CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

FIRST LEGISLATIVE DAY

FIRST CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Monday, March 6, 1950

Pursuant to the requirements of the Constitution of the State of California, at the hour of 12 o'clock meridian, the 1950 Regular (Budget) Session of the Assembly of the Legislature of California was called to order by Arthur A. Ohnimus, Chief Clerk of the 1949 Regular Session.

In conformity with the law, the following officers of the 1949 Regular Session were also present: Geraldine B. Hadsell, Minute Clerk, and Wilkie Ogg, Sergeant-at-Arms.

PRAYER

Upon invitation of the Chief Clerk, the following prayer was offered by Dr. Torrance Phelps, Chaplain of the Assembly for the 1949 Regular 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 wild flowers.

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

ANNOUNCEMENT

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

RESOLUTIONS

The following resolution was offered:

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 Regular Budget 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*
Andrew J. Cecchettini.....*Chief Assistant Sergeant-at-Arms*
Dr. Torrance Phelps.....*Chaplain*

Request for Unanimous Consent

Mr. Dickey asked for, and was granted, unanimous consent to take up House Resolution No. 1, 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, Cloyed, Coats, Collier, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, 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 The Roll Call on House Resolution No. 1

Mr. Condon asked for, and was granted, unanimous consent that his name be placed upon the roll call on House Resolution No. 1, and that he be recorded as voting, "Aye."

APPOINTMENT OF SELECT COMMITTEES

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

Chief Clerk Arthur A. Ohnimus announced the appointment of Messrs. Dolwig, Berry, and Luckel as a Select Committee to escort the Hon. 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; Dr. Torrance Phelps, Chaplain-elect; and Andrew J. Cecchettini, Chief Assistant Sergeant-at-Arms-elect, took and subscribed to the following oath, administered by Hon. 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

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

PLEDGE OF ALLEGIANCE TO THE FLAG

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

MOTION THAT REMARKS BY SPEAKER SAM L. COLLINS BE ORDERED PRINTED IN THE JOURNAL

Mr. Doyle moved that the remarks by Speaker Sam L. Collins be reduced to writing, and ordered printed in the Journal in 10 point type.

Messrs. Dills and Rumford seconded the motion.

Motion carried.

REMARKS BY SPEAKER SAM L. COLLINS

On behalf of Speaker pro Tempore Maloney and myself I want to take this opportunity to thank all the members for your expression of confidence for having selected us as your Speaker pro Tempore and Speaker. I also want to take this opportunity to thank the staff here at the desk for their confidence and thoroughness in handling the previous sessions and their promptness in again being here to render their efficient service on behalf of the Assembly and the people of the State of California. I am not unmindful of the secretariat and the efficient manner in which they have functioned, and I appreciate their presence here promptly this morning for the purpose of assisting the work of this Legislature.

I personally appreciate all the things that you all have done on behalf of the people of the State of California, and am particularly grateful for your continued efforts. As a team, I am certain that, having worked as we have together in the past, we will accomplish a maximum of good for the people of the State of California in a minimum of time.

We are met here to conduct the Budget Session of the State Legislature in accordance with the law which provides for our attendance for approximately thirty days.

Many of you, however, have been in attendance in Sacramento for several weeks already, going over the items of the budget, and thereby accomplishing a great deal of the work of the Budget Session.

In view of this fact, it is my hope, as I know it is of the other Members of the Legislature, that we may have a comparatively short budget session, and due to the thorough and conscientious work of our members in considering the budget, dispose of this matter in possibly two weeks.

This will afford us an opportunity for hearings upon the various subjects the Governor has presented in his call for the Special Sessions so that at the conclusion of the budget session we may, without delay, bring before each House of the Legislature the Governor's program and act upon it.

In all of these deliberations, I earnestly urge that we keep the subject of economy in government constantly in mind. I am encouraged by the fact that the budget which will be presented to us is reportedly to be less in amount than the one a year ago, indicating the earnest effort on the part of the state departments to practice strict economy—thereby making the work of this Legislature that much easier.

Even so, I would urge upon you to keep the interests of our people constantly in mind and the possibility that even further economies may be effected without jeopardizing in any way the welfare of the State or hampering any of the necessary functions of State Government.

I believe if we conscientiously seek to achieve these objectives we can complete our work in the space of one month with full justice to the people of California and thus be enabled to return to our homes at the end of approximately thirty days in accordance with the intention of the people when they voted a 30-day Budget Session.

ANNOUNCEMENTS

Speaker Sam L. Collins announced that, with three sessions running concurrently, each Member of the Assembly is hereby requested to ask the Legislative Counsel to designate, on the back of each bill, the session to which said bill pertains.

Speaker Sam L. Collins announced that all members of Phi Alpha Delta Law Fraternity are invited to attend a luncheon of the fraternity at the University Club, 1319 K Street, Sacramento, at noon, tomorrow, Tuesday, March 7; and that Supreme Court Justice Douglas L. Edmonds, National Supreme Justice of Phi Alpha Delta, will be guest of honor.

RESOLUTIONS

The following resolution was offered:

By Mr. Thompson:

House Resolution No. 2

Resolved by the Assembly of the State of California, That the Speaker appoint a Select Committee of Five 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. Dickey 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. Thompson, McCollister, Evans, Anderson, and Beck as such Select Committee to wait upon the Governor.

MEMBERS EXCUSED

Mr. Beck asked for, and was granted, unanimous consent that Messrs. Rosenthal and Price be excused for the balance of the legislative day, because of illness.

RESOLUTIONS

The following resolution was offered:

By Mr. Clarke:

House Resolution No. 3

Resolved by the Assembly of the State of California, That the Speaker appoint a Select Committee of Three to inform the Senate that the Assembly is now duly organized, having elected the following statutory officers:

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*
Andrew J. Cecchettini—*Chief Assistant Sergeant-at-Arms*
Dr. Torrance Phelps—*Chaplain*

Request for Unanimous Consent

Mr. Dickey 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. Clarke, Condon, and Butters as such Select Committee to wait upon the Senate.

REPORT OF SELECT COMMITTEE

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

COMMITTEE FROM THE SENATE

Senators Dillinger, McBride, and Rich appeared before the bar of the Assembly, and announced that the Senate had organized, and was now ready to proceed with the regular business.

REPORT OF SELECT COMMITTEE

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

RECESS

At 12.07 p.m., on motion of Mr. Dickey the Assembly recessed until 12.22 p.m.

REASSEMBLED

At 12.22 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. Crowley:

House Resolution No. 4

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	Distance from county seat, more	Distance from county seat, less	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 80

District	Name	Address	Distance from county seat	Distance from county seat, more	Distance from county seat, less	Mileage one way	Total mileage	Amount at 5 cents per mile
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 Caldecott	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
34	James G Crichton	Fresno, Fresno County	169	--	--	169	338	16 90
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	Buttonwillow, 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	--	--	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
59	Willard M Huyck	Beverly Hills, Los Angeles County	447	8	--	455	910	45 50
60	Harold K Levering	Los Angeles, Los Angeles County	447	--	--	447	894	44 70
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
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 Niehouse	San Diego San Diego County	573	--	--	573	1,146	57 30
80	Ralph R Cloyed	Chula Vista San Diego County	573	10	--	583	1,166	58 30

Name	Address	Distance from county seat	Distance from county seat, more	Distance from county seat, less	Mileage one way	Total mileage	Amount at 10 cents per mile
Arthur A Ohnimus	San Francisco, San Francisco County	--	--	--	---	---	-----
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. 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, George D. Collins, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—71.

NOES—None.

By Mr. Dickey:

House Resolution No. 5

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 one thousand nine hundred seventy-five dollars ($1,975), said amount being for the purchase of postage stamps to be used by Members of the Assembly for official mail; and be it further

Resolved, That the Chief Clerk be and he is hereby directed to purchase postage stamps in such amounts and denominations, not exceeding one thousand nine hundred seventy-five dollars ($1,975) in the aggregate, as shall be necessary for the use of the Members of the Assembly for official mail; and be 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 twenty-five dollars ($25).

Request for Unanimous Consent

Mr. Dickey 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.

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, George D. Collins, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—70.

NOES—None.

By Mr. Dickey:

House Resolution No. 6

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 two hundred fifty

dollars ($250), 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. 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, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—72.

NOES—None.

By Mr. Crichton:

House Resolution No. 7

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. 7, at this time, without reference to committee or file.

Resolution read, and adopted.

By Mr. McMillan:

House Resolution No. 8

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. McMillan asked for, and was granted, unanimous consent to take up House Resolution No. 8, at this time, without reference to committee or file.

Resolution read, and adopted.

COMMUNICATIONS

By the Chief Clerk:

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

CAPITOL CORRESPONDENTS ASSOCIATION OF CALIFORNIA
STATE CAPITOL, SACRAMENTO, March 6, 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:

Associated Press—Morrie Landsberg, Wayne Harbert, William J. Waugh, Joseph J. Lipper, William Allen, Roger Barr, Allan Barton, Carol Ann Carlson.
International News Service—Neil Shaw, Frederic J. Rupp.

Los Angeles Daily News—Leslie E. Claypool.
Los Angeles Examiner—Carl Greenberg.
Los Angeles Mirror—James Bassett.
Los Angeles Times—Chester G. Hanson.
McClatchy Broadcasting Company—Tony Koester, Victor Blanks.
Oakland Tribune—Don Thomas.
Radio Station KROY—Clyde F. Coombs, Gene Desimone, William J. Ratcliff.
Sacramento Bee—Herbert L. Phillips, Richard Rodda, Thomas Arden, Robert M. Blanchard, S. J. Archibald, Walter P. Jones, Myron V. Depew, George E. Helmer, Hamilton Hintz, Rudy Hickey, Alfred E. Lyons, Robert Handsaker.
Sacramento Union—J. L. Rosenberg, E. E. Nichols, Norman Deuel, George Hooper.
San Francisco Call-Bulletin—C. Lyn Fox.
San Francisco Chronicle—Earl C. Behrens.
San Francisco Examiner—Royal W. Jimerson, Jack Welter.
San Francisco News—Mary Ellen Leary.
San Francisco Peoples World—Steve Murdock.
United Press—Lloyd Lapham, Thomas Goff, J. F. McLaughlin, Edward Dolan, Wayne Sargent, Robert Young.
Western News Service—Earl G. Waters, Henry C. MacArthur, Sanford L. Price, Christian R. Holmes.

Sincerely,

EARL C. BEHRENS, President

RATIFICATION BY ASSEMBLY

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

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 6, 1950

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

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

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

ANNOUNCEMENTS

Speaker Sam L. Collins announced that a Republican Caucus, and breakfast meeting will be held tomorrow morning, Tuesday, March 7, at 7.30 a.m., at the Hotel Sacramento.

Mr. Beck announced that a Democratic Caucus will be held tonight at the usual appointed place, and time.

RECESS

At 12.30 p.m., on motion of Mr. Dickey, the Assembly recessed until 12.40 p.m.

REASSEMBLED

At 12.40 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 resolution was offered:

By Mr. Sam L. Collins:

House Resolution No. 9

Relative to adjournment in respect to the memory of Frank S. Glass

WHEREAS, Frank S. Glass has been for the past 30 years legislative representative for the California Milk Producers Association, and in the course of his work both in business before this Legislature and elsewhere had established a reputation for honesty, integrity, and fair dealing which has seldom if ever been surpassed, and had won the warm friendship of Members of the Legislature and thousands of others throughout the State who knew him as a fine man, a good friend, and a reliable and capable business associate; and

WHEREAS, The death of Frank S. Glass on March 4, 1950 has brought great sorrow and a sense of deep personal loss to his many friends in this Assembly; and

WHEREAS, Frank S. Glass was the son of the late Admiral and Mrs. Henry Glass, and was a resident of Los Angeles, California, a graduate of University of California, and leaves surviving him his widow, the former Margaret Sullivan of Sacramento; now, therefore, be it

Resolved by the Assembly of the State of California, That the Members of this Assembly hereby express their profound personal sorrow upon the passing of Frank S. Glass, and deeply regret the loss of this outstanding citizen to the State of California; and be it further

Resolved, That the Chief Clerk of the Assembly transmit a suitably prepared copy of this resolution to Mrs. Margaret Sullivan Glass; and be it further

Resolved, That, when this Assembly this day adjourns, it do so out of respect to the memory of Frank S. Glass.

Request for Unanimous Consent

Mr. Maloney asked for, and was granted, unanimous consent to take up House Resolution No. 9, at this time, without reference to committee or file.

Resolution read, and adopted unanimously.

INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS

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

Assembly Bill No. 1: By Mr. Sherwin—An act making appropriations for the support of the Government of the State of California and for several public purposes in accordance with the provisions of Section 34 of Article IV of the Constitution of the State of California, to take effect immediately.

Referred to Committee on Ways and Means.

Assembly Joint Resolution No. 1: By Messrs. Erwin, Butters, Collier, Waters, Babbage, Burke, Burkhalter, Clarke, Cloyed, Cooke, Dills, Doyle, Geddes, Grant, Hahn, Hollibaugh, Kilpatrick, Levering, Lindsay, Lipscomb, McMillan, Morris, Mrs. Niehouse, Messrs. Stanley, and Stewart—Relative to the Central Arizona Project.

Referred to Committee on Rules.

Assembly Joint Resolution No. 2: By Mr. Sam L. Collins—Relative to rescinding and withdrawing Assembly Joint Resolution No. 26 of 1949, relative to participation by the United States in a World Federal Government.

Referred to Committee on Rules.

Assembly Concurrent Resolution No. 1: By Mr. Sam L. Collins—Relative to tobacco smoking in passenger airplanes during flight.

Referred to Committee on Rules.

REQUEST FOR UNANIMOUS CONSENT TO TEMPORARILY SUSPEND THE RULES

Mr. Dickey asked for, and was granted, unanimous consent that the Rules be temporarily suspended for the purpose of permitting press photographers to photograph His Excellency, Governor Earl Warren, during his address.

SENATE INVITED TO ATTEND JOINT CONVENTION

Speaker Sam L. Collins directed the Sergeant-at-Arms to notify the Senate that the Assembly is ready to meet in Joint Convention.

REQUEST FOR UNANIMOUS CONSENT THAT ADDRESS BY THE GOVERNOR BE PRINTED IN THE JOURNAL

Messrs. Geddes and Dickey asked for, and were granted, unanimous consent that the address by Governor Earl Warren be ordered printed in the Journal in 10 point type.

RECESS

At 12.59 p.m., the Speaker announced that the Assembly would be at recess until 2.20 p.m., to meet with the Senate in Joint Convention.

IN JOINT CONVENTION

ASSEMBLY CHAMBER, SACRAMENTO
Monday, March 6, 1950

At 1 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, Hulse, Jespersen, Johnson, Judah, Keating, Kraft, Mayo, McBride, Miller, O'Gara, Parkman, Powers, Regan, Rich, Sutton, Swing, Tenney, Ward, Watson, Way, Weybret, and Williams—38.

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, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, 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 Hatfield, Dillinger, and Brown 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. Levering, Collier, Stanley, Bennett, and Burkhalter 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 Governor Warren to the Joint Convention.

ADDRESS BY THE GOVERNOR

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

ADDRESS BY GOVERNOR EARL WARREN

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

I welcome you to Sacramento for the last Constitutional Session of the Legislature in our first century of statehood. Paradoxically it is the first of its kind, because only last November the people ratified your

constitutional amendment to limit the session in even-numbered years to consideration of the budget and other financial matters.

