill, as amended in the Assembly on September 23, 1950, after "560," strike out "561,".

**Amendment No. 2**

On page 5 of said bill, strike out lines 14 to 24, inclusive.

The roll was called, and the Assembly concurred in Senate amendments to Assembly Bill No. 34 by the following vote:

AYES—Babbage, Beck, Bennett, Berry, Brown, Burke, Butters, Caldecott, Clarke, Cloyd, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Levering, Maloney, McCarthy, Meyers, Morris, Moss, Niehouse, Porter, Rufford, Sherwin, Stanley, Stewart, Thompson, Waters, Weber, and Yorty—54

NOES—None.

Assembly Bill No. 34 ordered enrolled.

**CONSIDERATION OF HOUSE RESOLUTION NO. 32**

By Mr. Dickey:

**House Resolution No. 32**

Commending Art Larsen on his success in the United States Hardcourt Championship Tennis Meet

WHEREAS, Art Larsen of San Leandro, California, is National Singles Tennis Champion; and

WHEREAS, On September 20, 1950, Art Larsen met Bill Hoogs, Singles Tennis Champion of Berkeley, California, in a hard-fought match in the United States Hardcourt Championships at the Berkeley Tennis Club, in which Mr. Larsen emerged victorious 4-4, 9-8, 10-8, 6-3; and

WHEREAS, Art Larsen, laboring under the disadvantage in the said match of being full of civic oratory, turkey, and green peas following a San Francisco luncheon and parade in his honor and being burdened by a new mustache of gigantic proportions, came from behind in the first set to defeat the redoubtable Mr. Hoogs; now, therefore, be it

*Resolved by the Assembly of the State of California*, That Mr. Art Larsen is hereby congratulated and commended by this Assembly for his outstanding performance in the United States Hardcourt Championships at the Berkeley Tennis Club on Wednesday, September 20, 1950; and be it further

*Resolved*, That the Chief Clerk of the Assembly be, and he is hereby instructed, to transmit a copy of this resolution to Mr. Art Larsen.

Resolution read, and adopted.

**MOTION TO WITHDRAW ASSEMBLY BILL NO. 45 FROM COMMITTEE**

Mr. George D. Collins moved to withdraw Assembly Bill No. 45 from the Committee on Social Welfare, and have it placed upon the file.

**Ruling by Speaker**

Speaker pro Tempore Maloney ruled the motion out of order pursuant to Rule No. 81.

**Motion to Temporarily Suspend the Rules**

Mr. George D. Collins moved that the Rules be temporarily suspended for the purpose of withdrawing Assembly Bill No. 45 from the Committee on Social Welfare, at this time.

The roll was called, and the motion for temporary suspension of the Rules lost by the following vote:

**AYES**—Berry, Coats, George D. Collins, Condon, Cooke, Crowley, Dills, Elliott, Erwin, Evans, Fletcher, Gaffney, Hawkins, Meyers, Moss, Niehouse, Porter, Rumford, Stanley, and Yorty—20.

**NOES**—Burke, Burkhalter, Clarke, Cloyed, Collier, Connolly, Conrad, Geddes, Grunsky, Hausen, Hoffman, Stewart, and Thompson—13.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Joint Resolution No. 3

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

**FIRST READING AND REFERENCE OF SENATE BILLS (RESUMED)**

The following resolution was read:

**Senate Joint Resolution No. 3**—Relative to the priority of schools under federal allocation program affecting construction.

**Request for Unanimous Consent**

Mr. Coats asked for, and was granted, unanimous consent to take up Senate Joint Resolution No. 3, at this time, without reference to committee, or file.

**CONSIDERATION OF SENATE JOINT RESOLUTION NO. 3**

**Senate Joint Resolution No. 3**—Relative to the priority of schools under federal allocation program affecting construction.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Berry, Brady, Burke, Burkhalter, Coats, Collier, Condon, Connolly, Cooke, Dickey, Dills, Doyle, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hawkins, Hoffman, Hollibaugh, Kirkwood, Lincoln, Lipscomb, Luckel, Maloney, McCallister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Smith, Stanley, Thomas, Thompson, Weber, and Yorty—44.  
**NOES**—None.

Resolution ordered transmitted to the Senate.

**ANNOUNCEMENT**

Speaker pro Tempore Maloney announced that the State Bar Association Convention will be held at the Biltmore Hotel in Los Angeles on October 2d to 6th, inclusive.

**REPORTS OF STANDING COMMITTEES****Committee on Military Affairs**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER. Your Committee on Military Affairs, to which was referred:

Senate Bill No. 40

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

MCCOLLISTER, Chairman

Above reported bill ordered to second reading.

**RESOLUTION TO SUSPEND CONSTITUTIONAL PROVISION**

The following resolution was offered:

By Mr. McCollister:

*Resolved*, That Senate Bill No. 40 presents a case of urgency, as that term is used in Article IV, Section 15, of the Constitution, and the provision of that section requiring that the bill be read on three several days in each house is hereby dispensed with, and it is ordered that said bill be read the second and third times, and placed upon its passage.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Babbage, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—60.

**NOES**—None.

Article IV, Section 15, of the Constitution was declared suspended.

**CONSIDERATION OF SENATE BILL NO. 40**

**Senate Bill No. 40**—An act to add Sections 1502.5, 1503, 1508, and 1509, Article 2.5, comprising Sections 1518 to 1518.3, inclusive, and Article 4.5, comprising Sections 1535 to 1535.6, inclusive, to Chapter 1 of Division 7 of the Military and Veterans Code, relating to civil defense, and declaring the urgency thereof, to take effect immediately.

Bill read second time.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—65.

**NOES**—None.

**Senate Bill No. 40**—An act to add Sections 1502.5, 1503, 1508, and 1509, Article 2.5, comprising Sections 1518 to 1518.3, inclusive, and Article 4.5, comprising Sections 1535 to 1535.6, inclusive, to Chapter 1 of Division 7 of the Military and Veterans Code, relating to civil defense, and declaring the urgency thereof, to take effect immediately.

Bill read third time.



The roll was called, and the bill passed by the following vote :

**AYES**—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—65

**NOES**—None.

Bill ordered transmitted to the Senate.

#### CHIEF CLERK INSTRUCTED TO WRITE LETTER

By order of Speaker pro Tempore Maloney, the Chief Clerk was instructed to write a letter of congratulations to the Ventura baseball team upon its victories for the season.

#### MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER I am directed to inform your honorable body that the Senate amended, and on this day passed, as amended :

Assembly Bill No. 61

And respectfully requests your honorable body to concur in said amendments.

J. A. BEEK, Secretary of the Senate

By C. V. TAYLOR, Assistant Secretary

Above bill ordered to unfinished business file.

#### UNFINISHED BUSINESS (BY UNANIMOUS CONSENT) (RESUMED)

##### CONSIDERATION OF SENATE AMENDMENTS

**Assembly Bill No. 61**—An act to add Chapter 8 to Division 4, Title 1 of the Government Code, relating to an oath of allegiance for civil defense workers and public employees, declaring the urgency thereof, to take effect immediately.

The question being: Shall the Assembly concur in the following Senate amendments to Assembly Bill No. 61?

##### Amendment No. 1

In line 2 of the title of the printed bill, after "oath", insert "or affirmation".

##### Amendment No. 2

In line 3 of the title of said bill, after the comma, insert "making an appropriation for administrative expenses in connection therewith."

##### Amendment No. 3

On page 1, line 4, of said bill, after "oath", insert "or affirmation".

##### Amendment No. 4

On page 2, line 3, of said bill, after "oath", insert "or affirmation".

##### Amendment No. 4a

On page 2, line 1, of said bill, strike out "or", and insert "of".

##### Amendment No. 5

On page 2, line 5, of said bill, after "oath", insert "or affirmation".

##### Amendment No. 5a

On page 2, line 17, of said bill, after "that", insert "now".

**Amendment No. 7**

On page 2, line 20, of said bill, after "oath", insert "(or affirmation)".

**Amendment No. 8**

On page 2, line 34, of said bill, after "oath", insert "or affirmation".

**Amendment No. 9**

On page 2, line 37, of said bill, after "oath", insert "or affirmation".

**Amendment No. 10**

On page 2, line 38, of said bill, after "oath", insert "or affirmation".

**Amendment No. 11**

On page 2, line 41, of said bill, after "oath", insert "affirmation".

**Amendment No. 12**

On page 2, line 43, of said bill, after "oath", insert "or affirmation".

**Amendment No. 13**

On page 2, line 45, of said bill, after "oath", insert "or affirmation".

**Amendment No. 14**

On page 2 of said bill, between lines 48 and 49, insert "3106. The original copy of the oath or affirmation of any civil defense worker shall be filed with the Secretary of State within 30 days of the date on which it is taken and subscribed."

**Amendment No. 15**

On page 2, line 49, of said bill, strike out "3106", and insert "3107".

**Amendment No. 16**

On page 3, line 2, of said bill, after "oath", insert "or affirmation".

**Amendment No. 17**

On page 3, line 4, of said bill, after "oath", insert "or affirmation".

**Amendment No. 18**

On page 3, line 5, of said bill, strike out "3107", and insert "3108".

**Amendment No. 19**

On page 3, line 6, of said bill, after "oath", insert "or affirmation".

**Amendment No. 20**

On page 3, line 10, of said bill, strike out "3108", and insert "3109".

**Amendment No. 21**

On page 3, line 11, of said bill, after "oath", insert "or affirmation".

**Amendment No. 22**

On page 3, line 11, of said bill, after "of", insert ", or service with."

**Amendment No. 23**

On page 3, lines 12 and 13, of said bill, strike out "or public district", and insert "public district, or civilian defense organization"

**Amendment No. 24**

On page 3, line 15, of said bill, after "violence," insert "or other unlawful means".

**Amendment No. 25**

On page 3 of said bill, between lines 17 and 18, insert "3110. The Secretary of State shall prepare printed forms containing the oath required by this chapter and shall make such forms available upon request to all persons and agencies subject to this chapter "

**Amendment No. 26**

On page 3, line 18, of said bill, strike out "All public employees," and insert "Subject to the provisions of Section 3 of Article XX of the Constitution, all persons".

**Amendment No. 27**

On page 3, lines 20 and 21, of said bill, strike out "who are employed by any county, city, city and county, state agency, or public district at", and insert "on".

**Amendment No. 28**

On page 3, line 22, of said bill, after "oath", insert "or affirmation".

**Amendment No. 29**

On page 3 of said bill, between lines 29 and 30, insert  
 "SEC. 4. In addition to any other funds heretofore appropriated to the Secretary of State, the sum of \$20,000 is hereby appropriated out of the General Fund in the State Treasury to the Secretary of State for expenses incurred pursuant to Chapter 8, Division 4, Title 1 of the Government Code."

**Amendment No. 30**

On page 3, line 30, of said bill, strike out "4", and insert "5".

**Amendment No. 31**

On page 3, line 13, of said bill, strike out "political".

**Amendment No. 32**

On page 3, line 14, of said bill, after "organization", insert ", political or otherwise,".

**Amendment No. 33**

On page 1 of the printed bill, as amended in the Senate on September 25, 1950, amend the title by striking out all of lines 4 and 5.

**Amendment No. 34**

On page 3 of said bill, strike out lines 1 to 3, inclusive, and insert  
 "§106. Compliance with this chapter shall, as to state employees, be deemed full compliance with Chapter 4, Part 1, Division 5, Title 2 of this code, requiring taking of oaths by state employees."

**Amendment No. 35**

On page 3 of said bill, strike out lines 26 to 29, inclusive.

**Amendment No. 36**

On page 3, line 37, of said bill, after the period, insert "Any public employee who is on authorized leave on the thirtieth day after the effective date of this act shall take and subscribe said oath or affirmation within 30 days of his return to work."

**Amendment No. 37**

On page 3 of said bill, strike out lines 44 to 49, inclusive.

**Amendment No. 38**

On page 3, line 50, of said bill, strike out "5".

The roll was called, and the Assembly concurred in Senate amendments to Assembly Bill No. 61 by the following vote:

AYES—Babbage, Berry, Brady, Burke, Burkhalter, Butters, Caldecott, Cloyd, Coats, Collier, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Levering, Lincoln, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Nichouse, Porter, Ramford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—58

NOES—George D. Collins, Condon, Elliott, and Lewis—4

Assembly Bill No. 61 ordered enrolled

**CONSIDERATION OF SENATE CONSTITUTIONAL AMENDMENT NO. 2**

**Senate Constitutional Amendment No. 2**—A resolution to propose to the people of the State of California an amendment to the Constitution of the State by amending Section 3 of Article XX, relating to oaths of office.

Resolution read, and ordered temporarily passed on file.

**CONSIDERATION OF SENATE JOINT RESOLUTION NO. 1**

**Senate Joint Resolution No. 1**—Relative to the United States Marines.

Resolution read.

The roll was called, and the resolution adopted by the following vote:

**AYES**—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—65.

**NOES**—None.

Resolution ordered transmitted to the Senate.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 26, 1950

**MR. SPEAKER:** I am directed to inform your honorable body that the Senate on this day adopted:

Assembly Constitutional Amendment No. 1

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

Above resolution ordered enrolled.

SENATE CHAMBER, SACRAMENTO, September 26, 1950

**MR. SPEAKER:** I am directed to inform your honorable body that the Senate on this day passed:

Assembly Bill No. 60

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

Above bill ordered enrolled.

SENATE CHAMBER, SACRAMENTO, September 26, 1950

**MR. SPEAKER:** I am directed to inform your honorable body that the Senate amended, and on this day passed, as amended:

Assembly Bill No. 11  
Assembly Bill No. 47

Assembly Bill No. 49  
Assembly Bill No. 52

And respectfully requests your honorable body to concur in said amendments.

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

Above bills ordered to unfinished business file.

**UNFINISHED BUSINESS (BY UNANIMOUS CONSENT) (RESUMED)****CONSIDERATION OF SENATE AMENDMENTS**

**Assembly Bill No. 11**—An act making an appropriation to the Attorney General to be expended during the 1950-51 Fiscal Year, to take effect immediately.

**Urgency Clause**

Urgency clause read, and adopted by the following vote:

**AYES**—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins,

Hoffman, Hollibaugh, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McColister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—65.

NOES—None.

The question being: Shall the Assembly concur in the following Senate amendments to Assembly Bill No. 11?

#### Amendment No. 1

In line 2, of the title of the printed bill, as amended in the Assembly on September 25, 1950, after "fiscal year," insert "providing for the employment of special agents and investigators, declaring the urgency thereof."

#### Amendment No. 2

In line 11 of said bill, strike out "This act makes an appropriation for the usual current expenses of the State within the meaning of Article IV of the Constitution and shall take effect immediately," and insert "The Attorney General may employ additional special agents and investigators not exceeding 10 in number, to enable him to carry out his duties relative to sabotage and subversive activities. The special agents and investigators are exempt from the provisions of Article XXIV of the California Constitution."

SEC. 3. This act is an urgency measure necessary for the immediate preservation of the public peace, health or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting such necessity are:

In view of the present world situation and the present need to enforce our laws pertaining to sabotage and subversive activities, it is necessary that the Attorney General and his office be adequately staffed to carry out his duties under the laws of the State of California "

The roll was called, and the Assembly concurred in Senate amendments to Assembly Bill No. 11 by the following vote:

AYES—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McColister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—65

NOES—None

Assembly Bill No. 11 ordered enrolled.