I agree with the principle of that amendment. If it were possible to do so, I would be happy to conform to that simplified procedure because you have already been in session, wrestling with the problems of our growing State, more than half of the past year, a condition that I am sure was not contemplated by the founders of our State Government. But the California of today is not the California of a hundred years ago. The only feature that remains the same is its boundary line. Today it is not only larger than many of the important countries of the world—England, Italy, and Norway, but it has more people than many—Sweden, Denmark, Holland, Belgium, Greece. It is growing faster than any of them—by almost four millions in the last 10 years. It is changing as fast as it is possible to change to an industrial state of world-wide significance. Its problems are proportionate to that size, population and growth, both in number and complexity. We must therefore meet more often than was contemplated in the past. Problems of growth do not solve themselves. It is therefore necessary for me to call you into special session again—the eighth time since 1943—to consider some of the problems that cannot await action until the next general session in 1951.

I have endeavored to be considerate of your time, and although there are a sizeable number of items in the call, I believe you will find that many of them are not controversial, others have already been the subject of study in former sessions, and still others have had special study by your interim committees. You will find little entirely new matter to be considered. It can, I believe, all be considered, while you are also studying the budget.

Traditionally the Governor does not address the Legislature on the presentation of the budget. The text of his message is usually submitted in writing with the budget. The length, tabulations, and complexities of any message that tells the whole story of the budget almost demands this. I will therefore conform to the custom, submit my message in writing and limit my remarks on the budget to a few salient points which can be briefly stated.

I want to report to you that the budget was prepared with great care. It represents the cooperative effort of all the departments of State Government in building a budget consistent with both economy and good service to the public. It does not contain a shortsighted brand of economy, which neglects such things as education, mental hygiene, public health, corrections, and law enforcement. It contains moderate increases for these functions. Other state operations in spite of growth are being held to current levels.

The budget is balanced, and without the imposition of new taxes.

According to revenue estimates there should be a small surplus at the end of the fiscal year.

It retains intact our Rainy Day Fund of $75,000,000 as a cushion against any recession.

It does not propose new or expanded services which have not already been considered and approved by the Legislature.

It contemplates the expenditure of $195,000,000 less than in the current year.

It is not a billion dollar budget. The total is 29 million below that sum—$971,000,000.

In addition every department of the State Government is prepared to make and is under instructions to make every possible saving throughout the year.

The proposed expenditures may be broken down as follows:

31½% for education and educational facilities
20½% for highways, streets and motor vehicle regulation
17% for social welfare
9% for mental hospitals and correctional facilities
6% for conservation of agriculture, water and other natural resources
2% for public health
14% for operations of the many other governmental activities.

Almost two-thirds (63.5%) represents expenditures fixed by the Constitution or existing statutes. Included in this group of costs are payments for the support of public schools; assistance to the needy aged, blind and children; expenditures for highways; apportionments of revenues shared with local governments; and contributions to the various state retirement funds.

Approximately 8.3 percent of the expenditure total represents controllable items for capital outlay. While these payments are controllable in the sense that they are not fixed by law, the overcrowded conditions of our hospitals and other institutions make them mandatory as a matter of moral responsibility.

The remaining 28.2 percent or $274,000,000 represents the controllable expense items of the budget of which $214,000,000 is for state operations and $60,000,000 is for assistance to local governments. I have the responsibility for recommending each year the proper amount to spend for these activities, although I have nothing to do with the supervision of the funds appropriated for assistance to local governments. Even most of these state costs are controllable in only a limited degree. For instance, in any one year we can exercise little control over the number of patients in our hospitals, inmates in our correctional institutions, or the number of students at the university or in our state colleges. We merely make provision for whatever the number may be.

The budget proposes the appropriation of 50 million for construction of buildings—most of the remainder of our building reserves. When this sum is expended our postwar reserves will be practically exhausted, and we must then look to other sources for capital outlay. We will not have provided all the facilities hoped for when you originally set up the reserves. More growth than could be foreseen and increased building costs prevented this from being accomplished, but our medical, custodial, and educational facilities will be more nearly adequate to meet their expanding needs than they have been for many, many years. No one can seriously question the soundness of the program on which you and I cooperated to reserve a substantial part of our wartime income for this important purpose. It will pay rich dividends in human values.

The financial plan submitted to you in this budget strikes a balance between expenditure requirements and available resources. In my management of state affairs I have steadfastly refused to take any action which would involve the State in an expenditure program beyond its financial means. I have at all times insisted on a margin between our resources and our obligations. The Budget for 1950-51 has been prepared in this pattern.

I call your attention, however, to the fact that the day of surpluses in State Government is no longer with us. Conditions call for economy in this and following years, because some of the spending formulae established by the Constitution and statutes accelerate expenditures faster than revenues may increase under existing laws in the future.

This budget is tightly balanced. Any appreciable amount of spending in excess of it will call for additional revenues, which of course means more taxes.

At the present time our State is in a satisfactory financial condition. Since war revenues brought us into balance in 1943, we have amortized all of our bonded indebtedness. And until the people passed the bond issue for distressed school districts last November, we were debt free. The critical needs of our highway system and our building requirements are being supplied through well ordered plans, and building reserves. We have set aside our so-called Rainy Day Fund of $75,000,000 to protect us against a recession and consequent drop in tax revenues. If the expenditures for the next fiscal year do not substantially exceed the proposed budget, we may with confidence look forward to starting our second century of statehood on a sound financial basis.

For a fuller discussion of these figures which I have quoted and the statements that have been made concerning the budget, I refer you to the printed message and to the analysis of the Department of Finance, both of which accompany and are attached to the budget itself.

Now a brief review of the items on the agenda of the special session.

There are 18 of them, but I am sure the number will give you little concern. Many of them will involve little more than regular procedure.

Items 17 and 18, providing for the consideration of validating acts and charter amendments, are included in most special sessions and are usually little more than routine.

Items 13 and 14 relate to fire insurance. One is to correct clerical errors in the law passed last year to modernize the standard form of policy for fire insurance. The other is to specifically authorize the form of contract which has been in effect for many years between the Department of Veterans Affairs and 200 fire insurance companies of the State, the validity of which contract has been clouded by an act of the Legislature in 1947. Neither of these subjects should be controversial.

Item 12 is included at the request of the Secretary of State and county clerks to clarify a section of the Election Code dealing with absentee voting in order to prevent the invalidation of ballots. It appears to be noncontroversial.

Item 11 was included at the request of several of our major cities for the purpose of making the Community Redevolpment Act more workable. The amendments although important are said to be merely of a technical nature.

Item 6 is intended to remedy a particular situation in Santa Clara County which I am told is not controversial, but which will if acted upon by you, equalize the apportionment of bonded indebtedness of school districts when district boundaries are changed by annexation.

Item 2 is for consideration of the enactment of the Uniform Support of Dependents Law. This law is designed for the purpose of making it more difficult for defaulting fathers to avoid responsibility for the support of their families. Under existing laws it is extremely difficult to enforce even the judgments of our own courts when the defendant leaves the State. This uniform law sets up a reciprocal arrangement between the states that have adopted it, to enforce their respective laws and judgments. Several states have already adopted it and I believe that California could with benefit to itself join that number.

Item 10 is submitted at the request of farm groups and the Department of Agriculture for the purpose of properly housing the department in Sacramento and enabling it to render a better service to the public. The proposal is that $2,000,000 of the unbudgeted reserve of the Agriculture Fund be authorized by statute for expenditure in the construction of a new building for the department, to be amortized in a period of 20 years through a rental charge. These charges will be less than present average rental costs. I believe you will find the Departments of Finance and Agriculture and the industry in agreement on the need and propriety of the proposal.

Item 7 is for the purpose of considering the growing problem of air pollution. I know that your interim committee of the Assembly which is studying the subject has not completed its work and that perhaps the Legislature is not prepared to act with finality. On the other hand there are some things that should be done. There have been catastrophes in other states and nations from community air pollution, and the growing problem in California makes it impossible for us to say that the same thing could not happen here.

In spite of this fact there are at present, so far as I have been able to ascertain, no comprehensive studies any where in the world on the effect smog has on the health of people. Certain studies of a statistical nature are being made by cities, and certain laboratory tests as to the effect known smog irritations have on plant and animal life. But no scientific study has been made to ascertain whether exposure to this smog over long periods of time affects the health of human beings in a fundamental way. Such a study should be made by our State, because millions of our citizens are affected by it. It calls for a coordinated program of field studies by our Department of Public Health and laboratory and clinical research by the universities. I recommend authorization for such a program to be completed at the earliest possible date. It probably will be essential for any definitive action you may later take on the subject. If as a result of the work of your committee any further action is desired by you at this session, I shall be happy to cooperate.

Item 16 refers to unfinished business of the last special session; the consideration of effective means for protecting the public against sex crimes. Last December you enacted certain statutes affecting the punishment of sex offenders, but no action was taken concerning the custody, treatment and rehabilitation of such offenders pending a further report of your Assembly interim committee on the subject. I trust you

will be prepared to act on the subject at this session, and that you will make the most scientific use of the facilities of our institutions in the Departments of Corrections and Mental Hygiene. I am sure you will find overwhelming support for such a program among law enforcement officers, psychiatrists, and the general public.

Items 8 and 9 refer to public works. About eight years ago, the State undertook to survey its needs for public works. As a result of that project advance planning was undertaken on both the state and local levels. Blueprints were placed on the shelf for use as needed. As a result California was prepared to go forward on a building program of unprecedented proportions at the conclusion of the war. We have built more highways and constructed more buildings than any state in the Union since V-J Day. But this year will exhaust practically all our reserves for that purpose and the 10-year period for which the program was designed will have almost expired. Our State will have at least three million more people than it had when we started. New needs that could not then have been foreseen now exist. Our vision is not now clouded by war. We can and should therefore take a new view of our situation from this vantage point. We should try to project our thinking into the future another decade in order to be ready not only to adjust ourselves to normal development, but also to any emergency that may arise.

There is a great reservoir of necessary public works projects in the fields of water supply, sanitary facilities, urban redevelopment, water conservation, streets, roads and highways, as well as necessary public facilities of all kinds on all levels of government. They cannot all be built in one year or perhaps in a decade, but they can develop according to a pattern and the pattern should now be redesigned to meet our changed requirements.

I therefore suggest by the inclusion of this subject in the session, that you consider legislation providing for a survey and analysis of the public works programs of all state and local agencies to the end that we have coordinated advance planning of such programs. We should do for our other construction needs what we did in determining the critical needs of our highway system. Some of the local improvement acts involve methods of financing that are considered by city authorities as being outmoded and unduly costly. A review of these acts would be desirable.

The present legislation relating to the appropriation and apportionment of state funds for the support of public school assistance expires June 30, 1950. This makes mandatory the consideration and enactment of a new measure which will make it possible for us to provide an adequate appropriation and an equitable apportionment of funds to support the Public School System. This subject is covered by Item 5 of the Call.

Item No. 1 deals with social welfare and is a matter of major concern. This subject was carried over from the December special session at which time you provided for the transition from state to county administration in accordance with the wish of the people as expressed at the election last November. I have made this item sufficiently broad for the consideration of every phase of social welfare as it applies to children, the aged and the needy, in accordance with my statement last December.

There are matters of procedure and matters of substantive importance to be considered such as relatives' responsibility for aged parents and child care centers, both of which I trust you will re-evaluate and revise in such manner as will coincide with human needs and the financial ability of our State Government.

Item 15 refers to the subject of gambling with particular reference to anti-slot machine legislation. At the last general session of the Legislature strong anti-slot machine bills were introduced in both houses. Each house passed its own bill and thereafter killed the bill of the other, with the result that no legislation of this character was enacted. Almost immediately there was an upsurge of slot machine activity in many parts of the State. There is no doubt that this is one of the main activities of organized criminals and one of the main reasons for the disgraceful gang warfare which is becoming more prevalent and undermining public confidence in the administration of justice.

It is the desire of an overwhelming majority of law enforcement officers that the mere possession of slot machines be made illegal, in order that they may effectively perform their duties.

We have no right to expect efficient law enforcement from them if we deliberately leave the law in an ambiguous condition and difficult of enforcement. I urge you in the interest of honest law enforcement and the welfare of the public to make mere possession of slot machines by anyone, any place, a violation of the law.

I will close this message with another recommendation concerning illegal lobbying.

The bill passed by the Legislature at the special session in December was satisfactory as far as it went, but it did not cover the subject matter as it should be covered if we are to expect adequate enforcement. The lobbyist is required to report his income and expenditures, but there is no clear cut requirement that his principal is required to do so. We do not have a thoroughly workable act in the absence of such a provision and I urge you to consider the enactment of such a requirement.

I also urge you to again consider a provision prohibiting state officers and employees, whether they be legislative or executive, from accepting employment which is inconsistent with their public trust. No man can serve two masters, and no state officer can, in conscience, accept employment which can interfere with the honest performance of his public duty.

I know you will believe me when I say I have no desire to harass or interfere with any public officer in the earning of an honest livelihood. All I ask is that the rules be fair to the public as well as to ourselves.

I also repeat what I have said on other occasions that I have no desire to limit the right of citizens to petition their government. It is an inherent right of citizenship. It is a wholesome influence to have people interested to that extent in the management of their governmental affairs. All we ask is to have reasonable regulations for those who spend money to affect legislation or other official action.

You took no action on these phases of the problem at the December Special Session, choosing rather to appoint an interim committee to study the matter. I have offered my cooperation to the committee and I now

renew that offer to you in the hope that we can enact a reasonable and workable law which will eliminate the evils of lobbying and restore the occupation of legislative representative to a respected and useful status.

In this and all other matters within the purview of the budget and the special session, I pledge you not only my cooperation, but my best wishes for success.

ADJOURNMENT OF JOINT CONVENTION

At 2.18 p.m., there being no further business, the Speaker of the Assembly declared the Joint Convention adjourned sine die.

IN ASSEMBLY

At 2.20 p.m., the Assembly reconvened.
Hon. Sam L. Collins, Speaker of the Assembly, presiding.
Chief Clerk Arthur A. Ohnimus at the desk.

COMMUNICATIONS

By the Chief Clerk:

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

ASSEMBLY, CALIFORNIA LEGISLATURE, February 23, 1950

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

DEAR ARTHUR: This is to advise you that I have this day appointed Mr. Augustus Hawkins to the Interim Committee on Elections and Reapportionment in the place of Mr. Glenn Anderson, who resigned.

Sincerely,

SAM L. COLLINS, Speaker

MEMBER EXCUSED

At 2.21 p.m., Mr. Grunsky asked for, and was granted, unanimous consent that Mr. Silliman be excused, for the balance of the legislative day, because of legislative duties elsewhere.

GUESTS EXTENDED COURTESIES OF ASSEMBLY

On request of Mr. Waters, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Harry J. McClean, Sr., of Los Angeles.

On request of Mr. Fleury, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Harry J. McClean, Jr., of Sacramento.

On request of Speaker Sam L. Collins, the usual courtesies of the Assembly for this day were unanimously extended to former Assemblyman Harry Johnson of Porterville.

On request of Mr. George D. Collins, the usual courtesies of the Assembly for this day were unanimously extended to Miss Lulu Downing of San Francisco.

On request of Messrs. Anderson, Hawkins, and Elliott, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Anna Bresin of Los Angeles.

ADJOURNMENT

At 2.23 p.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Tuesday, March 7, 1950, out of respect to the memory of the late Frank S. Glass.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

SECOND LEGISLATIVE DAY

SECOND CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Tuesday, March 7, 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, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—72.

Quorum present.

PRAYER

The following prayer was offered by Speaker Sam L. Collins, in the absence of the Chaplain, Dr. Torrance Phelps:

The Prayer Perfect

Dear Lord! Kind Lord!
Gracious Lord! We pray
Thou wilt look on all we love,
Tenderly today!
Weed their hearts of weariness;
Scatter every care
Down a wake of angel-wings
Winnowing the air.
Bring unto the sorrowing
All release from pain;
Let the lips of laughter
Overflow again;
And with all the needy
O divide, we pray,
This vast treasure of content
That is ours today!

AMEN.

READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Kirkwood, 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. Price, on motion of Mr. Beck.

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

Mr. Silliman, on motion of Mr. Kirkwood.

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

Mr. Erwin, on motion of Mr. Butters.

COMMUNICATIONS

By the Chief Clerk:

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

CITY OF LOS ANGELES
CALIFORNIA, December 27, 1949

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

DEAR MR. OHNIMUS: This will acknowledge receipt of a copy of House Resolution No. 24, adopted by the California Assembly on December 19, 1949, relating to the proposed separation of grade between certain thoroughfares in Glendale and Los Angeles, and the tracks of the Southern Pacific Company; namely, at Los Feliz Boulevard, Glendale Boulevard, and Fletcher Drive.

Very truly yours,

WALTER C. PETERSON, City Clerk
By J. F SCHWARTZLOSE, Deputy

By the Chief Clerk:

COLLEGE OF THE PACIFIC
STOCKTON, CALIFORNIA, December 29, 1949

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

DEAR MR. OHNIMUS: Thank you very much for your communication and copies of the resolutions which were adopted by the California Assembly relative to our outstanding football team.

Your sentiments were very deeply appreciated, and I am sure our coaches and members of the team will be very happy to receive this word

Very cordially yours,

ROBERT E. BURNS, President

By the Chief Clerk:

STATE, COUNTY AND FEDERAL AFFAIRS COMMITTEE
CITY OF LOS ANGELES
CALIFORNIA, January 5, 1950

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

GREETINGS: In accordance with the provisions of Rule 48 of the Council Rules, the President has referred communication from Arthur A Ohnimus, Chief Clerk, Assembly California Legislature, submitting copy of House Resolution 24, adopted by

the Assembly, relative to separation of grade between certain thoroughfares in Glendale and Los Angeles and the tracks of the Southern Pacific Company, namely, at Los Feliz Boulevard, Glendale Boulevard, and Fletcher Drive, to the State, County and Federal Affairs Committee.

Respectfully yours,

WALTER C. PETERSON, City Clerk

By the Chief Clerk:

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA, January 6, 1950

FILE NO. 099-2

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

DEAR MR. OHNIMUS: This will acknowledge receipt of your letter of December 20th, together with a copy of House Resolution No. 24, adopted by the California Assembly on December 19, 1949.

The subject matter of the resolution will have our attention, and the staff has been instructed to investigate and report at an early date. You will be advised further in this connection when we have the staff's report before us.

Very truly yours,

R. J. PAJALICH, Secretary

By the Chief Clerk:

NAVY DEPARTMENT
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
WASHINGTON 25, D. C., January 9, 1950

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

MY DEAR MR. OHNIMUS: Receipt of the enclosed copies of Assembly Joint Resolutions Nos. 1 and 3 as requested by your letter of December 22, 1949, is hereby acknowledged.

You have doubtless been informed that on December 20, 1949, the Secretary of the Navy informed the Commandant Twelfth Naval District, San Francisco, California, that the San Francisco Naval Shipyard would not be closed, that the present missions and tasks of that shipyard will be retained, and that actual employment will be consistent with assignments of Pacific Fleet Forces.

However, some reductions must be expected in order to balance our requirements nation-wide in relation to the dollars available.

Sincerely yours,

I. N. KILAND, Rear Admiral
ACNO (Logistics)

By the Chief Clerk:

ATLANTA, GEORGIA, February 4, 1950

Clerk of the House
State Legislature
Sacramento, California

DEAR SIR: Will you please see that the enclosed leaflets are placed in the hands of the committee having charge of the resolution in reference to the World Federalists.

Sincerely yours,

GEORGE VAN HORN MOSELEY
(General Moseley)

Above mentioned leaflets ordered referred to the Committee on Rules.

By the Chief Clerk:

THE AMERICAN COUNCIL OF CHRISTIAN CHURCHES
NEW YORK 7, NEW YORK, February 7, 1950

To: The Clerks of the Legislatures of Our Forty-eight States

DEAR MR. CLERK: The growing clamor for the removal of Dean Acheson from his post as Secretary of State because of his defense of Alger Hiss should reach thunderous proportions, or the secretary will ride out the storm as many are now predicting.

It is heartening to see resolutions calling for Acheson's removal by the Legislatures of Mississippi and Texas, and the introduction in the New York State Assembly

of a measure calling not only for Acheson's removal but also for a complete congressional investigation of the loyalty of state department personnel.

It is no good sign when millions of patriotic Americans become so realistic (it is not pessimistic!) as to be putting this query: "Is there *anything* a prominent administration-approved public official could do which would bring his swift removal?" Multitudes of our best citizens are fearing the answer to that question is "No!"

This council is pro-Bible and pro-American. *The enclosed Open Letter to Secretary of State Dean Acheson contains some new considerations worthy of note.* It is our hope and prayer that every Member of the House of Representatives and of the Senate in each State Legislature will seriously consider this communication and take appropriate action in the interest of the Country we love. You will know what procedure will be most effective for bringing this to the attention of every member.

An expression of opinion from you, Sir, or from the distinguished Members of your Legislature would be appreciated. It will be a pleasure to convey to this council's constituency in your State and across the Nation information as to your action in this serious matter.

With prayerful good wishes for you and our Country in these perilous times,

Cordially yours,

WM. HARLLEE BORDEAUX, General Secretary

Above mentioned open letter ordered referred to the Committee on Rules.

By the Chief Clerk:

(COPY)

ARCHDIOCESE OF SAN FRANCISCO, CHANCERY OFFICE
SAN FRANCISCO 9, CALIFORNIA, February 14, 1950

Hon. Thomas A. Maloney
350 Missouri Street
San Francisco, California

MY DEAR MR. MALONEY: I am deeply grateful to you, to Senator Harold Powers, to Speaker Sam Collins, and to the Members of the Senate and Assembly for your kind message of sympathy on the occasion of the tragic death of Bishop O'Dowd. His death is a great loss to all of us—to me personally because he was of such great assistance, to his Church, to his city and to his State, because of his distinguished service.

Let me also express my gratitude for your kindness in acting as an honorary pallbearer at the funeral of Bishop O'Dowd. I am deeply indebted to you for your courtesy.

With my heartfelt thanks again for your sympathy, I beg to remain

Faithfully yours,

(Signed) JOHN J. MITTY
Archbishop of San Francisco

By the Chief Clerk:

STATE OF CALIFORNIA
DEPARTMENT OF PUBLIC WORKS
SACRAMENTO, February 27, 1950

Mr. Arthur A. Ohnimus, Chief Clerk
The State Assembly, State Capitol

DEAR MR. OHNIMUS: House Resolution 198, adopted by the California Assembly on June 1, 1949, requests the Division of Water Resources and the Assembly Interim Committee on Water Pollution to make a study of the feasibility of conveying waste water from San Francisco sewage disposal plants to Santa Clara County, and the distribution and utilization of such water in that county. The Division of Water Resources was requested to submit a preliminary report on its study to the Assembly not later than June 15, 1949, and to submit a final report thereon to the Assembly not later than February 28, 1950. The preliminary report was forwarded to you on June 9, 1949.

In view of the delay involved in financing the investigation, it was not possible to prepare and submit the requested final report to the Legislature by the date specified. There is transmitted herewith, however, a progress report prepared by the division, briefly covering progress made to date. The final report will be completed as soon as possible.

Yours very truly,

C. H. PURCELL, Director of Public Works

Above mentioned report ordered filed with the Secretary of State.

By the Chief Clerk:

DIVISION OF BEACHES AND PARKS
DEPARTMENT OF NATURAL RESOURCES
SACRAMENTO 14, February 27, 1950

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

DEAR MR. OHNIMUS: In accordance with Assembly House Resolution No. 75, adopted by the 1949 California Legislature, herewith is presented a Report of the State Park Commission and the Chief of the Division of Beaches and Parks regarding the possibility and the feasibility of establishing a State Park on Banner Mountain in Nevada County, California.

Sincerely yours,

J. H COVINGTON, Executive Secretary

Above mentioned report ordered filed with the Secretary of State.

By the Chief Clerk:

BOARD OF ATHLETIC CONTROL
UNIVERSITY OF SANTA CLARA
SANTA CLARA, CALIFORNIA, February 27, 1950

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

DEAR MR OHNIMUS: Please pardon my most dilatory response to your very nice letter and the enclosed copy of the House Resolution No. 34 commending the University of Santa Clara on being invited to the Orange Bowl Classic.

I want you to know that the entire coaching staff and the players read this article with a great deal of pleasure and satisfaction. I am sure that knowing that the Assembly of their home state was behind them, had an inspiring effect upon the whole squad.

Again, may I say many thanks to the Assembly for their thoughtfulness, and with every best wish, I remain,

Yours very truly,

L. J. CASANOVA, Head Football Coach

By the Chief Clerk:

Letter of Transmittal

CALIFORNIA STATE PERSONNEL BOARD
March 6, 1950

Mr. Arthur Ohnimus
Chief Clerk
The State Assembly, Sacramento, California

DEAR MR. OHNIMUS: The State Personnel Board at its regular meeting on January 21, 1950, adopted the following resolution:

Resolved, That the Report to the Governor and the Legislature concerning State Salaries and other matters relating to civil service personnel together with recommendations be adopted as the report prepared in conformance with Government Code Section 18712. The secretary of the board is directed to file the report with the Governor immediately and to file copies with each house of the Legislature in accordance with Government Code Section 18712.

In conformance with this resolution we are transmitting a copy of this report to be filed with the Senate.

Very truly yours,

JOHN F. FISHER, Secretary

Above mentioned report ordered referred to the Interim Committee on Equalization of Salaries, Qualifications, and Job Classification of Public Employees.

By the Chief Clerk:

A communication from Harry McDermott, President, Los Angeles Gaelic Athletic Association, relative to unemployment insurance rights of Marie Mulrooney, was received, and ordered referred to the Committee on Industrial Relations.

By Speaker Sam L. Collins:

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

CALIFORNIA MANUFACTURERS ASSOCIATION
SAN FRANCISCO, CALIFORNIA, March 6, 1950

Hon. Sam L. Collins
Speaker of the Assembly
State Capitol, Sacramento, California

DEAR MR. COLLINS: As the California Legislature convenes in its 1950 Budget and Special Sessions, the California Manufacturers Association fully recognizes the importance of the task before you. We appreciate the vital responsibility which you have to encourage in this State a healthy industrial climate through enactment of sound and constructive legislation.

It is obvious that an important factor in maintaining a sound economy is an equitable tax system.

Significant is the fact that the all-inclusive tax burden on the average California wage earner today is $450 per year. Of this amount a substantial proportion consists of state and local taxes. The California Manufacturers Association has for the past several years maintained that a minimum tax burden is necessary to attract industry, create jobs, and stimulate production.

The California Manufacturers Association will continue to assert this position. This association supports this program by results of a recent state-wide survey of manufacturing executives in California. A majority responding to the poll overwhelmingly emphasized the need for a balanced budget, lower taxes and greater government efficiency as "the greatest stimulant to business at this time."

The recent Conference on Employment in Sacramento called by the Governor stressed the need for creating 125,000 new jobs in California per year. California manufacturers, comprising the State's largest economic force, have been called upon to play an important role in providing these additional employment opportunities. California manufacturers have and will continue to assume this responsibility. In your capacity as Speaker of the Assembly, California Manufacturers Association reposes the utmost confidence in you, and your colleagues, to effectively continue a level of prosperity and full employment for California industry and workers.

The Board of Directors of the California Manufacturers Association recommends the following program for your careful consideration:

(1) Support of "austerity" budget for the State of California for the Fiscal Year 1950-51, through curtailment of all unnecessary functions and exercise of rigid economy.

(2) Maximum cut in controllable items (House Resolution 277).

(3) Because California taxes are already among the highest in the Nation, the committee feels that there should be no further increases in taxes or any imposition of new taxes during the coming fiscal year.

(4) Careful analysis of all proposals to increase school appropriations and curtailment thereof without limiting fundamental functions.

(5) California leads in old age assistance and for that reason the committee believes the aged and blind are being adequately cared for and there is no need for further liberalization of the old age pension laws nor for increased payments from the State.

Industry believes that such a program is essential if California is to maintain a favorable competitive position with other industrial states who are equally interested in attracting new industry.

Sincerely yours,

WM. B. TYLER, President

By the Chief Clerk:

A communication from Mae F. Lane of Los Angeles, enclosing poems and letter of recommendation; and requesting that she be appointed Poet Laureate of California, was received and ordered referred to the Committee on Rules.

By the Chief Clerk:

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

Inter-Departmental Communication
STATE OF CALIFORNIA, SACRAMENTO 14, March 6, 1950

To: *Honorable Arthur A. Ohnimus*
Chief Clerk of the Assembly
State Capitol
Sacramento, California

FROM: State Board of Equalization
Dixwell L. Pierce, Secretary

SUBJECT: REPORTS ON PROPERTY TAX ASSESSMENT UNDER SECTION 3693 OF THE POLITICAL CODE

Pursuant to Section 3693 of the Political Code, I am transmitting herewith for filing with the Assembly copies of surveys which have been completed under that section with respect to property tax administration in the Counties of Solano, Imperial, Marin, and Siskiyou.

The enclosures are the four reports that have been completed since the last session of the Legislature at which we transmitted a similar report relating to the Assessor's Office in Riverside County. Data have been gathered for several additional reports which should be completed before the close of the current fiscal year. These reports will be published as soon as feasible.

The report relating to property tax administration in Placer County is now in the final stages of its production at the State Printing Office, and we should have it for filing with you in the early part of the current session.

DIXWELL L. PIERCE

The four above mentioned reports ordered referred to the Committee on Revenue and Taxation.

By Speaker Sam L. Collins:

A communication from Colonel Joseph S. Gorlinski, District Engineer, Department of Army Corps of Engineers, copy of notice of public hearing on Sacramento River from Chico Landing to Red Bluff, California, was received and ordered filed with the Secretary of State.

PETITION

By Speaker Sam L. Collins:

A petition from Robert Schuman, relative to impeachment, was received, and ordered referred to the Committee on Judiciary.