**Assembly Bill No. 52**—An act to add Sections 1502.5, 1503, 1508, and 1509, Article 2.5, comprising Sections 1518 to 1518.3, inclusive, and Article 4.5, comprising Sections 1535 to 1535.6, inclusive, to Chapter 1 of Division 7 of the Military and Veterans Code, relating to civil defense, and declaring the urgency thereof, to take effect immediately.

The question being: Shall the Assembly concur in the following Senate amendment to Assembly Bill No. 52?

#### Amendment No. 1

On page 5 of the printed bill, between lines 40 and 41, insert

"SEC. 8.5. The provisions of this act shall remain in effect until the ninety-first day after final adjournment of the 1951 Regular Session of the Legislature and thereafter shall have no effect."

The roll was called, and the Assembly concurred in Senate amendment to Assembly Bill No. 52 by the following vote:

AYES—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins,

Hoffman, Hollibaugh, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—65.

NOES—None.

Assembly Bill No. 52 ordered enrolled.

**Assembly Bill No. 47**—An act to add Section 29 to the Education Code, relating to the definition of the word "war" as used in said code, declaring the urgency thereof, to take effect immediately.

The question being: Shall the Assembly concur in the following Senate amendment to Assembly Bill No. 47?

**Amendment No. 1**

On page 1 of the printed bill, as amended in the Assembly on September 23, 1950, strike out lines 7 to 11, inclusive, and insert "California, or while assigned to duty with the military forces of the United States of America or of the State of California in the full".

The roll was called, and the Assembly concurred in Senate amendment to Assembly Bill No. 47 by the following vote:

AYES—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—65.

NOES—None.

Assembly Bill No. 47 ordered enrolled.

**Assembly Bill No. 49**—An act to amend Section 14702 of the Education Code, relating to members in the armed service.

The question being: Shall the Assembly concur in the following Senate amendments to Assembly Bill No. 49?

**Amendment No. 1**

On page 1 of the printed bill, as amended in the Assembly on September 25, 1950, strike out lines 7 to 10, inclusive; and in line 11, strike out "forma, or", and insert "of the State of California, or while assigned to duty with the military forces of the United States of America or of the State of California".

**Amendment No. 2**

On page 2, line 3, of said bill, strike out "said auxiliaries thereof or thereto, or".

The roll was called, and the Assembly concurred in Senate amendments to Assembly Bill No. 49 by the following vote:

AYES—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—65.

NOES—None.

Assembly Bill No. 49 ordered enrolled.

## REPORTS OF STANDING COMMITTEES

### Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER. Your Committee on Legislative Procedure has examined

**Assembly Bill No. 13**—An act to amend Sections 4353 and 3211.92 of the Labor Code, relating to disaster service workers, declaring the urgency thereof, to take effect immediately,

**Assembly Bill No. 15**—An act to add Sections 48, 49, 50, 51, 132.6, 293.5, 296.5, 5901.5, 5904.5, 5931.6, 5932.5, 5935.5, 5936.5, 7801.5, and 7842.5 to the Election Code, relating to elections, declaring the urgency thereof, to take effect immediately,

**Assembly Bill No. 44**—An act to add Section 20890.5 to the Government Code, relating to retirement rights of members of the State Employees' Retirement System, declaring the urgency thereof, to take effect immediately.

And reports that the same have been correctly enrolled, and presented to the Governor on the twenty-sixth day of September, 1950, at 4 45 p. m.

GRUNSKY, Vice Chairman

### Speaker Presiding

Speaker Sam L. Collins, presiding.

## APPOINTMENT OF MEMBER TO INTERIM COMMITTEE

Speaker Sam L. Collins announced the appointment of Mr. Hinkley to membership on the Assembly Interim Committee on Aviation, vice Mr. Sam L. Collins, resigned.

## RESOLUTIONS

The following resolution was offered:

By Mr. Dickey:

### House Resolution No. 48

*Resolved*, That the Speaker appoint a Committee of Three to notify the Senate that the Assembly is ready to adjourn sine die and ask if the Senate has any further communications to transmit to this House.

### Request for Unanimous Consent

Mr. Butters asked for, and was granted, unanimous consent to take up House Resolution No. 48, at this time, without reference to committee or file.

Resolution read, and adopted.

### Appointment of Select Committee

Pursuant to the provisions of House Resolution No. 48, Speaker Sam L. Collins announced the appointment of Messrs. Connolly, Dickey, and Beck as such Select Committee to wait upon the Senate.

## FURTHER CONSIDERATION OF SENATE CONSTITUTIONAL AMENDMENT NO. 2

**Senate Constitutional Amendment No. 2**—A resolution to propose to the people of the State of California an amendment to the Constitution of the State by amending Section 3 of Article XX, relating to oaths of office.

Resolution read.

### Motion to Amend

Mr. Levering moved the adoption of the following amendments:

### Amendment No. 1

On page 2, line 3, of said printed measure, as amended in the Senate on September 26, 1950, after "exempted", insert ", and all public employees".

**Amendment No. 2**

On page 2 of said printed measure, after line 39, insert

"And no other oath, declaration, or test, shall be required as a qualification for any office or public trust.

"Public employee" means any state employee and any person, including but not limited to officers and employees of the University of California, whose salary, compensation, or remuneration is paid in whole or in part from moneys raised by state or local taxation."

Amendments read, and adopted.

Resolution ordered reprinted, and on file for adoption.

**RESOLUTIONS**

The following resolutions were offered :

By Mr. Waters :

**House Resolution No. 49**

*Resolved*, That the Speaker appoint a Committee of Five to wait upon His Excellency, the Governor of the State of California, and inform him that the Assembly has concluded its labors, is ready to adjourn, and awaits his further pleasure.

**Request for Unanimous Consent**

Mr. Waters asked for, and was granted, unanimous consent to take up House Resolution No. 49, at this time, without reference to committee or file.

Resolution read, and adopted.

**Appointment of Select Committee**

Pursuant to the provisions of House Resolution No. 49, Speaker Sam L. Collins announced the appointment of Messrs. Waters, Kirkwood, McCollister, Moss, and Hagen as said Select Committee to wait upon the Governor.

**Speaker pro Tempore Presiding**

Speaker pro Tempore Maloney, presiding.

By Messrs. Fleury, Moss, Maloney, Dickey, Sam L. Collins, Stanley, and Cooke :

**House Resolution No. 50****Relative to Elks Convention**

WHEREAS, On Thursday, September 28, 1950, there will be convened in the City of Sacramento, State of California, the Thirty-sixth Annual California Elks Convention ; and

WHEREAS, Attending this convention there will be more than 5,000 delegates from different localities throughout the State of California ; and

WHEREAS, This great organization, indoctrinated with the true spirit of Americanism, and enunciating these principles of Americanism to all of those who enjoy the privileges contained in the Bill of Rights and the Constitution of the United States of America, and who also carry on a program of philanthropic and charitable works, has always endeared itself into the hearts of the American people ; now, therefore, be it

*Resolved*, That the California State Assembly, in conjunction with the Members of the Senate of the State Legislature, bid a most hearty welcome to the delegates to the California Elks Convention and hope that their stay in Sacramento will be an enjoyable one, and that their deliberations may be harmonious and progressive ; and, be it further

*Resolved*, That a suitable copy of this resolution be forwarded to the Elks Convention meeting in the Elks Temple, Sacramento.

**Request for Unanimous Consent**

Mr. Maloney asked for, and was granted, unanimous consent to take up House Resolution No. 50, at this time, without reference to committee or file.

Resolution read, and adopted unanimously.



**COMPLIMENTS EXTENDED**

On behalf of the Members of the Assembly, Mr. Kirkwood extended compliments to Mr. Thompson on his recent successful primary campaign for election to the State Senate, and expressed best wishes for his future political success.

**RESPONSE BY MR. THOMPSON**

Mr. Thompson expressed appreciation to the Members of the Assembly for their best wishes.

**REPORTS OF STANDING COMMITTEES**

**Committee on Elections and Reapportionment**

ASSEMBLY CHAMBER, SACRAMENTO, September 25, 1950

MR. SPEAKER: Your Committee on Elections and Reapportionment, to which was referred:

Assembly Bill No. 69

Respectfully reports the same back without further action.

WATERS, Chairman

**Committee on Social Welfare**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Social Welfare, to which were referred:

Assembly Bill No. 46

Assembly Bill No. 51

Assembly Bill No. 50

Assembly Bill No. 67

Respectfully reports the same back without further action.

NIEHOUSE, Chairman

**Committee on Education**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Education, to which were referred:

Assembly Bill No. 19

Assembly Bill No. 23

Assembly Bill No. 21

Assembly Bill No. 62

Assembly Bill No. 22

Assembly Bill No. 71

Respectfully reports the same back without further action.

DUNN, Chairman

**Committee on Military Affairs**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Military Affairs, to which were referred:

Assembly Bill No. 27

Assembly Bill No. 53

Assembly Bill No. 28

Assembly Bill No. 54

Assembly Bill No. 29

Assembly Bill No. 57

Respectfully reports the same back without further action.

McCOLLISTER, Chairman

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Military Affairs, to which was referred:

Senate Bill No. 28

Respectfully reports the same back without further action.

McCOLLISTER, Chairman

Above reported bill ordered transmitted to the Senate.

**Committee on Ways and Means**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Ways and Means, to which were referred:

Assembly Bill No. 36

Assembly Bill No. 55

Assembly Bill No. 45

Assembly Bill No. 58

Assembly Concurrent Resolution No. 10

Respectfully reports the same back without further action.

SHERWIN, Chairman

**Committee on Constitutional Amendments**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Constitutional Amendments, to which was referred:

Assembly Constitutional Amendment No. 2

Respectfully reports the same back without further action.

CROWLEY, Chairman

**Committee on Rules**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred:

House Resolution No. 8

House Resolution No. 13

House Resolution No. 10

House Resolution No. 14

House Resolution No. 11

House Resolution No. 27

House Resolution No. 12

Respectfully reports the same back without further action.

DICKY, Chairman

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred:

Assembly Concurrent Resolution No. 4

Assembly Concurrent Resolution No. 7

Assembly Concurrent Resolution No. 9

Assembly Concurrent Resolution No. 12

Assembly Concurrent Resolution No. 16

Assembly Concurrent Resolution No. 19

Assembly Concurrent Resolution No. 21

Respectfully reports the same back without further action.

DICKY, Chairman

**Committee on Governmental Efficiency and Economy**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER. Your Committee on Governmental Efficiency and Economy, to which was referred:

Senate Bill No. 42

Respectfully reports the same back without further action.

STEWART, Chairman

Above reported bill ordered transmitted to the Senate.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate amended, and on this day passed, as amended:

Assembly Bill No. 8

And respectfully requests your honorable body to concur in said amendments.

J. A. BEEK, Secretary of the Senate

By C. V. TAYLOR, Assistant Secretary

Above bill ordered to unfinished business file.

**UNFINISHED BUSINESS (BY UNANIMOUS CONSENT) (RESUMED)****CONSIDERATION OF SENATE AMENDMENTS**

**Assembly Bill No. 8**—An act relating to the unified program for construction, improvement and equipment for state agencies, making an appropriation, and declaring the urgency thereof, to take effect immediately.

The question being: Shall the Assembly concur in the following Senate amendments to Assembly Bill No. 8?

**Amendment No. 1**

On page 1, line 9, of the printed bill, as amended in the Assembly on September 23, 1950, after "to", insert "and may be expended upon".

**Amendment No. 2**

On page 1, line 11, of said bill, after "the", insert "estimate or the".

The roll was called, and the Assembly concurred in Senate amendments to Assembly Bill No. 8 by the following vote:

**AYES**—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—65.

**NOES**—None.

Assembly Bill No. 8 ordered enrolled.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Concurrent Resolution No. 8

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

**FIRST READING AND REFERENCE OF SENATE BILLS (RESUMED)**

The following resolution was read:

**Senate Concurrent Resolution No. 8**—Relative to participation by the State in the stockpiling of essential minerals for the national defense. Referred to Committee on Rules.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Concurrent Resolution No. 9

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

**FIRST READING AND REFERENCE OF SENATE BILLS (RESUMED)**

The following resolution was read:

**Senate Concurrent Resolution No. 9**—Relative to cessation of further proceedings in the matter of the contemplated removal of the California Institution for Women, from the present site at Tehachapi to another location near Chino.

Referred to Committee on Rules.

**REPORTS OF SELECT COMMITTEES**

The Select Committee appointed to wait upon His Excellency, the Governor, appeared before the bar of the Assembly, and reported that it had communicated with the Governor, and that he had no further communication to make to the Assembly.

The Select Committee appointed to wait upon the Senate appeared before the bar of the Assembly, and reported that the instructions of the Assembly had been carried out, and that the Senate had concluded its labors and was ready to adjourn sine die.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate amended, and on this day passed, as amended.

Assembly Bill No. 35

Assembly Bill No. 48

Assembly Joint Resolution No. 2

And respectfully requests your honorable body to concur in said amendments.

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

Above bills ordered to unfinished business file.

**UNFINISHED BUSINESS (BY UNANIMOUS CONSENT) (RESUMED)  
CONSIDERATION OF SENATE AMENDMENTS**

**Assembly Bill No. 35**—An act to amend Sections 395 and 395.1 of the Military and Veterans Code, relating to rights of public officers and employees to return to office or employment after military service, declaring the urgency thereof, to take effect immediately.

The question being: Shall the Assembly concur in the following Senate amendments to Assembly Bill No. 35?

**Amendment No. 1**

In line 1 of the title of the printed bill, strike out "Sections 395 and 395.1", and insert "Section 395.1".

**Amendment No. 2**

On page 1 of said bill, strike out lines 1 to 21, inclusive; strike out all of page 2; and on page 3, strike out lines 1 to 47, inclusive, and insert

"SECTION 1. Section 395.1 of the Military and Veterans Code is amended to read:".

The roll was called, and the Assembly concurred in Senate amendments to Assembly Bill No. 35 by the following vote:

**AYES**—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollbaugh, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—65

**NOES**—None

Assembly Bill No. 35 ordered enrolled.

**Assembly Bill No. 48**—An act to add Section 18 to the Military and Veterans Code, relating to the definition of the word "war."

The question being: Shall the Assembly concur in the following Senate amendment to Assembly Bill No. 48?

**Amendment No. 1**

On page 1, line 8, of the printed bill, strike out "including active"; and strike out lines 9, 10, 11, 12, and 13, and insert "or while assigned to duty with the military forces of the United States of America or of the State of California in the full time paid service of the Ameri-".

The roll was called, and the Assembly concurred in Senate amendment to Assembly Bill No. 48 by the following vote:

**AYES**—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McColister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—65.

**NOES**—None.

Assembly Bill No. 48 ordered enrolled.

**Assembly Joint Resolution No. 2**—Relative to the priority of schools under federal allocation program affecting construction.

The question being: Shall the Assembly concur in the following Senate amendment to Assembly Joint Resolution No. 2?

**Amendment No. 1**

On page 1, line 9, of the printed measure, strike out "\$42,000".

The roll was called, and the Assembly concurred in Senate amendment to Assembly Joint Resolution No. 2 by the following vote:

**AYES**—Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McColister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—65.