MESSAGES FROM THE GOVERNOR

BUDGET MESSAGE

By GOVERNOR EARL WARREN
1950-1951 Budget

To the Senate and Assembly of the State Legislature of California

In fulfillment of a duty prescribed by the Constitution, I submit herewith the Budget for the State of California for the fiscal year ending June 30, 1951. I am happy to recommend to you a balanced budget requiring no additional taxes—a budget which meets the needs of a growing State and yet calls for a net reduction in expenditures. My estimate of total expenditures required for the 1950-51 Fiscal Year is $971,615,944, which is $195,146,474 less than the adjusted estimate of $1,166,762,418 for the current 1949-50 Fiscal Year.[1]

[1] There is a technical question as to the most accurate figure to use in stating the budget total. You will observe that the Director of Finance and his staff urge that a more technically correct statement of total expenditures for the 1950-51 Fiscal Year would be not $971,615,944 but $855,033,414, and for the current, 1949-50, year not $1,166,762,418 but $1,035,473,524. The differences are the amounts of revenues which the State collects for the counties and cities and turns over to them to spend. These revenues, referred to as "shared revenues," are composed of the liquor license fees, the "in lieu" automobile license fees and the counties' and cities' shares of the gasoline tax and motor vehicle registration fees. It does seem illogical to include such items as state expenditures but I have continued to do so for the sake of a better comparison with prior budgets and so as to be very sure that I am not making a misleading statement of the amount of budget reduction.

Budget Message

ADJOURNMENT

At 10.15 a.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Wednesday, March 8, 1950.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

THIRD LEGISLATIVE DAY

THIRD CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Wednesday, March 8, 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, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, 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 Mr. Speaker—74.

Quorum present.

PRAYER

The following prayer was offered by the Chaplain, Dr. Torrance Phelps:

O God of the Dawn: For another morning, another day, for every chance to live and work, may we be glad.

Free us from any aversion for hard tasks, from failure of opportunity, from tardiness in action, from anxiety about tomorrow, or from worry about the coming year or about the outcome of passing events.

Fill us with hope that mankind rides on an upward tide, courage that cannot be intimidated, faith that can see the sunlight beyond the darkness. assurance that we have wisdom available for any problem, and resourcefulness for every challenge of the dawning day.—AMEN.

READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Burke, 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. Price, on motion of Mr. Beck.

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

Mr. Lindsay, on motion of Mr. Fleury.

CERTIFICATE FROM SECRETARY OF STATE

The Reading Clerk read the following certificate of duly elected Member of the Assembly of the 1949 Regular (Budget) Session of the Legislature of the State of California:

STATE OF CALIFORNIA
OFFICE OF THE SECRETARY OF STATE, SACRAMENTO

I, FRANK M. JORDAN, Secretary of State of the State of California, do hereby certify that

WILLIAM W. HANSEN

was elected to the Office of Member of the Assembly—Thirty-fifth Assembly District, at the special election held in said district on the twenty-eighth day of February, 1950, as appears by the official returns of said election and statement thereof on file in my office.

[SEAL]

WITNESS my hand and official seal this eighth day of March, 1950.

FRANK M. JORDAN, Secretary of State

OATH OF OFFICE OF ASSEMBLYMAN WILLIAM W. HANSEN

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 of Member of the Assembly, Thirty-fifth Assembly District, according to the best of my ability.

WM. W. HANSEN

Subscribed and sworn to before me this eighth day of March, 1950.

SAM L. COLLINS, Speaker of the Assembly

REQUEST FOR UNANIMOUS CONSENT THAT NAME BE PLACED UPON MORNING ROLL CALL

Mr. Doyle asked for, and was granted, unanimous consent, that the name of Mr. William W. Hansen be placed upon the morning roll call, and that he be recorded as being present.

COMMUNICATIONS

By the Chief Clerk:

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

CAPITOL CORRESPONDENTS ASSOCIATION OF CALIFORNIA
STATE CAPITOL, SACRAMENTO, March 7, 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

Fresno Bee and Modesto Bee—James McClatchy.

Sincerely,

EARL C. BEHRENS, President

RATIFICATION BY THE ASSEMBLY

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

MESSAGES FROM THE GOVERNOR

STATE OF CALIFORNIA, GOVERNOR'S OFFICE
SACRAMENTO, March 6, 1950

To the Honorable Members of the Assembly
State of California, Sacramento, California

GENTLEMEN: Pursuant to the provisions of Section 1774 of the Government Code, which provides that within ten days after the meeting of the Legislature the Governor must transmit to it a list of all appointments made by him in accordance with that section, I have the honor to transmit to you herewith a list of all appointments so made since the last session of Legislature.

Respectfully,

EARL WARREN, Governor

MRS. VIVIAN N. PARKS, a resident of Richmond, Past Council President, District 16 of the Parent Teachers Association, was reappointed January 19, 1950, as member of the State Board of Education.

RAYMOND J. ARATA, a resident of San Francisco, attorney at law, was reappointed January 19, 1950, as member of the State Board of Education.

MRS. MILDRED L. HALF, a resident of San Diego, Past President of the California Congress of Parents and Teachers, was reappointed January 19, 1950, as member of the State Board of Education.

CHESTER W. MOLLER, a resident of Berkeley, Captain, Berkeley Fire Department, was appointed January 20, 1950, as member of the State Fire Advisory Board, vice Ralph Plotkin, resigned.

ELMER R. THOMAS, a resident of Redlands, Chief of the Redlands Fire Department, was appointed January 20, 1950, as member of the State Fire Advisory Board, vice Earl B. Reeves, resigned.

LLOYD B. CANFIELD, a resident of Beverly Hills, Chief of the Beverly Hills Fire Department, was appointed January 20, 1950, as member of the State Fire Advisory Board, vice C. L. Bolz, resigned.

WILLIAM J. TAYLOR, a resident of Burbank, Chief of the Burbank Fire Department, was reappointed February 10, 1950, as member of the California State Communications Advisory Board.

LEON A. CLARK, a resident of Oakland, executive, Vice President of the Mountain View Cemetery, was appointed January 31, 1950 (original appointment), as member of the Cemetery Board.

JOHN G. GRFGG, a resident of Whittier, executive, Vice President and Director of the Rose Hills Memorial Park, was appointed January 31, 1950 (original appointment), as member of the Cemetery Board.

EARL TRUSCOTT, a resident of San Bernardino, General Manager of the Mountain View Cemetery, was appointed January 31, 1950 (original appointment), as member of the Cemetery Board.

ARCHIE L. HOCKING, a resident of San Jose, Director and Manager of the Oak Hill Memorial Park, was appointed January 31, 1950 (original appointment), as member of the Cemetery Board.

HERBERT R. HARGRAVE, a resident of Fresno, Secretary-Treasurer and General Manager of the Chapel of the Light, was appointed January 31, 1950 (original appointment), as member of the Cemetery Board.

WILLIAM J. SILVA, a resident of Modesto, was reappointed February 3, 1950, as member of the Fish and Game Commission.

GEORGE E. HEAVENS, a resident of Ventura, operator of a retail cleaning plant, was reappointed February 8, 1950, as member of the State Board of Cleaners.

J. H. QUILL, a resident of Eureka, in lumber handling business, was reappointed February 24, 1950, as member of the Board of Harbor Commissioners for Humboldt Bay.

HARRISON R. BAKER, a resident of Pasadena, member of Planning Commission City of Pasadena, was reappointed February 10, 1950, as member of the California Highway Commission.

DAVID L. STRATHEARN, a resident of Simi, farmer, former President of the Simi Valley Soil Conservation District, was reappointed February 14, 1950, as member of the State Soil Conservation Commission.

H. H. HALE, a resident of Concord, farmer, former President of Contra Costa County Soil Conservation District, was reappointed February 14, 1950, as member of the State Soil Conservation Commission.

PHILIP DAVID SWING, a resident of San Diego, former superior court judge and Congressman, was reappointed February 8, 1950, as member, State Water Resources Board.

EARL DEWITT PRUDDEN, a resident of San Diego, aviation executive, was appointed March 1, 1950, as member of the California Aeronautics Commission, vice David G. Fleet, term expired.

MRS. ALICE H. BOUCHER, a resident of San Diego, member of the Board of Directors of the California Congress of Parents and Teachers, was reappointed February 21, 1950, as member of the Board of Social Work Examiners.

MRS. MARY WARMER, a resident of Ontario, Past President of the California Federation of Women's Clubs, was reappointed February 21, 1950, as member of the Board of Social Work Examiners.

MRS. BERYL C. REINHARDT, a resident of San Francisco, District Supervisor, San Francisco Public Welfare Department, was reappointed February 21, 1950, as member of the Board of Social Work Examiners.

MRS. RUBY BACIGALUPI, a resident of San Francisco, active in San Francisco Red Cross and Community Chest, was reappointed February 2, 1950, as member of the Social Welfare Board.

REV. THOMAS H. MARKHAM, a resident of Sacramento, Executive Director, Catholic Welfare Bureau, Diocese of Sacramento, was reappointed February 2, 1950, as member of the Social Welfare Board.

CHARLES I. SCHOTTLAND, a resident of Los Angeles, attorney at law, was appointed effective March 1, 1950, as Director of Department of Social Welfare.

ANTHONY RACINE, a resident of Los Angeles, formerly served as coordinator and Chief of Labor Relations of the War Manpower Commission in California, was reappointed February 8, 1950, as member of the Industrial Accident Commission.

ALEXANDER WATCHMAN, a resident of San Francisco, formerly President of the Building Trades Council of San Francisco, was reappointed February 8, 1950, as member of the Industrial Accident Commission.

W. S. ROSECRANS, a resident of Los Angeles, Past President of the American Forestry Association, was reappointed February 8, 1950, as member of the State Board of Forestry.

GEORGE W. HALLOCK, a resident of Grass Valley, operator of a hydraulic mine, was reappointed February 9, 1950, as member of the State Mining Board.

PHILIP R. BRADLEY, JR., a resident of Jamestown, mining engineer, President of the Mother Lode Mining Association, was reappointed February 9, 1950, as member of the State Mining Board.

WILLIAM C. BROWNING, a resident of Los Angeles, mining engineer, was reappointed February 9, 1950, as member of the State Mining Board.

F. C. VAN DEINSE, a resident of San Francisco, President of the Gold Producers of California, was reappointed February 9, 1950, as member of the State Mining Board.

WILLIAM WALLACE MEIN, JR., a resident of San Francisco, mining engineer, was reappointed February 9, 1950, as member of the State Mining Board.

AUSTIN M. HEALEY, a resident of Fresno, businessman, was reappointed January 24, 1950, as member of the California Veterans Board.

ERNEST R. ORFILA, a resident of Los Angeles, attorney at law, was reappointed January 24, 1950, as member of the California Veterans Board.

DONALD BOYD, a resident of Yuba City, rancher, was reappointed February 3, 1950, as member of the Agricultural Prorate Advisory Commission.

JOHN A. GREENING, a resident of Oakland, Division Chief, Sheriff's Office, Alameda County, was reappointed February 10, 1950, as member of the California State Communications Advisory Board.

THEODORE WEISSICH, a resident of Eureka, in commercial fishing business, was reappointed February 24, 1950, as member of the Board of Harbor Commissioners for Humboldt Bay.

GEORGE G. CLONEY, a resident of Eureka, wholesale groceryman, was reappointed February 24, 1950, as member of the Board of Harbor Commissioners for Humboldt Bay.

STATE OF CALIFORNIA, GOVERNOR'S OFFICE
SACRAMENTO, March 7, 1950

Honorable Members of the Assembly
Sacramento, California

GENTLEMEN: In conformity with Section 6028.4 of the Penal Code, I have the honor to transmit Statement of Expenditures of the Special Crime Study Commission on Organized Crime for the period July 1, 1949, to February 21, 1950.

Members of the commission appointed pursuant to Section 6028 of the Penal Code are Admiral William H. Standley, Gerald H. Hagar, William M. Jeffers, General Kenyon A. Joyce, and Harvey S. Mudd.

Respectfully,

EARL WARREN, Governor

STATE BOARD OF CORRECTIONS

Special Crime Study Commission on Organized Crime
Statement of Expenditures

July 1, 1949, to February 21, 1950

	Appropriation	Actual to Jan. 31, 1950	Actual and Est. to June 30, 1950	Est. Deficit	Est. Savings
Salaries and Wages					
Salaries	$40,284 00	$23,050 85	$36,172 15		$4,111 85
Operating Expenses					
Office	$1,500 00	$589 86	$1,188 39		$311 61
Printing	2,000 00	124 47	2,000 00		
Telephone and telegraph	900 00	1,513 48	2,663 00	—1,763 00	
Postage	520 00	100 00	300 00		220 00
Traveling	5,400 00	2,631 79	5,274 74		125 26
Automobile operation	1,500 00	527 19	1,350 00		150 00
Rent	3,830 00	1,815 00	3,090 00		740 00
Hearing reporters	500 00	–	–		500 00
	$16,150 00	$7,301 79	$15,866 13		$2,046 87
Equipment					
Miscellaneous office equipment	500 00	98 53	236 86		263 14
Total support	$56,934 00	$30,451 17	$52,275 14	—$1,763 00	$6,421 86
					—1,763 00
			Estimated net savings		$4,658 86
Payments to Confidential personnel	$45,000 00	$20,577 75	$33,077 00		$11,923 00

RESOLUTIONS

The following resolution was offered:

By Mr. Dickey:

House Resolution No. 10

Resolved by the Assembly of the State of California, That the Chief Clerk be authorized to receive from the Members of the Assembly a mailing list of all bills, resolutions, and histories; to be directed to libraries, chambers of commerce, and other public centers, and to individuals, for general inspection. This list is to be limited to five (5) names each, and shall be forwarded to the Legislative Bill Room for regular mailing. No member shall include on the list any state department or employee thereof except state colleges and universities. The Chief Clerk is further authorized to place accredited newspaper representatives on the regular mailing list as well as the Attorney General, Legislative Counsel Bureau, and the Governor's Office. That in addition to the above, the Chief Clerk shall forward to the Legislative Bill Room for regular mailing, five (5) copies of said bills, resolutions and Histories to be mailed to the State Commander of the American Legion, or to such parties as he shall name; and be it further

Resolved, That no additional mailing list shall be allowed or authorized, unless the sum of _____ each is paid therefor, to the State Printer and

which sum shall be credited to legislative printing and accounted for to the Legislature; and be it further

Resolved, That the total number of bills to be printed in no event unless otherwise authorized, shall be over _____.

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

REQUEST FOR UNANIMOUS CONSENT TO USE ASSEMBLY CHAMBER

Mr. Maloney asked for, and was granted, unanimous consent that the Junior Statesmen be permitted to use the Assembly Chamber on Friday, March 31st, at 12 m., for the purpose of holding a meeting.

ANNOUNCEMENT

Mr. Crowley announced that, in the First Extraordinary Session this morning, he will introduce two bills pertaining to aid to the needy aged and to the relatives responsibility clause; and that any member desiring to co-author either bill may sign said bills, at his desk, at this time.

RECESS

At 10.14 a.m., on motion of Mr. Dickey, the Assembly recessed until 10.31 a.m.

REASSEMBLED

At 10.31 a.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. 11

Resolved by the Assembly of the State of California, That the Standing Rules for the 1948 Regular Session and the 1949 Regular Session (As Amended) as contained in the pamphlet entitled, "Joint Rules of the Senate and Assembly for the 1949 Regular Session (As Amended) and Standing Rules of the Assembly for the 1948 Regular Session and 1949 Regular Session (As Amended)" be and the same are hereby adopted as the Temporary Rules of the 1950 Regular Session.

Resolution read, and ordered referred to the Committee on Rules

By Mr. Dickey:

House Resolution No. 12

Resolved by the Assembly of the State of California, That the membership of the Standing Committees on Agriculture and Conservation, Planning, and Public Works be each increased by one.

Request for Unanimous Consent

Mr. Dickey asked for, and was granted, unanimous consent to take up House Resolution No. 12, at this time, without reference to committee or file.

Resolution read, and adopted.

APPOINTMENT TO STANDING COMMITTEES

Speaker Sam L. Collins announced the appointment of Mr. Hansen to membership on the following committees: Agriculture, Livestock and Dairies, and Conservation, Planning, and Public Works.

RESOLUTIONS

The following resolutions were offered:

By Mr. Dickey:

House Resolution No. 13

MR. SPEAKER: Your Committee on Rules respectfully begs to report that it has carefully considered the applications for the various positions and desires to submit the following resolution:

Resolved, That the following named persons be and they are hereby appointed to the positions hereinafter set forth as provided by law, with the compensation set opposite their respective names, payable weekly, and the Controller is hereby directed to draw his warrants in favor of the respective persons in the said amounts and the Treasurer is hereby directed to pay the same:

Commencing Monday, March 6, 1950	*Per day*
Chief Clerk, Arthur A. Ohnimus	$25 00
Minute Clerk, Geraldine B. Hadsell	15 00
Assistant Minute Clerk, Lillian B. Slater	12 00
Sergeant-at-Arms, Wilkie Ogg	15 00
Chaplain, Dr. Torrance Phelps	5 00
Assistant Chief Clerk, Harold F. Lewright	15 00
Engrossing-Enrolling Clerk, Charles W. Robbins	14 00
History Clerk, Ethel E. Brockelbank	13 00
Assistant History Clerk, Helen Hartong	12 00
File Clerk, Ruth Riley	12 00
Assistant Clerk, John R. Wendt	12 00
Assistant Clerk, Paul F. Crum	12 00
Assistant Clerk, Robert J. Finnie	12 00
Journal Clerk, Walter W. Feeley	12 00
Assistant at Desk, William J. Greene	11 00
Sound Technician, James T. Doyle	12 00
Chief Assistant Sergeant-at-Arms, Andrew J. Cecchettini	13 00

Resolved, That the compensation of the above named attaches shall be on a seven-day week basis.

Request for Unanimous Consent

Mr. Dickey asked for, and was granted, unanimous consent to take up House Resolution No. 13, 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, Clarke, Cloyed, Coats, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dolwig, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—68.

NOES—None.

By Mr. Crowley:

House Resolution No. 14

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 of the Assembly for the amount set opposite their respective names, and the Treasurer is hereby directed and ordered to pay the same:

District	Name	Address	Distance from county seat	Distance from county seat, return	Distance from county seat, less	Mileage one way	Total mileage	Amount at 5 cents per mile
33	James W. Silliman	Salinas, Monterey County	208	--	--	208	416	$20 80
35	William W. Hansen	Fresno, Fresno County	169	3	--	172	344	17 20

Request for Unanimous Consent

Mr. Dickey asked for, and was granted, unanimous consent to take up House Resolution No. 14, 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, Clarke, Cloyed, Coats, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—70.

NOES—None.

INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS

The following resolutions were offered:

Assembly Concurrent Resolution No. 2: By Messrs. Maloney and Clarke—Relative to the selection of the Legislative Counsel of California.

Referred to Committee on Rules.

Assembly Concurrent Resolution No. 3: By Mr. Maloney—Relative to the memory of W. A. (Archie) Wells.

Referred to Committee on Rules.

Assembly Concurrent Resolution No. 4: By Messrs. Gaffney, Maloney, Berry, McCarthy, Anderson, Beck, Bennett, Brady, Brown, Burkhalter, Caldecott, Clarke, Cloyed, Coats, George D. Collins, Sam L. Collins, Condon, Connolly, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Fletcher, Fleury, Geddes, Hawkins, Hinckley, Hoffman, Huyck, Kirkwood, Levering, Lewis, Lindsay, Lowrey, Luckel, Meyers, Morris, Moss, Mrs. Niehouse, Messrs. Porter, Rumford, Smith, Stanley, Thomas, Waters, and Weber—Relative to the passing of the Most Reverend James T. O'Dowd, Auxiliary Bishop of San Francisco.

Referred to Committee on Rules.

Assembly Concurrent Resolution No. 5: By Messrs. Kirkwood and Thompson—Approving charter amendment No. 29 to the charter of the City of Palo Alto, County of Santa Clara, State of California, voted for and ratified by the qualified electors of the said City of Palo Alto at a special municipal election held therein for that purpose on the twenty-first day of February, 1950.

Referred to Committee on Rules.

Assembly Joint Resolution No. 3: By Messrs. Reagan, Levering, Morris, Burke, Butters, Doyle, Grant, Hahn, Hoffman, Hollibaugh, Smith, Stewart, and Weber—Relative to rescinding and withdrawing Assembly Joint Resolution No. 26 of the 1949 Regular Session, relative to participation by the United States in a World Federal Government.

Referred to Committee on Rules.

REPORTS OF STANDING COMMITTEES

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, March 8, 1950

MR. SPEAKER: Your Committee on Rules, 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.

DICKEY, Chairman

Above reported resolution ordered engrossed.

Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, March 8, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Joint Resolution No. 1

And reports the same correctly engrossed.

HUYCK, Chairman

Above reported resolution ordered on file for adoption.

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, March 8, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred:

A statement from the Chief Clerk of the Assembly, with letter of transmittal dated March 4, 1950, relating to Assembly Bill No. 5, Chapter 4, enacted during the December Special Session of 1949; and Legislative Counsel Opinion No. 779, directed to the Honorable Thomas A. Maloney, dated February 20, 1950, relating to Assembly Bill No. 29, Chapter 5, and Assembly Bill No. 5, Chapter 4, both of the Statutes of the 1949 First Extraordinary Session,

Have had the same under consideration, and report the same back with the recommendation: That the two communications and the letters of transmittal be printed in the Assembly Journal.

DICKEY, Chairman

Report read, and adopted.

COMMUNICATION FROM THE CHIEF CLERK

Letter of Transmittal

ASSEMBLY, CALIFORNIA LEGISLATURE
STATE CAPITOL, SACRAMENTO 14, CALIFORNIA, March 4, 1950

Hon. Randal F. Dickey
Chairman of the Assembly Committee on Rules
State Capitol, Sacramento 14, California

DEAR MR. DICKEY: May I invite your attention as Chairman of the Committee on Rules, to the attached communication.

Very truly yours,

ARTHUR A. OHNIMUS, Chief Clerk

Statement by the Chief Clerk

Assembly Bill No. 5, Chapter 4, enacted during the December Special Session of 1949, places unusual and particularly heavy and responsible new duties upon the Chief Clerk, both during the session and after adjournment, when he is no longer employed by the Assembly.

Section 9903 of this act, generally speaking, provides that every person receiving any contributions or expending any money for the purposes of influencing, directly or indirectly, the passage or defeat of any legislation by the Legislature, shall file with the Clerk between the first and tenth day of each month, a statement containing the name and address of each person who has made a contribution; the total sum of

the contributions made to or for such person and the name and address of each person to whom an expenditure has been made by or on behalf of such person.

The number of statements which may be filed pursuant to this section may easily run into thousands of pages.

This vast number of pages must be preserved by the Clerk for a period of two years from the date of filing and shall constitute part of the public record of his office and shall be open to public inspection.

The statements required to be filed shall be cumulative. This means that the number of pages will increase each month.

It can readily be seen that a great amount of correspondence would be required in connection with the filing of these statements.

The question presents itself of where these records shall be kept. If these records were retained in the Assembly Chamber, they would not be open to public inspection during a session of the House. If placed other than in the Assembly Chamber, then whenever inspection was demanded, the Clerk would be called from his duties in the Assembly Chamber.

These statements being public records, it must be assumed would be open to the public during regular office hours, necessitating the presence of the Clerk at all times during this inspection of these statements. After adjournment of the Legislature, when he is no longer employed by the Assembly, it is still essential that he be present to see that none of the statements or papers filed are removed, lost, defaced, or altered.

It is obvious that no one should be required to perform these duties on his own time.

The penal provision of this statute demands that the Clerk be personally present whenever these records are open to public inspection, for it is his responsibility to see that they are preserved.

Under Section 9906 of this act, every person who shall engage himself for pay or for any consideration for the purpose of attempting to influence the passage or defeat of any legislation by the Legislature shall register with the Clerk and give in writing, and under oath, his name and business address, the name and address of the person by whom he is employed, and in whose interest he appears or works, and various other information to be contained in the statement to be filed with the Clerk between the first and tenth day of each calendar month.

Under section (b), all information required to be filed under this section with the Clerk shall be compiled by the Clerk and Secretary of the Senate acting jointly, and printed in the Journal.

Again, in view of the penal provisions in this bill, it is obvious that the receiving of these statements and the registration cannot be delegated, but must be personally performed by the Clerk.

The question recurs where will the Clerk register these persons while the Assembly is in session? If he is called out of the Assembly Chamber to receive these registrations during the session he can devote little time to the Members of the Assembly and to the supervision of the clerical work of the House which is one of his main duties.

Your Clerk arrives at his desk at 8 a.m. and seldom, if ever, completes his day's work before 6 or 6.30 p.m. When late afternoon and night sessions are held, these hours are lengthened. These new duties would so

increase the hours necessary to perform the work of this House that it would be physically impossible for him to satisfactorily perform all of the duties imposed by rule and statute.

In the interim between sessions, these new duties placed upon the Clerk after his employment has terminated in the Assembly, would call upon him to devote many days to the performance of these new duties. The inspection of the records by the public would entail his absence from his place of business for a period of time too difficult to foretell.

Your Chief Clerk remains after the sine die adjournment for a period of time necessary to complete the immediate work of the session and perform such duties as are prescribed by rules and statute.

It has been his practcie to devote more than an hour each day and practically every Saturday to the work of the Assembly after his employment in the Assembly has terminated, without charge or cost to the House.

A careful study of this bill clearly shows that the proper performance of the duties made necessary by this act would require a great amount of additional time.

These questions present themselves:

1. Under Section 9906, persons registering with the Clerk shall give in writing *and under oath* the information required by this section.

Does the Clerk administer this oath?

2. If a statement is improperly filed or not filed on time, or subsequent statements are not filed, to whom does the Clerk report such violation?

3. Is the Clerk called upon to do anything pertaining to the enforcement of the penalty provisions of this act?

For the reasons briefly set forth, it is difficult to see how the Clerk of the Assembly could devote more of his personal time to perform the duties prescribed in the act when he is not being employed by the Assembly.

The incumbent has been your Chief Clerk for 23 years, and while thoroughly enjoying the work of the Legislature and more than willing to donate whatever part of his spare time that may be necessary to assist the members in the performance of their duties and to attend to the work of this House, he nevertheless feels that these new duties imposed upon him by this act would be of such magnitude that he could not devote the necessary time to them and that he should not be expected to do so.

May it be suggested that the duties imposed by this act be placed with some other officer of State Government who maintains a full-time office in order that registration may be made during regular office hours and that the records prescribed to be kept may be open to public inspection during those office hours.

OPINION OF LEGISLATIVE COUNSEL

Letter of Transmittal

(COPY)

STATE OF CALIFORNIA
OFFICE OF LEGISLATIVE COUNSEL
SACRAMENTO, CALIFORNIA, February 20, 1950

Hon. Thomas A. Maloney
405 Montgomery Street
San Francisco 4, California

LEGISLATIVE PROTECTION—No. 779

DEAR MR. MALONEY: You have requested our analysis of the Coats Bill and the Collier Bill, both of the 1949 First Extraordinary Session. The Coats Bill was Assembly Bill 29 and was approved by the Governor on December 29, 1949. It became Chapter 5 of the Statutes of the 1949 First Extraordinary Session. The Collier Bill was Assembly Bill 5 and was approved by the Governor on the same date as the Coats Bill. It became Chapter 4 of the Statutes of the 1949 First Extraordinary Session.

We enclose our analyses of the above two measures.

Very truly yours,

FRED B. WOOD, Legislative Counsel
(Signed) By PHILIP J. O'DONNELL, Deputy

Analysis of Chapter 5

STATE OF CALIFORNIA
OFFICE OF LEGISLATIVE COUNSEL
SACRAMENTO, CALIFORNIA, February 20, 1950

ANALYSIS OF CHAPTER 5 OF THE STATUTES OF THE FIRST EXTRAORDINARY SESSION OF 1949
(ASSEMBLY BILL No. 29) No. 779

This chapter makes it unlawful willfully to secure introduction of legislation and thereafter to solicit or accept a valuable consideration from a person other than the one at whose request introduction was secured to seek defeat of such legislation while it retains its original purpose.

The penalties for violation are not to exceed $5,000 fine or imprisonment of not more than a year in the county jail or five years in state prison, or both fine and imprisonment.

FRED B. WOOD, Legislative Counsel
(Signed) By PHILIP J. O'DONNELL, Deputy

Analysis of Chapter 4

STATE OF CALIFORNIA
OFFICE OF LEGISLATIVE COUNSEL
SACRAMENTO, CALIFORNIA, February 15, 1950

ANALYSIS OF CHAPTER 4 OF THE STATUTES OF THE FIRST EXTRAORDINARY SESSION OF 1949
(ASSEMBLY BILL No. 5)—No. 779

Chapter 4 of the Statutes of the First Extraordinary Session of 1949 adds Chapter 8 to Part 1, Division 2, Title 2 of the Government Code, comprising Sections 9900-9908, inclusive.

It prescribes certain regulations in relation to the advocacy of, and attempts to influence, the passage or defeat of state legislation or executive approval or veto of such legislation, including these requirements:

The keeping of detailed accounts of contributions received and expenditures made;

The rendition, to the principal, of detailed accounts of contributions received;

The filing of detailed statements of contributions received and expenditures made;

The registration of persons engaged, for pay, in attempting to influence the passage or defeat of state legislation or executive approval or veto thereof; and

The filing, by such registrants, of detailed reports of moneys received and expended in carrying on such work.

Each report or statement required to be filed must be under oath (Gov. C. 9907). Each filing is with the Chief Clerk of the Assembly and the Secretary of the Senate of California (Gov. C. 9903 and 9906). Any statement required to be filed may be filed by mail, and shall be preserved by the Chief Clerk and the Secretary for two years, as a public record open to public inspection (Gov. C. 9904).

All information filed by a registrant must be compiled by the Chief Clerk and the Secretary, jointly, as soon as practicable after the calendar month in respect to which filed, and printed in the Senate and Assembly Journals (Subdiv. (b), Gov. C. 9906).

The act follows quite literally, with variations not significant to the consideration of the questions discussed herein, the wording of the Federal Regulation of Lobbying Act (Act of August 2, 1946, Chapter 753, Title III, Secs. 301-311; 60 U. S. Statutes at Large 839; 2 U. S. Code, Secs. 261-270). The Federal Act, it would appear, has not yet been judicially construed, but there are several cases pending which involve various features of the Federal Act. When those cases reach judicial determination they should be of considerable aid in interpreting our statute.

In considering the weighing the several factors that bear upon the proper interpretation of the California Act, it seems desirable first to list the definitions of certain terms used, which it furnished in Section 9900:

"Contribution" includes a gift, subscription, loan, advance, or deposit of money or anything of value and includes a contract, promise, or agreement, whether or not legally enforceable, to make a contribution.