**NOES**—None.

Assembly Joint Resolution No. 2 ordered enrolled.

**MESSAGES FROM THE SENATE**

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Assembly Concurrent Resolution No. 11  
Assembly Concurrent Resolution No. 14  
Assembly Concurrent Resolution No. 15  
Assembly Concurrent Resolution No. 17  
Assembly Joint Resolution No. 4

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

Above resolutions ordered enrolled.

SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day concurred in Assembly amendments to:

Senate Joint Resolution No. 1

Senate Bill No. 36

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

## SENATE CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day returns without further action:

Assembly Bill No. 1	Assembly Bill No. 30
Assembly Bill No. 5	Assembly Bill No. 72
Assembly Bill No. 12	Assembly Bill No. 73
Assembly Bill No. 24	Assembly Bill No. 74
Assembly Concurrent Resolution No. 20	

J. A. BEEK, Secretary of the Senate  
By C. V. TAYLOR, Assistant Secretary

## REPORTS OF STANDING COMMITTEES

## Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

**Assembly Concurrent Resolution No. 11**—Relating to domestic espionage, sabotage, subversive activities and related matters;

**Assembly Concurrent Resolution No. 14**—Relative to the award of the Nobel Peace Prize to Doctor Ralph J. Bunche;

**Assembly Concurrent Resolution No. 17**—Relative to adjournment in respect to the memory of former Assemblyman A. J. Mathews;

**Assembly Concurrent Resolution No. 18**—Relative to adjournment sine die of the 1950 Third Extraordinary Session of the Legislature of the State of California;

And reports that the same have been correctly enrolled, and presented to the Secretary of State on the twenty-sixth day of September, 1950, at 4 p.m.

GRUNSKY, Vice Chairman

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

**Assembly Concurrent Resolution No. 15**—Relative to congratulating the Department of Public Works upon the Centennial Edition of its magazine and commending its Editor Kenneth C. Adams;

And reports that the same has been correctly enrolled, and presented to the Secretary of State on the twenty-sixth day of September, 1950, at 4 p.m.

GRUNSKY, Vice Chairman

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

**Assembly Constitutional Amendment No. 1**—A resolution to propose to the people of the State of California an amendment to the Constitution of the State by adding to Article XX thereof a new section to be numbered 19, relating to subversive activities.

And reports that the same has been correctly enrolled, and presented to the Secretary of State on the twenty-sixth day of September, 1950, at 4 p.m.

GRUNSKY, Vice Chairman

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

**Assembly Joint Resolution No. 1**—Relating to memorializing the President and Congress of the United States in respect to residential construction;

**Assembly Joint Resolution No. 2**—Relative to the priority of schools under federal allocation program affecting construction;

**Assembly Joint Resolution No. 4**—Relating to memorializing the President and the Congress of the United States in respect to the welfare and recreational needs of servicemen training in California;

And reports that the same have been correctly enrolled, and presented to the Secretary of State on the twenty-sixth day of September, 1950, at 4 p.m.

GRUNSKY, Vice Chairman

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

**Assembly Bill No. 7**—An act making an appropriation to carry out the provisions of the California Disaster Act for the relief and alleviation of a state of extreme emergency, and declaring the urgency thereof, to take effect immediately;

**Assembly Bill No. 9**—An act making an appropriation for support of the California Disaster Act, to take effect immediately;

**Assembly Bill No. 11**—An act making an appropriation to the Attorney General to be expended during the 1950-51 Fiscal Year, providing for the employment of special agents and investigators, declaring the urgency thereof, to take effect immediately;

And reports that the same have been correctly enrolled, and presented to the Governor on the twenty-sixth day of September, 1950, at 4.45 p. m.

GRUNSKY, Vice Chairman

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

**Assembly Bill No. 25**—An act to protect property by making criminal certain unlawful entries on, injuries to and interference with, property, authorizing the closing of streets, and to provide penalties for the violation thereof, declaring the urgency thereof, to take effect immediately;

**Assembly Bill No. 33**—An act making an appropriation for the organization and maintenance of the California Defense and Security Corps or any other authorized militia organized to replace the National Guard of this State while said guard is in active federal service, declaring the urgency thereof, to take effect immediately;

And reports that the same have been correctly enrolled, and presented to the Governor on the twenty-sixth day of September, 1950, at 4.45 p. m.

GRUNSKY, Vice Chairman

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

**Assembly Bill No. 56**—An act to add Chapter 8, comprising Sections 13775 to 13781 inclusive to Part 3, Division 3, Title 2 of the Government Code, relating to social security coverage for employees of public agencies, declaring the urgency thereof, to take effect immediately;

**Assembly Bill No. 59**—An act to amend Sections 19533, 19533.1 of and to add Section 19533.2 to the Government Code in respect to the rights of veterans in the state civil service;

**Assembly Bill No. 61**—An act to add Chapter 8 to Division 4, Title 1, of the Government Code, relating to an oath or affirmation of allegiance for civil defense workers and public employees, declaring the urgency thereof, to take effect immediately;

And reports that the same have been correctly enrolled, and presented to the Governor on the twenty-sixth day of September, 1950, at 4.45 p. m.

GRUNSKY, Vice Chairman

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

**Assembly Bill No. 64**—An act relating to institutions under the control of the Department of Mental Hygiene and the use of money appropriated therefor, declaring the urgency of this act, to take effect immediately;

**Assembly Bill No. 66**—An act relating to civil defense, making an appropriation to provide facilities, equipment and services essential to the civil defense of California, declaring the urgency thereof, to take effect immediately;

And reports that the same have been correctly enrolled, and presented to the Governor on the twenty-sixth day of September, 1950, at 4.45 p. m.

GRUNSKY, Vice Chairman

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

**Assembly Bill No. 6**—An act making an appropriation in augmentation of the appropriation in Item 179 of the Budget Act of 1950 for support of the Adjutant General and California National Guard, relating to internal security providing for the support of the California Defense and Security Corps, to take effect immediately;

**Assembly Bill No. 8**—An act relating to the unified program for construction, improvement and equipment for state agencies, making an appropriation, and declaring the urgency thereof, to take effect immediately ;

**Assembly Bill No. 10**—An act making an appropriation for preparation of plans and specifications of an office building for the Department of Employment, declaring the urgency thereof, to take effect immediately ;

And reports that the same have been correctly enrolled, and presented to the Governor on the twenty-sixth day of September, 1950, at 4 45 p.m.

GRUNSKY, Vice Chairman

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined :

**Assembly Bill No. 26**—An act to add Sections 48, 49, 50, 51, 132 6, 293.5, 296.5, 5901.5, 5904 5, 5931.6, 5932.5, 5935.5, 5936 5, 7801 5, and 7842.5 to the Elections Code, relating to elections, declaring the urgency thereof, to take effect immediately ;

**Assembly Bill No. 31**—An act to amend Section 890 of the Military and Veterans Code, relating to educational assistance for dependents of veterans ;

**Assembly Bill No. 34**—An act to amend the title to Chapter 3, Part 2, Division 2, to amend Sections 51, 120, 422, 551, 552, 553, 554, 555, 557, 560, 562, and 640 of, and to add Sections 566 and 643.1 to the Military and Veterans Code, relating to the creation, organization and administration of a security and reserve force, the rules and regulations for government of such forces and reserves, the pay and allowances of said forces, the appointment of armory boards, federal service, Uniform Code of Military Justice, workmen's compensation, employment of members of National Guard with said forces, restoration of state duty after federal service, disposition of National Guard funds, termination of commissions and discharge of members of said forces, unemployment insurance, decorations, wearing of the uniform and composition of office of the Adjutant General, declaring the urgency thereof, to take effect immediately ; And reports that the same have been correctly enrolled, and presented to the Governor on the twenty-sixth day of September, 1950, at 4 45 p.m.

GRUNSKY, Vice Chairman

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined :

**Assembly Bill No. 35**—An act to amend Section 3951 of the Military and Veterans Code, relating to rights of public officers and employees to return to office or employment after military service, declaring the urgency thereof, to take effect immediately ;

**Assembly Bill No. 37**—An act to add Article 25, comprising Sections 21000 to 21002, inclusive, to Chapter 8 of Part 3 of Division 5 of Title 2 of the Government Code, relating to the State Employees' Retirement System in respect to state employment of persons who have attained the age of compulsory retirement, and declaring the urgency thereof, to take effect immediately ;

**Assembly Bill No. 41**—An act to add Section 1501.5 to the Welfare and Institutions Code, relating to aid to needy children in respect to provision for the needs of the relatives with whom such children are living, and declaring the urgency thereof, to take effect immediately ;

And reports that the same have been correctly enrolled, and presented to the Governor on the twenty-sixth day of September, 1950, at 4 45 p.m.

GRUNSKY, Vice Chairman

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined :

**Assembly Bill No. 39**—An act to add Sections 20891 1 and 20892.5, and to amend Sections 20890, 20891, 20892, 20894, 20894.1, and 20894.5 of the Government Code and Sections 14449, 14495 2, and 14702 of the Education Code, relating to public retirement systems in respect to absence of members in military service and contributions therefor, and declaring the urgency thereof, to take effect immediately ;

**Assembly Bill No. 47**—An act to add Section 29 to the Education Code, relating to the definition of the word "war" as used in said code, declaring the urgency thereof, to take effect immediately ;

**Assembly Bill No. 48**—An act to add Section 18 to the Military and Veterans Code, relating to the definition of the word "war," declaring the urgency thereof, to take effect immediately ;

And reports that the same have been correctly enrolled, and presented to the Governor on the twenty-sixth day of September, 1950, at 4 45 p.m.

GRUNSKY, Vice Chairman



ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

**Assembly Bill No. 60**—An act to increase production by providing for exemptions from various requirements, relating to employment and working conditions of female employees essential to the current defense program, declaring the urgency thereof, to take effect immediately;

**Assembly Bill No. 63**—An act relating to institutions under the control of the Department of Mental Hygiene, declaring the urgency thereof, to take effect immediately;

**Assembly Bill No. 65**—An act to add Section 5050.2 to the Education Code, relating to elections upon acceptance, expenditure, and repayment of school building apportionments, declaring the urgency thereof, to take effect immediately; And reports that the same have been correctly enrolled, and presented to the Governor on the twenty-sixth day of September, 1950, at 4.45 p.m.

GRUNSKY, Vice Chairman

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

**Assembly Bill No. 70**—An act to add Section 5047.6 to the Education Code and to amend Sections 5072 and 5073 of said code, relating to state school building aid, declaring the urgency thereof, to take effect immediately;

And reports that the same has been correctly enrolled, and presented to the Governor on the twenty-sixth day of September, 1950, at 4.45 p.m.

GRUNSKY, Vice Chairman

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

**Assembly Bill No. 43**—An act to add Section 5048.3 to the Education Code, relating to state school building aid, declaring the urgency thereof, to take effect immediately;

**Assembly Bill No. 49**—An act to amend Section 14702 of the Education Code, relating to members of school district retirement systems in the armed service;

**Assembly Bill No. 52**—An act to add Sections 1502.5, 1503, 1508, and 1509, Article 2.5, comprising Sections 1518 to 1518.3, inclusive, and Article 4.5, comprising Sections 1535 to 1535.6, inclusive, to Chapter 1 of Division 7 of the Military and Veterans Code, relating to civil defense, and declaring the urgency thereof, to take effect immediately;

And reports that the same have been correctly enrolled, and presented to the Governor on the twenty-sixth day of September, 1950, at 4.45 p.m.

GRUNSKY, Vice Chairman

**Speaker Presiding**

Speaker Sam L. Collins, presiding.

**MEMBERS EXCUSED**

Mr. Hawkins asked for, and was granted, unanimous consent that Messrs. Anderson and Crichton be excused, for the balance of the legislative day, because of legislative business elsewhere.

**ANNOUNCEMENT**

Speaker Sam L. Collins expressed appreciation to all Members of the Assembly for their prompt attendance at this session, and their adherence to their legislative duties.

**COMMITTEE FROM THE SENATE**

A committee from the Senate, consisting of Senators Miller, Dilworth, and Desmond, appeared before the bar of the Assembly, and announced that the Senate had concluded its labors and was now ready to adjourn the 1950 Third Extraordinary Session sine die.

**REPORTS OF STANDING COMMITTEES****Committee on Rules**

ASSEMBLY CHAMBER, SACRAMENTO, September 26, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred:

Senate Concurrent Resolution No. 8

Senate Concurrent Resolution No. 9

Respectfully reports the same back without further action.

DICKEY, Chairman

**Motion to Take Up Senate Concurrent Resolution No. 9**

Mr. Lewis moved that Senate Concurrent Resolution No. 9 be taken up, at this time.

Motion died for lack of a second.

Resolutions ordered transmitted to the Senate.

**MOTION TO APPROVE JOURNALS**

Upon motion of Mr. Dickey, the Journals for Monday, September 25, 1950, and Tuesday, September 26, 1950, were approved as corrected by the Minute Clerk.

**APPOINTMENT OF MEMBERS TO COMMITTEE ON WAYS AND MEANS**

Pursuant to the provisions of House Resolution No. 28 of the 1950 Regular (Budget) Session, Speaker Sam L. Collins announced the appointment of Mr. Rosenthal, vice Mr. Anderson, and Mr. Babbage, vice Mr. Price, as members of said Interim and Standing Committee on Ways and Means.

**PARTIAL REPORT OF THE JOINT SENATE-ASSEMBLY  
INTERIM COMMITTEE ON COMMUNITY REDEVELOPMENT AND HOUSING PROBLEMS**

JOINT REDEVELOPMENT AND HOUSING COMMITTEE

SAN FRANCISCO 2, CALIFORNIA, September 25, 1950

*Hon. Goodwin J. Knight, President of the Senate**Hon. Samuel L. Collins, Speaker of the Assembly**State Capitol, Sacramento, California*

DEAR SIRS: Pursuant to the provisions of Senate Concurrent Resolution No. 79, the Joint Legislative Committee on Community Redevelopment and Housing Problems, with particular reference to legislation supplementary to federal legislation, has been carrying out the duties assigned to it.

The committee has inquired into the housing problem throughout California and has held several hearings.

The committee made its preliminary report to the Legislature on April 6, 1950. In that report, it called attention to the great need for a publication setting forth clearly and briefly the main features of the Community Redevelopment Act of California and related statutes.

Several official agencies urged the committee to arrange for the publication and sale at nominal cost of such a document.

Because community redevelopment is a relatively new departure in California, it is little understood by the average person who may be interested in or affected by it.

Officials of the Cities of San Francisco and Los Angeles and of the League of California Cities inform our committee that they have received many requests from cities, city officials, chambers of commerce, service clubs, property owners and representatives of the building industry, for a pamphlet which would include the following matters:

- (1) A copy of the Community Redevelopment Act, as amended by the 1950 Legislature.
- (2) A clear statement of the distinction between public housing and community redevelopment.
- (3) The applicable provisions of the current federal laws and regulations concerning community redevelopment. In this connection, it is pointed out that there is not now available any single up-to-date publication which includes both federal and state laws, and rules governing community redevelopment.
- (4) A summary in nonlegal language of the steps involved in community redevelopment, with appropriate references to the pertinent statutes.

Mr. Richard Graves, Executive Director, and Mr. Richard Carpenter, Legal Counsel for the League of California Cities, urged that the booklet described be printed and sold under the auspices of this committee for a price not exceeding 25 cents.