"Expenditure" includes a payment, distribution, loan, advance, deposit, or gift of money or anything of value, and includes a contract, promise, or agreement, whether or not legally enforceable, to make an expenditure.

"Person" includes an individual, partnership, committee, association, corporation, and any other organization or group of persons.

"Legislation" means bills, resolutions, amendments, nominations, and other matters pending or proposed in either house of the

Legislature, and includes any other matter which may be the subject of action by either house.

"Political committee" includes any committee, association, or organization which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the election of candidates or presidential and vice presidential electors, or any duly authorized committee or subcommittee of a political party whether national, state, or local.

1. *The keeping of detailed accounts of contributions received and expenditures made* is required by Section 9901.

This duty is cast upon "every person" who solicits or receives a contribution to any "organization or fund" for the purposes "hereinafter designated." These purposes appear to be those expressed in Section 9905 as follows:

"(a) The passage or defeat of any legislation by the Legislature of the State of California or the approval or veto of any legislation by the Governor of the State of California.

"(b) To influence, directly or indirectly, the passage or defeat of any legislation by the Legislation of the State of California or the approval or veto of any legislation by the Governor of the State of California."

These "purposes," and "every person," may be somewhat more narrowly limited by other provisions of Section 9905, discussed in paragraph (5), below.

The account which Section 9901 requires includes (1) all contributions of any amount, (2) name and address of each contributor of $20 or more, and date of contribution, (3) all expenditures made by or on behalf of "such organization or fund," (4) name and address of every person to whom any such expenditure is made, and the date thereof.

For every expenditure of "such funds," exceeding $10, a receipted bill, stating the particulars, must be obtained.

These receipted bills and accounts must be kept for two years after the filing of the statement (see paragraph (3), below) in which the items of account are reported.

2. *The rendition, to the principal, of detailed accounts of contributions received* is required by Section 9902, which states that:

Every "individual" (a narrower term than "person," used in Section 9901) who receives a contribution of $20 or more for any of the purposes "hereinafter designated" (presumably the same purposes as those intended in Section 9901),

Must within five days render to the "person or organization" (in contrast to the words "organization or fund" used in Section 9901) for which the contribution was received,

A detailed account thereof, including the name and address of the contributor, and the date received.

3. *The filing of detailed statements of contributions received and expenditures made* is required by Section 9903.

Every "person" receiving a contribution or expending money for any of the purposes designated in Subparagraph (a) or (b) of Section

9905 (quoted in Paragraph (1), at the top of page 3, above) must file between the 1st and 10th days of each calendar month a statement (complete as of the day preceding the day of filing) containing:

The name and address of each contributor of $20 or more not mentioned in the preceding report; the first report to identify each such person contributing after the effective date of the act.

The total contributions received in that calendar year from persons giving less than $20.

The total contributions received in that calendar year.

The name and address of each person to whom an expenditure (in one or more items, aggregating, within the calendar year, $10 or more) has been made; and the amount, date, and purpose of the expenditure.

The total expenditures made in that calendar year to persons receiving less than $10.

The total expenditures made in that calendar year.

These monthly statements are cumulative during the calendar year, but where there has been no change in an item reported in a previous statement only the amount need be carried forward.

The persons who must file such statements and the items to be reported, may possibly be further delimited and defined by certain of the provisions of Section 9905, discussed in paragraph (5), below.

4. *The registration of "any person" engaged, for pay or for any consideration, for the purpose of attempting to influence the passage or defeat of any legislation by the Legislature or the approval or veto of any such legislation by the Governor of California,* is prescribed by Section 9906.

Before any such person may do "anything in furtherance of such object," he must register with the Chief Clerk of the Assembly and the Secretary of the Senate.

When registering, he gives:

His name and business address;

Name and address of the person by whom he is employed, and in whose interest he appears and works;

How much he is paid or is to receive, and by whom paid or to be paid;

How much he is to be paid for expenses, and what expenses are to be included.

Between the first and tenth days of each month, so long as his activity continues, he must file a detailed report showing:

All money received and expended by him during the preceding month in carrying on his work; to whom paid and for what purposes;

The names of any publications in which he has caused articles or editorials to be published; and

The proposed legislation he is employed to support or oppose.

These registration and reporting requirements do not apply to any of the following:

A person who merely appears before a committee of the Legislature in support of or opposition to legislation;

A public official acting in his official capacity;

A newspaper or other regularly published periodical (including any individual who owns, publishes or is employed by such newspaper or periodical) which in the ordinary course of business publishes news items, editorials, or other comments, or paid advertisements, which directly or indirectly urge the passage or defeat of legislation, if such newspaper, periodical, or individual engages in no further or other activities in connection with the passage or defeat of legislation, other than to appear before a committee of the Legislature.

These requirements of Section 9906 literally apply to "*any person* who shall engage himself for pay or any consideration" for the purposes expressed in that section, but the scope of their application is possibly limited by certain of the provisions of Section 9905, discussed in paragraph (5), below.

5. *The possible limiting effect of Section 9905 upon the provisions of Sections 9901-9903 and 9906* (See Paragraphs 1 to 4 hereof), stems from the fact that Section 9905 declares:

"*The provisions of this chapter shall apply to any person,* except a political committee,
who by himself, or through any agent or employee or other persons in any manner whatsoever, directly or indirectly,
solicits, collects or receives money or any other thing of value
to be used *principally* to aid
or the *principal purpose* of which person is to aid in the accomplishment of any of the following purposes:

(a) The passage or defeat of any legislation by the Legislature * * * or the approval or veto by the Governor * * *.

(b) To influence, directly or indirectly, the passage or defeat of any legislation by the Legislature * * * or the approval or veto of any legislation by the Governor * * *."

This, it would seem, is at least a declaration that *any person* (individual, partnership, committee, association, corporation, or any other organization or group) *except a political committee* (any organization that receives and expends money to influence the election of candidates or presidential electors, or, the duly authorized committee of a political party) *must comply* with the relevant provisions of the act *if he solicits, collects, or receives money for any of the* purposes expressed in subparagraphs (a) and (b) of Section 9905, *and if the money is to be used principally to aid* any of those purposes *or the principal purpose of that person is* to *aid* any of those purposes.

The relevant provisions of the act would seem to be those which appear in Sections 9901, 9902 and 9903 (summarized in paragraphs 1 to 3 hereof), dealing as they do with the solicitation, receipt, and expenditure of money for the indicated purposes, the keeping and rendition of

detailed accounts thereof, and the periodic reporting, to the State, concerning such receipts and expenditures.

The meaning of the expressions "money * * * to be used *principally* to aid" or "the *principal* purpose of which person is to aid" is not too clear.

According to Webster's New International Dictionary 2d Edition, Unabridged, the adjective "principal" means:

> "Main; leading; outstanding; important;—formerly also in comparative and superlative degrees; as, the principal streets; one of his principal arguments."

According to the same work the adverb "principally" means:

> "In a principal manner; in the chief place or degree; primarily; chiefly; mainly."

Literally construed Section 9905 seemingly applies the requirements of Sections 9901-9903 to any "person" except a political committee (1) if the money is to be used "primarily; chiefly; or mainly" in the accomplishment of any of the indicated purposes, *or* (2) if the "main, leading, outstanding, or important" purpose of that person (soliciting, collecting, or receiving money) is to aid in the accomplishment of any of those purposes.

A less literal interpretation of "principal" and "principally" possible in view of the history of the Federal Regulation of Lobbying Act. When that measure (S. 2177, 1946) was reported out of committee in the United States Senate, the committee report stated in part, "It does not apply to organizations formed for other purposes whose efforts to influence legislation are merely incidental to the purpose for which formed" (Sen. Rep. No. 1400, 79th Congress, 2d Session, page 27). That was an indication of Congressional intent to use the words "principal" and "principally" as denoting a purpose or a use that is "not merely incidental."

We are inclined to favor the less literal interpretation of "principal" and "principally." That seems to be what Congress had in mind in view of the committee report cited. It also seems to be in harmony with the general legislative intent which one derives from a reading of the statute as a whole.

It seems clear, therefore, that Section 9905 affirmatively applies the requirements of Sections 9901, 9902, and 9903 to the persons mentioned, in the situation described, in Section 9905.

Does Section 9905, in addition, operate as a limitation upon the provisions of Sections 9901, 9902, and 9903? We think it does.

Each of those three sections is incomplete upon its face. Section 9901 and Section 9902 each refers to the "purposes hereinafter designated" and Section 9905 is the one higher numbered section which contains a statement of purposes that logically and reasonably respond to those words of reference. Section 9903 in turn refers to the "purposes designated in Subparagraphs (a) and (b) of Section 9905." Those two subparagraphs are not necessarily complete in themselves as a statement of purposes. They seem to be an integral part of Section 9905. Hence this specific reference to Subparagraphs (a) and (b) reasonably refers to

and incorporates by reference the context in which those subparagraphs occur, hence all of the provisions of Section 9905.

Moreover if Section 9905 does not limit the scope and application of the provisions of Sections 9901, 9902, and 9903, the intent to exempt the "political committees" (so clearly expressed in Section 9905) wholly *fails of accomplishment.* No such intent is expressed in any part of Section 9901, 9902, or 9903.

In addition, the very fact that the text of Section 9905 standing alone imposes no requirements upon anyone, is but a statement of scope and purposes, and deals with the same general subject matter as do Sections 9901, 9902, and 9903, is a further indication that these four sections are interdependent, the first three at one and at the same time implementing and being limited by the provisions of Section 9905.

The next question is whether or not Section 9905 applies to and limits the provisions of Section 9906 which requires the registration of certain persons as described above in Paragraph 4 hereof.

Section 9906 deals with the person who for a consideration engages himself for the purpose of attempting to influence the passage or defeat of legislation or executive approval or veto of legislation; requires him to register, furnish the State certain information concerning his employment, and file monthly reports of his activities, showing his receipts and expenditures, the names of publications in which he has caused articles or editorials to be published, and the proposed legislation he is employed to support or oppose.

This is a subject matter quite different from that with which Sections 9901-9903 and 9905 deal, the solicitation, collection and receipt of money, the expenditure of that money, and the keeping and rendition of detailed accounts of such receipts and expenditures.

Also, Section 9906 seems quite complete in and of itself:

It contains no reference, express or implied, to other portions of the act.

It specifies the information a person must give when registering, and that he must give it in writing and under oath.

It requires him to file a monthly detailed report under oath.

It specifies the officers with whom he must file these reports; and prescribes what shall be done with the information given or filed.

It contains its own specification of exemptions.

These exemptions do not jibe with those expressed in Section 9905.

A person is exempt who merely appears before legislative committees, irrespective of whether that is his sole employment, a principal or an incidental purpose of his employment, a full-time or part-time employment, a regular or a casual employment.

A public official (state, county, city or district) is exempt from registration regardless of the nature or scope of his engagement to attempt to influence legislation or the forms of activity which it may take.

We appear to have in Section 9906 a complete set of regulations for the registration of the person who, for a consideration, engages in an attempt to influence legislation, quite independent of and unlimited by any of the provisions of Section 9905.

We are mindful of the declaration of Section 9905 that "the provisions of this chapter shall apply" to a person who solicits, collects, or receives money to be used principally to aid or the principal purpose of which person is to aid the influencing of legislation, but we do not think the words quoted have reference to any of the provisions of Section 9906

Those words are not apt as a reference to Section 9906. If they were so treated, they would operate to require registration under 9906 of a person who for a consideration merely solicits money to be used in aid of the accomplishment of the indicated purposes. That does not seem at all consonant with the legislative intent in respect to registration.

There would seem even greater reason not to view these words as words of limitation upon Section 9906. To do so would amount to rewriting them to read "the provisions of this chapter shall apply *exclusively* to" interpolating the word "exclusively."

If any rewriting be necessary, it would seem much more reasonable to recast these words so as to read "the *relevant* provisions of this chapter shall apply to." This would point to the sections which precede 9905 and would be consonant with the fact that Sections 9901, 9902, 9903, and 9905 deal with the same subject matter, plus the fact that Sections 9901-9903 contain cross references to 9905, coupled with the fact that Section 9906 deals with a separate and distinct type of activity, is self-sufficient and contains no direct or indirect reference to any other portion of the act.

Thus, it seems clear that Section 9905 applies to, implements and limits the provisions of Sections 9901-9903 but neither applies to nor limits any of the provisions of Section 9906.

6. *The enforcement features of the act appear* in Section 9906.

Violation of any provision of the act is a misdemeanor punishable by a fine of not more than $5,000 or imprisonment for not more than 12 months, or both.

Conviction carries with it a prohibition, for a three-year period, against attempting to influence the passage or defeat of proposed legislation or appearing before a legislative committee in support of or opposition to proposed legislation. A person violating this prohibition is guilty of a felony, punishable by a fine of not more than $10,000 or imprisonment in the state prison for not more than five years or both.

FRED B. WOOD, Legislative Counsel
(Signed) By PHILIP J. O'DONNELL, Deputy

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 7, 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 the Joint Rules of the Senate and the Assembly.

Referred to Committee on Rules.

Speaker Pro Tempore Presiding

At 10.52 a.m., Hon. Thomas A. Maloney, Speaker pro Tempore of the Assembly, presiding.

REQUEST FOR UNANIMOUS CONSENT TO TAKE UP ASSEMBLY JOINT RESOLUTION NO. 1

Mr. Erwin asked for, and was granted, unanimous consent that he be permitted to take up Assembly Joint Resolution No. 1, out of order, at this time.

CONSIDERATION OF ASSEMBLY JOINT RESOLUTION NO. 1

Assembly Joint Resolution No. 1—Relative to the Central Arizona Project.

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, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—69.

NOES—None.

Resolution ordered transmitted to the Senate.

Speaker Presiding

At 10.58 a.m., Hon. Sam L. Collins, Speaker of the Assembly, presiding.

ADJOURNMENT

At 11 a.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 9 a.m., Thursday, March 9, 1950.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

FOURTH LEGISLATIVE DAY

FOURTH CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Thursday, March 9, 1950

The Assembly met at 9 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, 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, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—74.

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 the Almighty wants either attention, or apostrophes of adoration.

We salute Thee, this morning, O Eternal, because we improve ourselves whenever we think of the Divine.

We know that a moment of prayer is what blooming is to the rose, a time in which the Sublime in us flowers.

As the rose needs the sun and the sky, so the mind and spirit need sacred moments to blossom in noble ways of thought and action.

May we rise by the wings of aspiration to that Higher Plane that reveals our hidden harmonies and "lets our music out."—AMEN.

READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Burkhalter, 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. Price, on motion of Mr. Beck.

The following members were granted leaves of absence for the day, because of legislative business elsewhere:

Mr. Babbage, on motion of Mr. Reagan.

Mr. Geddes, on motion of Mr. Doyle.

Mr. Silliman, on motion of Mr. Grunsky.

REQUEST FOR UNANIMOUS CONSENT THAT CHIEF CLERK BE INSTRUCTED TO PRINT BOOKLETS

Mr. Dickey asked for, and was granted, unanimous consent that the Chief Clerk be instructed to have printed 3,000 copies of the booklet entitled, "Members—California Legislature 1950 Regular Session and State and Congressional Officers for 1950."

ADJOURNMENT

At 9.14 a.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Monday, March 13, 1950.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

FIFTH LEGISLATIVE DAY

EIGHTH CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Monday, March 13, 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, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—76.

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 very paradise of earth, and to which millions of other nations wish to come.