Accordingly, upon motion of the chairman of this committee, the Senate, on April 13, 1950, ordered that the committee's preliminary report, together with the booklet described, be printed in the Appendix to the Senate Journal and 1,000 copies printed for distribution.

The Legislative Counsel in August completed the compilation of the booklet, the manuscript for which is attached to this report.

The committee therefore requests and recommends that this report and the booklet attached to it be published in the Supplement to the Senate Journal, and that 1,000 extra copies of this report, including the booklet, be printed and sold by this committee to interested persons and agencies for a price not exceeding 25 cents a copy.

Respectfully submitted,

SENATOR GERALD J. O'GARA, Chairman  
 ASSEMBLYMAN JAMES G. CRICHTON,  
 Vice Chairman

SENATOR GEORGE MILLER

ASSEMBLYMAN JOHN L. E. COLLIER

SENATOR LOUIS G. SUTTON

ASSEMBLYMAN ROBERT L. CONDON

SENATOR J. HOWARD WILLIAMS

ASSEMBLYMAN LUTHER H. LINCOLN

SENATOR FRED H. KRAFT

ASSEMBLYMAN G. DELBERT MORRIS

**TEXT OF PROPOSED CONSTITUTIONAL AMENDMENT WHICH HAS  
 BEEN APPROVED BY BOTH HOUSES OF THE LEGISLATURE, TOGETHER  
 WITH THE YEAS AND NAYS TAKEN THEREON**

Pursuant to the provisions of Article XVIII, Section 1, of the Constitution of the State of California, the following proposed constitutional amendment, two-thirds of all the members elected to each of the two

houses of the Legislature having voted in favor thereof, is hereby entered on the Journal, together with the yeas and nays taken thereon:

**Assembly Constitutional Amendment No. 1**

A resolution to propose to the people of the State of California an amendment to the Constitution of the State by adding to Article XX thereof a new section to be numbered 19, relating to subversive activities.

*Resolved by the Assembly, the Senate concurring, That the Legislature of the State of California at its 1950 (Third Extraordinary) Session commencing on the twentieth day of September, 1950, two-thirds of all the members elected to each of the two houses of the Legislature voting therefor, hereby proposes to the people of the State of California that the Constitution of the State be amended by adding to Article XX thereof a new section to be numbered 19, to read as follows:*

SEC. 19. Notwithstanding any other provision of this Constitution, no person or organization which advocates the overthrow of the Government of the United States or the State by force or violence or other unlawful means or who advocates the support of a foreign government against the United States in the event of hostilities shall:

(a) Hold any office or employment under this State, including but not limited to the University of California, or with any county, city or county, city, district, political subdivision, authority, board, bureau, commission or other public agency of this State; or

(b) Receive any exemption from any tax imposed by this State or any county, city or county, city, district, political subdivision, authority, board, bureau, commission or other public agency of this State.

The Legislature shall enact such laws as may be necessary to enforce the provisions of this section.

**Yeas and Nays on Assembly Constitutional Amendment No. 1**

*Excerpt from the Assembly Journal for September 26, 1950, Page 548*

The roll was called, and the resolution adopted by the following vote:

AYES—Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyd, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—64.

NOES—None.

*Excerpt from Senate Journal for September 26, 1949, Page 153*

The names of the absentees were called, and Assembly Constitutional Amendment No. 1 adopted by the following vote:

AYES—Senators Abshire, Breed, Brown, Burns, Coombs, Crittenden, Cunningham, Dillinger, Dilworth, Donnelly, Dorsey, Drobish, Hatfield, Hulse, Jespersen, Judah, Kraft, Mayo, McBride, O'Gara, Parkman, Powers, Regan, Rich, Swing, Tenney, Ward, Watson, Way, Weybret, and Williams—31

NOES—None.

**ANNOUNCEMENT OF COMMITTEE MEETINGS**

It was announced that the following committees would hold meetings:

*Today—*

*At 2 p.m.—*

Rules.

Governmental Efficiency and Economy.

*Upon recess—*

Judiciary, at the desk of Mr. Brown.

**GUESTS EXTENDED COURTESIES OF ASSEMBLY**

On request of Messrs. Fleury and Moss, the usual courtesies of the Assembly for this day were unanimously extended to Wm. Stadelman and Mr. Thayer, teachers of the Arcade School, and the following pupils: Juliane St. Amour, Harriet Dens, Carol De Wein, Beverly Greer, John Whitaker, Jim Johnson, Roger Berg, Lom Schilling, Lester Keith, Barry Marliane, Barry Moydell, Janet Biggs, Joe Ramsey, Sharon Palmer, Jane Green, Roland Pemberton, Reva Dixon, Jo Lingenfelter, Ken Householder, John Brokaw, Don Turner, Gary Jordan, Diane Newburg, Patsy Teran, Rosemary Russel, Donna Brandon, Mary Garrett, Eldon Stultz, Kenneth, McGraw, Glenn Elam, Gailyn Brace, Tom Jackson, Don Reed, and Bill Zahary.

On request of Mr. Waters, the usual courtesies of the Assembly for this day were unanimously extended to Fred Hall of Los Angeles.

On request of Messrs. Burkhalter, Beck, and the Assembly, the usual courtesies of the Assembly for this day were unanimously extended to Ronald R. Bringman, Geraldine Bringman, George W. Allin, Constance Allin, Elmer Meyer, Charles Aldis, Mrs. Charles Aldis, Joseph F. Nutsch, and Grace W. Nutsch of Hollywood; and Richard Snow and Carl Witt of San Francisco.

On request of Messrs. Cooke, Babbage, and the Assembly, the usual courtesies of the Assembly for this day were unanimously extended to Commander and Mrs. Orie Hugh Small of Palm Springs.

On request of Mr. Dunn, the usual courtesies of the Assembly for this day were unanimously extended to Cyril Rache of Hayward.

On request of Mr. Dickey and the Alameda County Delegation, the usual courtesies of the Assembly for this day were unanimously extended to Congressman and Mrs. George P. Miller of Alameda.

On request of Mr. Reagan and the San Francisco Delegation, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Louis Singfeld and Mrs. David Huenergardt of San Francisco.

On request of Mr. Meyers and the San Francisco Delegation, the usual courtesies of the Assembly for this day were unanimously extended to Miss Annabel V. Kennedy of San Francisco.

On request of Mr. Hollibaugh, the usual courtesies of the Assembly for this day were unanimously extended to Mr. and Mrs. Newt Reeves, Mr. and Mrs. Vern Moore, Mr. and Mrs. Buster Brown, and Mr. Curley Skinner of Huntington Park.

On request of Mr. Cooke, the usual courtesies of the Assembly for this day were unanimously extended to Lieutenant Commander and Mrs. H. B. Joslin and Mr. and Mrs. Edward S. Friel of Oxnard.

On request of Messrs. Smith and Dickey, the usual courtesies of the Assembly for this day were unanimously extended to Alice and Mary Barnes of Sacramento.

On request of Mr. Meyers, the usual courtesies of the Assembly for this day were unanimously extended to Fredric B. Nennay of San Francisco.

On request of Mr. Hagen, the usual courtesies of the Assembly for this day were unanimously extended to Harry Johnson, Dr. McClamore, Al Browning, and Paul Robinson of Porterville.

On request of Mr. Conrad, the usual courtesies of the Assembly for this day were unanimously extended to Grace I. Odell, Rosemary Odell, and Caroline Odell of Hollywood.