We pray that all citizens in the Nation may pledge loyalty to this Republic which has mothered them, and given them and their children their liberties and their opportunity to earn their very bread and butter.

In gratitude may we teach unfaltering devotion to this land that we love, this land hallowed by a heroic multitude, and that has given us the most precious treasures of earth.

God grant that we may vow by the faith of the Founders that we shall forever keep America the land of the sane and the home of the loyal.—AMEN.

READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Reagan, further reading of the Journal of the previous legislative day was dispensed with.

LEAVES OF ABSENCE FOR THE DAY

The following member was granted leave of absence for the day, because of illness:

Mr. Cooke, 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. Beck.

Mr. Hinckley, on motion of Mr. Collier.

PLEDGE OF ALLEGIANCE TO THE FLAG

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

COMMUNICATIONS

By Speaker Sam L. Collins:

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

AMERICAN LEGION, DEPARTMENT OF CALIFORNIA
DEPARTMENT HEADQUARTERS, SAN FRANCISCO 2, December 29, 1949

Hon. Sam L. Collins, Speaker of the Assembly
State Capitol, Sacramento, California

DEAR SIR: Attached resolution of commendation, which was adopted by the American Legion, Department of California, in Convention assembled at Long Beach, California, August 14-17, 1949, is being sent with our sincere thanks for the efforts put forth by the State Legislature.

With kindest regards, I am,

Sincerely yours,

DONALD L. CLARKE, Department Adjutant

RESOLUTION No. 120 (CW No. 19)

Commendation to the State Legislature and Governor for Child Welfare Legislation Passed at the 1949 Session of the State Legislature

WHEREAS, The Governor by signing AB 40, relating to aid to needy children, and AB 707, continuing child care centers for another year, has provided additional financial assistance for thousands of needy California children; and

WHEREAS, This humanitarian action by the State Legislature and the Governor deserve public recognition, now, therefore, be it

Resolved, That The American Legion, Department of California, speaking on behalf of these needy children, does hereby commend the Members of the State Legislature and the Governor for enacting this legislation at the 1949 Session of the State Legislature; and be it further

Resolved, That a copy of this resolution be sent to the Speaker of the Assembly, the Presiding Officer of the Senate, and to the Governor of the State.

RESOLUTION ADOPTED BY THE AMERICAN LEGION, DEPARTMENT OF CALIFORNIA, IN CONVENTION ASSEMBLED AT LONG BEACH, CALIFORNIA, AUGUST 14-17, 1949

By the Chief Clerk:

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

STATE OF CALIFORNIA
DEPARTMENT OF PUBLIC WORKS
SACRAMENTO, March 6, 1950

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

DEAR MR. OHNIMUS: In accordance with Senate Concurrent Resolution No. 69 (Stats. 1949, p. 3391), I enclose six copies of a report on "School Crossings of

State Highways in Rural Suburban Areas," prepared by the Division of Highways and forwarded to me by G. T. McCoy, State Highway Engineer.

Very truly yours,

C. H. PURCELL
Director of Public Works
and ex officio Chairman,
California Highway Commission

Above mentioned six copies of report ordered referred to the Committee on Conservation, Planning, and Public Works.

By the Chief Clerk:

STATE OF CALIFORNIA
DEPARTMENT OF PUBLIC WORKS
SACRAMENTO, March 8, 1950

RE: H. R. No. 78, 1949 REGULAR SESSION

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

DEAR MR. OHNIMUS: By House Resolution No. 78, the State Highway Commission was requested to survey a highway route from U. S. Highway 80 between Sand Hills and Pilot Knob west of Winterhaven to the Colorado River near Picacho, and to report thereon to the Assembly at the 1950 Regular Session.

There are enclosed six copies of a report prepared by the Division of Highways.

Very truly yours,

C. H. PURCELL
Director of Public Works

Above mentioned six copies of report ordered referred to the Committee on Conservation, Planning, and Public Works.

By the Chief Clerk:

STATE OF CALIFORNIA
DEPARTMENT OF PUBLIC WORKS
SACRAMENTO, March 8, 1950

RE: S. J. R. No. 2, 1949 REGULAR SESSION

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

DEAR MR. OHNIMUS: By Senate Joint Resolution No. 2, the Senate and Assembly requested that the National Park Service, the United States Forest Service, the State Division of Highways, and the United States Public Roads Administration jointly confer and prepare an engineering report and recommend action for the improvement of the Big Oak Flat scenic road, and further, that Priest Grade on said road be given first consideration in this report.

There are enclosed six copies of a report prepared by the Division of Highways in accordance with Senate Joint Resolution No. 2.

Very truly yours,

C. H. PURCELL
Director of Public Works

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

By Speaker Sam L. Collins:

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

THE RECLAMATION BOARD OF THE STATE OF CALIFORNIA
SACRAMENTO, CALIFORNIA, March 8, 1950

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

DEAR SIR: Pursuant to the provisions of Chapter 103 of the Resolutions of 1949 (S. J. R. 21), herewith Second Report to the Legislature of the State of California regarding the activities of the Reclamation Board in attempting to secure a reimbursement to the State for expenditures made for reconstruction of flood control works

on the Sacramento River necessitated by the stoppage of the flow of water from Shasta Dam on May 14, 1948.

Report Number One was made to the Legislature, addressed to both the Speaker of the Assembly and to the President of the Senate, on June 8, 1949. This first report was accompanied by Invoice No. 1 to the Commissioner of the U. S. Bureau of Reclamation covering expenditures for the period July 1, 1948, to April 30, 1949, inclusive, in the amount of $14,064.56

The receipt of Invoice No. 1 was acknowledged by the Bureau of Reclamation on June 6, 1949, with the statement that the letter and invoice were being forwarded to the Regional Director at Sacramento "for handling through proper channels." No further answer of any kind has been received from the bureau.

The Reclamation Board has placed the collection of this claim in the hands of the Attorney General, who is actively working on the matter.

Invoice No. 2 to the Bureau of Reclamation was completed on March 6, 1950, and is now being forwarded to the commissioner with the request to reimburse the State in the amount thereof. The invoice totals $225,688.86, being composed of administrative and operating items in the amount of $15,486.11; of the direct purchase of rights of ways and attached cost $11,752 84, and of reports by the district engineer of expenditures of state funds advanced to the United States for incidental right of way costs on construction work in repair of the damaged levees $184,385.35, and including therein unpaid Invoice No. 1.

The commissioner is being advised that the presently estimated final cost to the State would be in the neighborhood of $750,000. State advances to the U. S. Engineers including the above mentioned $184,385 35, amounts to approximately $400,000 to this date. Federal laws require that the district engineer have on hand local participation funds as covered in the plans and specifications before he may advertise a contract for bids. Since a large amount of the work, the cost of which must be borne by local interest (here the State), must be carried out or performed by the contractor who is doing the main construction work, it is necessary to include the cost of much incidental right of way work in the main contract let by the district engineer. This is the reason for advance to the district engineer of state funds.

The current budget submitted to the Legislature by the Governor includes funds for the Reclamation Board to proceed during the current fiscal year with the responsibility placed on the board by Chapter 103 of the Resolutions of 1949.

Yours very truly,

THE RECLAMATION BOARD
A. M. BARTON, Chief Engineer and General Manager

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

By Speaker Sam L. Collins:

STATE OF CALIFORNIA
STATE EMPLOYEES' RETIREMENT SYSTEM
SACRAMENTO, March 7, 1950

Hon. Sam L. Collins, Speaker
Assembly Chamber, State Capitol

DEAR MR. COLLINS: Section 9354.3 of the Legislators' Retirement Law provides that not later than March 15th next following the close of the fiscal year, the board shall transmit a copy of the Annual Report to each House of the Legislature. Some weeks ago copies of the Annual Report were forwarded to each member, but in conformity with the section mentioned above, this copy is sent to you as the official copy for the State Assembly.

Yours truly,

EARL W. CHAPMAN, Executive Officer

Above mentioned official copy of report ordered referred to the Committee on Civil Service and State Personnel.

By Speaker Sam L. Collins:

CITY OF LONG BEACH
LONG BEACH, CALIFORNIA, March 9, 1950

The Honorable Sam L. Collins
Speaker of the Assembly
Sacramento, California

HONORABLE SIR: We are transmitting a certified copy of Resolution No. C-12207, adopted by the City Council of the City of Long Beach on March 7, 1950, entitled:

"A Resolution of the City Council of the City of Long Beach memorializing and urging the Legislature of the State of California to refuse to enact any amendment to the 'Air Pollution Control Districts Act' which would delete there-

from, or in any way render less effective, the requirement of obtaining a permit from the air pollution control officer for the construction or maintenance of any contrivance which may cause the issuance of air contaminants."

Very truly yours,

C. G. ROSEBERRY, City Clerk

Above mentioned resolution ordered referred to the Committee on Municipal and County Government.

By Speaker Sam L. Collins:

VETERANS OF FOREIGN WARS OF THE UNITED STATES
VIRGIL PICCHETTI POST No. 9803
CUPERTINO, CALIFORNIA, March 8, 1950

Mr. Sam Collins, Speaker of Assembly
Sacramento, California

DEAR MR. COLLINS: Virgil Picchetti Post 9803 V. F. W. at its last regular meeting resolved that the pending resolution pertaining to the rescinding of Concurrent Resolution 26 of the 1949 Legislative Session be given all assistance and passed immediately.

CHAS M. BAER, Commander
RICHARD V. JARROD, Quartermaster

RECESS

At 10.14 a.m., on motion of Mr. Dickey, the Assembly recessed until 10.39 a.m.

REASSEMBLED

At 10.39 a.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, March 9, 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. 4

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

FIRST READING AND REFERENCE OF SENATE BILLS

The following resolutions were read the first time:

Senate Concurrent Resolution No. 3—Relative to approving amendments to the charter of the County of Fresno, State of California, which were submitted to the qualified electors of said county and voted on and ratified by them at the special state election held therein on November 8, 1949.

Referred to Committee on Rules.

Senate Concurrent Resolution No. 4—Relative to congratulating Pierre Monteux on his seventy-fifth birthday anniversary.

Referred to Committee on Rules.

RESOLUTIONS

The following resolution was offered:

By Messrs. Burkhalter, Elliott, and Kilpatrick:

House Resolution No. 15

Relative to requesting the Public Utilities Commission to delay final action on application of Pacific Electric Railway Company to make certain changes in its rail and motor coach service

WHEREAS, The Pacific Electric Railway Company, on February 25, 1949, filed its Application No. 30095 with the Public Utilities Commission of the State of California requesting permission for the "abandonment of certain rail lines, discontinuance of passenger service on certain other rail lines, substitution and discontinuance of motor coach service over certain routes, and, in general, to make such changes in its rail and motor coach system" as specifically set forth in said application; and

WHEREAS, The inadequacy of the mass transportation facilities in the Los Angeles metropolitan area and the need for a proper solution of this difficult problem are apparent to all; and

WHEREAS, The Supervisors of the County of Los Angeles are presently forming a committee, comprising of transportation experts and other qualified persons, to study this problem; and

WHEREAS, The Assembly Interim Committee on Traffic Control and the Assembly Interim Committee on Public Utilities and Corporations are investigating various aspects of this transportation problem to apprise the Legislature of the appropriate action to be taken to meet the transportation needs of this and other metropolitan areas of this State; and

WHEREAS, The granting of Application No. 30095 of the Pacific Electric Railway Company may cause unnecessary expense and hardship of great magnitude to the people of the Los Angeles metropolitan area; now, therefore, be it

Resolved by the Assembly of the State of California, That the Public Utilities Commission of the State of California is hereby requested to postpone action on Application No. 30095 of the Pacific Electric Railway Company, or any other application of said company for authority to make changes in its rail and motor coach service, until the above fact-finding committees have had time to complete their investigations; and be it further

Resolved, That the Chief Clerk of the Assembly is hereby directed to transmit copies of this resolution to the Public Utilities Commission of the State of California and to the Pacific Electric Railway Company.

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

REPORTS OF STANDING COMMITTEES

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, March 13, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred:

Assembly Concurrent Resolution No. 2
Assembly Concurrent Resolution No. 3
Assembly Concurrent Resolution No. 4

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, March 13, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

Senate Concurrent 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 on file for adoption.

RESOLUTIONS

The following resolution was offered:

By Mr. Crowley:

House Resolution No. 16

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 of the Assembly for the amount set opposite their respective names, and the Treasurer is hereby directed and ordered to pay the same:

District	Name	Address	Distance from county seat	Distance from county seat, more	Distance from county seat, less	Mileage one way	Total mileage	Amount at 5 cents per mile
72	R Fred Price	Upland, San Bernardino County	508	--	23	485	970	$48 50
40	William H Rosenthal	Los Angeles, Los Angeles County	447	--	--	447	894	44 70

Request for Unanimous Consent

Mr. Crowley asked for, and was granted, unanimous consent to take up House Resolution No. 16, 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, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Connolly, Conrad, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Lewis, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McMillan, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Yorty, and Mr. Speaker—63.

NOES—None.

REPORTS OF STANDING COMMITTEES

Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, March 13, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Concurrent Resolution No. 2
Assembly Concurrent Resolution No. 3
Assembly Concurrent Resolution No. 4

And reports the same correctly engrossed.

HUYCK, Chairman

Above reported resolutions ordered on file for adoption.

RESOLUTIONS

The following resolution was offered:

By Mrs. Niehouse:

House Resolution No. 17

Relating to commemorating the founding of the Girl Scouts of America

WHEREAS, The Girl Scouts of America is one of the foremost organizations devoted to the training of young people of the Nation and was founded for the purpose of affording girls and young women an opportunity to participate in healthful recreational and character building activities; and

WHEREAS, The organization was founded on March 12, 1912, at Savannah, Georgia, by Juliette Low, personal friend of Sir Robert Baden-Powell, founder of the Boy Scout movement and of the Girl Guides of England; and

WHEREAS, For 38 years, the Girl Scouts of America has trained girls in patriotism, skill in outdoor activities and healthful living, homemaking and the domestic arts and sciences, and prepared them for entering adulthood with a high degree of individual and group responsibility in order that they may lead happier and fuller lives and render community services which are both the duty and the privilege of every citizen; and

WHEREAS, The education of the young people of the Nation in healthful patterns of living and the development of patriotism and social responsibility is of the utmost importance to the well-being of the Nation as a whole, and the Girl Scouts of America has been eminently successful in this field of endeavor and its past and present contribution both in the realm of idealism and accountable human values is deserving of recognition and gratitude by all who are concerned with the training of our young people; now, therefore, be it

Resolved by the Assembly of the State of California, That the members thereof wish to express appreciation of the Girl Scout movement and to commemorate its founding, with special tribute to its founder, Mrs. Juliette Low; and be it further

Resolved, That a copy of this resolution be sent to the Girl Scout Headquarters, 155 East 44th Street, New York 17, New York.

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

GUESTS EXTENDED COURTESIES OF ASSEMBLY

On request of Speaker Collins, the usual courtesies of the Assembly for this day were unanimously extended to Mr. and Mrs. Eugene G. Starr of Los Angeles.

ADJOURNMENT

At 10.44 a.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Tuesday, March 14, 1950.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

SIXTH LEGISLATIVE DAY

NINTH CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Tuesday, March 14, 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, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Hagen, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—72.

Quorum present.