**ADJOURNMENT SINE DIE**

At 5 p.m., on Tuesday, September 26, 1950, in accordance with the provisions of Assembly Concurrent Resolution No. 18, the Honorable Sam L. Collins, Speaker of the Assembly, announced that the time for final adjournment of the 1950 Third Extraordinary Session of the Legislature of the State of California had arrived, and therefore declared the Assembly adjourned sine die out of respect to the memory of the late Mrs. Agnes Lillian Coyle Regan.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

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## RECAPITULATION OF ASSEMBLY MEASURES

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# **ASSEMBLY BILLS APPROVED BY GOVERNOR, CHAPTERED AND FILED WITH THE SECRETARY OF STATE**

The following Assembly bills were approved by the Governor, chaptered and filed with the Secretary of State. Unless otherwise specified in the bills, all bills become effective 90 days after adjournment sine die of the Legislature, or on December 26, 1950.

A B Number	Chapter	Author	Subject of Title	Approved by Governor
2	9	Dickey-----	Appropriation for the mileage of the Members and Officers of the Assembly-----	Oct 3
3	10	Dickey-----	Appropriation for the contingent expenses of the Assembly, including committee expenses-----	Oct 3
4	11	Dickey-----	Appropriation for payment of the expenses of Members of the Assembly necessarily incurred by them while attending the 1950 Third Extraordinary Session of the Legislature-----	Oct 3
6	26	Caldecott et al -----	Appropriation for support of the Adjutant General and California National Guard-----	Oct 13
7	39	Sherwin et al -----	Appropriation to carry out the provisions of the California Disaster Act for the relief and alleviation of a state of extreme emergency-----	Oct 17
8	42	Sherwin et al -----	An act relating to the unified program for construction, improvement and equipment for state agencies, making an appropriation-----	Oct 18
9	5	Sherwin et al -----	Appropriation for support of the California Disaster Act-----	Oct 2
10	34	Sherwin et al -----	Appropriation for preparation of plans and specifications of an office building for the Department of Employment-----	Oct 16
11	40	Sherwin et al -----	Appropriation to the Attorney General for employment of special agents and investigators-----	Oct 17
15	12	Conrad et al -----	War voters absentee ballots-----	Oct 4
25	13	Beck et al -----	Sabotage Prevention Act-----	Oct 6
31	22	McCollister et al -----	Relating to educational assistance for dependents of veterans-----	Oct 13
34	27	McCollister et al -----	Relating to the creation, organization and administration of a security and reserve force-----	Oct 13
35	37	Brown et al -----	Relating to rights of public officers and employees to return to office or employment after military service-----	Oct 16
37	6	Lindsay et al -----	Relating to the State Employees' Retirement System in respect to state employment of persons who have attained the age of compulsory retirement-----	Oct 2
39	44	Fleury and Moss-----	Relating to public retirement systems in respect to absence of members in military service-----	Oct 19
41	28	Niehause-----	Relating to aid to needy children in respect to provision for the needs of the relatives-----	Oct 13
43	23	Thompson and Kirkwood-----	Relating to state school building aid-----	Oct 12
47	35	Beck et al -----	Adding section to Education Code redefining "War" for protection of school district officers' and employees' rights to re-employment after military service-----	Oct 16
48	36	Beck et al -----	Adding section to Military and Veterans Code, redefining "War" for purpose of protecting the rights of public employees and officers during and after military service-----	Oct 16
49	45	Beck et al -----	Relating to members of school district retirement systems in the armed service-----	Oct 19
52	3	Caldecott et al -----	"Civil Defense Act of 1950"-----	Oct 2
56	46	Fleury et al -----	Relating to social security coverage for employees of public agencies-----	Oct 30
59	38	Moss et al -----	Amending Government Code in respect to the rights of veterans in the state civil service-----	Oct 16
60	33	Levering et al -----	Relating to employment and working conditions of female employees essential to the current defense program-----	Oct 13
61	7	Levering et al -----	Relating to an oath or affirmation of allegiance for civil defense workers and public employees making an appropriation for administrative expenses-----	Oct 3
63	1	Stanley-----	Relating to institutions under the control of the Department of Mental Hygiene-----	Sept 28
64	2	Stanley-----	Relating to institutions under the control of the Department of Mental Hygiene and the use of money appropriated therefor-----	Sept 28
65	24	Kirkwood and Dunn-----	Relating to elections upon acceptance, expenditure, and repayment of school building apportionments-----	Oct 12
66	43	Sherwin et al -----	Appropriation, financial assistance for civil defense-----	Oct 18
70	25	Kirkwood and Dunn-----	Relating to state school building aid-----	Oct. 13

**ASSEMBLY BILLS POCKET VETOED BY THE GOVERNOR**  

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13,    26,    33,    44.  
Total----- 4

**ASSEMBLY BILLS DIED ON FILE IN ASSEMBLY**  

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14,    16,    17,    18,    20,    38,    40,    42,    68,    75.  
Total----- 10

**ASSEMBLY BILLS DIED ON FILE IN SENATE**  

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5.  
Total----- 1

**ASSEMBLY BILLS, SUBJECT MATTER OF WHICH  
REFERRED TO INTERIM COMMITTEES**  

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68,    75.  
Total----- 2

## ASSEMBLY CONSTITUTIONAL AMENDMENTS CHAPTERED, AND FILED WITH THE SECRETARY OF STATE

Number	Resolution Chapter	Author	Subject of Title	Date filed with Secretary of State
1	18	Babbage et al	An amendment to the Constitution of the State, relating to sub- versive activities	Sept 26

## ASSEMBLY CONCURRENT RESOLUTIONS CHAPTERED, AND FILED WITH THE SECRETARY OF STATE

Number	Resolution Chapter	Author	Subject of Title	Date filed with Secretary of State
1	3	Grunsky	Approving amendments to charter of City of Watsonville	Sept 26
2	8	Maloney et al	Adjournment in respect to the memory of Mr Nlon R Tucker	Sept 26
3	9	Maloney et al	In honor of the late John P McLaughlin	Sept 26
5	10	George D Collins et al	Approving amendment to the charter of the City and County of San Francisco	Sept 26
6	4	Fleury and Moss	Adjournment in respect to memory of Clifton R Montgomery	Sept 26
8	5	Maloney and Sam L Collins	Relative to selection of the Legislative Counsel of California	Sept 26
11	22	Babbage et al	Relative to domestic espionage, sabotage, subversive activities and related matters	Sept 26
13	11	Grant and Fletcher	Approving amendments to the charter of the City of Long Beach	Sept 26
14	23	Hawkins et al	Relative to the award of the Nobel Peace Prize to Dr Ralph J Bunche	Sept 26
15	24	Maloney	Congratulating the Department of Public Works upon the Centen- nial Edition of its magazine and commending its Editor, Kenneth Adams	Sept 26
17	25	Davis and Clarke	Adjournment in respect to the memory of former Assemblyman A J Mathews	Sept 26
18	26	Dickey	Adjournment of 1950 Third Extraordinary Session of the Legis- lature	Sept 26

## ASSEMBLY CONCURRENT RESOLUTIONS FROM SENATE WITHOUT FURTHER ACTION

20.

Total..... 1

# **ASSEMBLY JOINT RESOLUTIONS CHAPTERED, AND FILED WITH THE SECRETARY OF STATE**

Number	Resolution Chapter	Author	Subject of Title	Date filed with Secretary of State
1	19	McCollister et al	Memorializing the President and Congress of the United States in respect to residential construction	Sept 26
2	20	Dunn et al	Relative to the priority of schools under federal allocation program affecting construction	Sept 26
4	21	Dolwig et al	Relative to memorializing the President and the Congress of the United States in respect to the welfare and recreational needs of servicemen training in California	Sept 26

## **SENATE BILLS DIED ON FILE IN ASSEMBLY**

9.

Total 1

## **SENATE CONSTITUTIONAL AMENDMENTS DIED ON FILE IN ASSEMBLY**

2.

Total 1

## **SENATE CONCURRENT RESOLUTIONS DIED ON FILE IN ASSEMBLY**

4.

Total 1