PRAYER

The following prayer was offered by the Chaplain, Dr. Torrance Phelps:

Spirit of Nobility: In this Lenten season, when all Christendom observes the Temptation of the Christ, may we also participate in the practice of self-examination for the perfecting of our lives.

Let us remember that every one faces temptation, as even the Son of God was tempted in all points like as we are.

May we search out our faults and limitations, knowing that little sins may grow into big ones, as the "Little Foxes may spoil the vineyard."

Let us behold the disaster and sorrow that spring from the evils men commit and cause the problems that engage us as the servants of the law.

Day by day may we keep our Souls alert, knowing that the Devil of evil is ever ready to spring upon the unready.

So shall this Sacred Season increase the nobility and power of character which is our chief defense and crowning achievement.—AMEN.

READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Conrad, 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. Grant, on motion of Mr. Conrad.
Mr. Hahn, on motion of Mr. Conrad.
Mr. Cooke, on motion of Mr. Conrad.
Mr. Crichton, on motion of Mr. Stanley.

The following members were granted leaves of absence for the day, because of legislative business elsewhere:

Mr. Grunsky, on motion of Mr. Smith.
Mr. Lipscomb, on motion of Mr. Smith.
Mr. Cloyed, on motion of Mr. Waters.

COMMUNICATIONS

By the Chief Clerk:

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

STATE OF CALIFORNIA
DEPARTMENT OF PUBLIC WORKS
SACRAMENTO, March 7, 1950

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

DEAR SIR: In accordance with Section 143.2(f) of the Streets and Highways Code, there are transmitted herewith for the use of the Members of the Assembly, 300 copies of the Budget Report of the Division of Highways as included in the Governor's Budget submitted to the 1950 Session of the Legislature. A limited number of additional copies are available, if needed.

Respectfully submitted,

C. H. PURCELL
Director of Public Works

Above mentioned copies of the budget report ordered distributed to members, today.

RESOLUTIONS

The following resolutions were offered:

By Mr. McCollister:

House Resolution No. 18

Relative to the standing committees of the 1950 Regular Session

Resolved by the Assembly of the State of California, As follows:

1. Except as provided by H. R. 12, 1950 Regular Session, the standing committees of the 1950 Regular Session shall each have the same number of members as the corresponding standing committees of the 1949 Regular Session.
2. Except as provided by H. R. 12, 1950 Regular Session, the membership of each such committee shall be the same as the membership of the corresponding committee immediately prior to the convening of this session.
3. The Speaker of the Assembly is authorized to fill vacancies existing in the membership of any such committee.

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, and adopted.

By Mr. Conrad:

House Resolution No. 19—Relative to the death of Sid Grauman.

Resolution read.

Request for Unanimous Consent That Name of Mr. Doyle Be Placed Upon House Resolution No. 19 As Co-Author

Mr. Doyle asked for, and was granted, unanimous consent that his name be placed upon House Resolution No. 19, as a co-author.

Request for Unanimous Consent That Names of All Members Present Be Placed Upon House Resolution No. 19 As Co-Authors

Mr. Dickey asked for, and was granted, unanimous consent that the names of all members present be placed upon House Resolution No. 19, as co-authors.

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

House Resolution No. 19

Relative to the death of Sid Grauman

WHEREAS, On March 5, 1950, at the Cedars of Lebanon Hospital in Los Angeles, Sid Grauman, one of the great pioneers of the motion picture industry, succumbed at the age of 70 to a heart attack; and

WHEREAS, Sid Grauman, a native of Indiana, after a fling at operating shows with his father, David J. Grauman, in Alaska, opened Grauman's Unique Theater in San Francisco shortly after the turn of the century to launch a long and illustrious career as a showman in California; and

WHEREAS, Upon the destruction of his theater by the 1906 earthquake and fire, Sid Grauman, displaying the showmanship which later was to bring him great fame and fortune, reopened with a tent with a sign outside reading "Nothing can fall on you but the canvas"; and

WHEREAS, Sid Grauman and his father became pioneers in the motion picture industry with their Empress Theater, the first downtown theater to open after the San Francisco fire, and later with other motion picture theaters in San Francisco; and

WHEREAS, In 1917 Sid Grauman went to Los Angeles and opened three famous theaters, Grauman's Million Dollar, Grauman's Egyptian, and Grauman's Chinese; and

WHEREAS, At Grauman's Chinese Theater, Sid Grauman originated the custom of immortalizing motion picture stars with their hand and footprints in concrete and was one of the originators of the lavish previews of Hollywood films; and

WHEREAS, The film industry and the Nation mourn the loss of Sid Grauman, the great impresario, who was greatly responsible for making Hollywood and the movies gay, glamorous, and sensational; now, therefore, be it

Resolved by the Assembly of the State of California, That the Members of the Assembly express extreme regret for the passing of Sid Grauman, one of the truly great showmen of this State.

Request for Unanimous Consent

Mr. Conrad 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, and adopted unanimously.

RECESS

At 10.14 a.m., on motion of Mr. Dickey, the Assembly recessed until 10.33 a.m.

REASSEMBLED

At 10.33 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 Rules

ASSEMBLY CHAMBER, SACRAMENTO, March 13, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

House Resolution No. 10

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.

CONSIDERATION OF HOUSE RESOLUTION NO. 10

By Mr. Dickey:

House Resolution No. 10

Resolved by the Assembly of the State of California, That the Chief Clerk be authorized to receive from the Members of the Assembly a mailing list of all bills, resolutions, and Histories; to be directed to libraries, chambers of commerce, and other public centers, and to individuals, for general inspection. This list is to be limited to five (5) names each, and shall be forwarded to the Legislative Bill Room for regular mailing. No member shall include on the list any state department or employee thereof except state colleges and universities The Chief Clerk is further authorized to place accredited newspaper representatives on the regular mailing list as well as the Attorney General, Legislative Counsel Bureau, and the Governor's Office. That in addition to the above, the Chief Clerk shall forward to the Legislative Bill Room for regular mailing, five (5) copies of said bills, resolutions, and Histories to be mailed to the State Commander of the American Legion, or to such parties as he shall name; and be it further

Resolved, That no additional mailing list shall be allowed or authorized, unless the sum of _____ each is paid therefor, to the State Printer and which sum shall be credited to legislative printing and accounted for to the Legislature; and be it further

Resolved, That the total number of bills to be printed in no event unless otherwise authorized, shall be over _____.

Resolution read.

Consideration of Committee Amendments

The following amendments were proposed by the Committee on Rules:

Amendment No. 1

In the resolution as printed in the Assembly Journal for March 8, 1950, page 33; in the first paragraph, line 3, after "Histories", insert "of the 1950 Regular (Budget) Session".

Amendment No. 2

In paragraph 2 of said resolution, line 2, strike out the leaders, and insert "twenty-five dollars ($25)".

Amendment No. 3

In paragraph 3 of said resolution, line 2, strike out the leaders, and insert "2,500".

Amendments read, and adopted.

Consideration of House Resolution No. 10, As Amended

By Mr. Dickey:

House Resolution No. 10

Resolved by the Assembly of the State of California, That the Chief Clerk be authorized to receive from the Members of the Assembly a mailing list of all bills, resolutions, and Histories of the 1950 Regular (Budget) Session; to be directed to libraries, chambers of commerce, and other public centers, and to individuals, for general inspection. This list is to be limited to five (5) names each, and shall be forwarded to the Legislative Bill Room for regular mailing. No member shall include on the list any state department or employee thereof except state colleges and universities The Chief Clerk is further authorized to place accredited newspaper representatives on the regular mailing list as well as the Attorney General, Legislative Counsel Bureau, and the Governor's Office. That in addition to the above, the Chief Clerk shall forward to the Legislative Bill Room for regular mailing, five (5) copies of said bills, resolutions and Histories to be mailed to the State Commander of the American Legion, or to such parties as he shall name; and be it further

Resolved, That no additional mailing list shall be allowed or authorized, unless the sum of twenty-five dollars ($25) each is paid therefor, to the State Printer and which sum shall be credited to legislative printing and accounted for to the Legislature; and be it further

Resolved, That the total number of bills to be printed in no event unless otherwise authorized, shall be over 2,500.

Resolution read, as amended, and adopted.

REPORTS OF STANDING COMMITTEES

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, March 14, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

House Resolution No. 17

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, March 14, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

Senate Concurrent 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, March 14, 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.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 13, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day passed:

Senate Bill No. 2

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

FIRST READING AND REFERENCE OF SENATE BILLS

The following bill was read the first time:

Senate Bill No. 2—An act making an appropriation for the contingent expenses of the Senate, including committee expenses, to take effect immediately.

Resolution to Suspend Constitutional Provision

The following resolution was offered:

By Mr. Dickey:

Resolved, That Senate Bill No. 2 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—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Butters, Caldecott, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Hagen, Hansen, Hawkins, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Yorty, and Mr. Speaker—64.

NOES—None.

Article IV, Section 15, of the Constitution was declared suspended.

CONSIDERATION OF SENATE BILL NO. 2

Senate Bill No. 2—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. 2—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—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Butters, Caldecott, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Hagen, Hansen, Hawkins, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Yorty, and Mr. Speaker—66.

NOES—None.

Bill ordered transmitted to the Senate.

MOTION TO APPROVE JOURNALS

Upon motion of Mr. Dickey, the Journals for Monday, March 6, 1950; Tuesday, March 7, 1950; Wednesday, March 8, 1950; and Thursday, March 9, 1950, were approved as corrected by the Minute Clerk.

CONSIDERATION OF DAILY FILE

THIRD READING OF ASSEMBLY BILLS

Assembly Concurrent Resolution No. 2—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—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Crowley, Davis, Dickey, Dills, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Hagen, Hansen, Hawkins, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Yorty, and Mr. Speaker—66.

NOES—None.

Resolution ordered transmitted to the Senate.

Assembly Concurrent Resolution No. 3—Relative to the memory of W. A. (Archie) Wells.

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, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Crowley, Davis, Dickey, Dills, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Hagen, Hansen, Hawkins, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Yorty, and Mr. Speaker—66.

NOES—None.

Resolution ordered transmitted to the Senate.

Assembly Concurrent Resolution No. 4—Relative to the passing of the Most Reverend James T. O'Dowd, Auxiliary Bishop of San Francisco.

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, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Crowley, Davis, Dickey, Dills, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Hagen, Hansen, Hawkins, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Yorty, and Mr. Speaker—66.

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 of Mr. Gaffney, relative to the passing of the Most Reverend James T. O'Dowd, be reduced to writing, and ordered printed in the Journal, in 10 point type.

Mr. Meyers seconded the motion.

Motion carried.

Remarks by Mr. Gaffney—Relative to the Passing of the Most Reverend James T. O'Dowd, Auxiliary Bishop of San Francisco

His late Excellency, Bishop O'Dowd, born June 4, 1907, was ordained in his twenty-fifth year; and, at the early age of 41, he was elevated to the highest as well as the humblest office in Christendom.

The highest office because it equals that held by Saint Peter as the first bishop, and the humblest because of the heavy responsibility of being shepherd over all the souls entrusted to his prayers, counsel, and guidance in an entire diocese.

Bishop O'Dowd's religious, civic, and patriotic fervor and his intense love for youth reached out to embrace city, state and national movements for the general welfare of men, women, children and youth, and particularly, children and youth.

It is difficult to list all the various offices held by the late Bishop O'Dowd. At the time of his death, he was:

Auxiliary Bishop of San Francisco, consecrated June 29, 1948.
Pastor of Mission Dolores, appointed June 4, 1948.
Domestic prelate, appointed March 27, 1943.
Director of Education, appointed July 2, 1948.
Member of the Archdiocesan Board of Consultors.
Member of the Diocesan Administrative Council.
Pro-Synodal Examiner.

At one time or other in his brilliant career, he held the following offices, most of them simultaneously:

Superintendent of Schools, 1941-1948.

Member, Teacher Training Committee of the California Board of Education.

Consultant, National Student Relocation Council.

Member State Committee of the National Youth Administration.

Chairman, California unit, Secondary School Department, National Catholic Education Association.

Vice President, parish school department, NCEA.

Member Student Work Council of California, National Youth Administration.

Member, San Francisco Coordinating Council for Youth Welfare.

Member, Archdiocesan Music Commission.

Moderator, San Francisco Circle of International Federation of Catholic Alumnae.

Moderator, San Francisco County Council National Council of Catholic Women.

Like Saint Francis for whom Bishop O'Dowd's native city was named, he went about from earliest boyhood doing good and in so doing may he have earned eternal light and the company of the Church Triumphant.

CONSIDERATION OF DAILY FILE (RESUMED)

THIRD READING OF SENATE BILLS

Senate Concurrent Resolution No. 3—Relative to approving amendments to the charter of the County of Fresno, State of California, which were submitted to the qualified electors of said county and voted

on and ratified by them at the special state election held therein on November 8, 1949.

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, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Crowley, Davis, Dickey, Dills, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Hagen, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Moss, Niehouse, Porter, Reagan, Rosenthal, Rumford, Sillman, Smith, Stewart, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—61

NOES—None.

Resolution ordered transmitted to the Senate.

RESOLUTIONS

The following resolution was offered:

By Messrs. Kilpatrick, Burkhalter, Beck, Doyle, Dills, Brown, Crowley, Lowrey, Davis, McMillan, Yorty, Coats, Moss, Lewis, Rosenthal, Meyers, Berry, George D. Collins, McCarthy, Sherwin, Connolly, Lindsay, Fleury, Dunn, Hansen, Maloney, Hoffman, Caldecott, Thompson, Hollibaugh, Mrs. Niehouse, Messrs. Stanley, Huyck, Elliott, Hawkins, Fletcher, Thomas, Conrad, Collier, Tomlinson, Levering, Reagan, Porter, Smith, Bennett, Burke, Erwin, Gaffney, Lincoln, Condon, Rumford, Price, Hinckley, Brady, Anderson, Waters, and Luckel:

House Resolution No. 20

Expressing condolences on the passing of Thomas P. Scully

WHEREAS, It is with profound regret and shock that the Members of the Assembly have learned of the passing of Thomas P. Scully on February 24, 1950; and

WHEREAS, Thomas P. Scully was a veteran of World War I; and

WHEREAS, Thomas P. Scully was an active member and past State Treasurer of the Democratic Party; and

WHEREAS, Thomas P. Scully was an executive officer of the Carnation Milk Company; and

WHEREAS, Thomas P. Scully was born in New York in 1899, attended Colgate and Syracuse Colleges, married Marguerite Corwin of Los Angeles in June of 1930, has raised three fine children, Dill, age 17, Patricia, age 16, and Thomas Jr., age nine; and

WHEREAS, It can truly be said of Thomas P. Scully that he faithfully served God, his Country, his party, and his family; now, therefore, be it

Resolved by the Assembly of the State of California, That the Members of the Assembly hereby express their deep sorrow at the passing of Thomas P. Scully and most sincere sympathy for his bereaved widow and children; and be it further

Resolved, That when the Assembly shall this day adjourn, it do so in respect to the memory of Thomas P. Scully; and be it further

Resolved, That the Chief Clerk of the Assembly is hereby directed to transmit suitably prepared copies of this resolution to Mrs. Thomas P. Scully of Los Angeles, California, the widow of Thomas P. Scully, and to Dill Scully, Patricia Scully, and Thomas Scully, Jr., his children.

Request for Unanimous Consent

Mr. Kilpatrick 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, and adopted.

REPORTS OF STANDING COMMITTEES

Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, March 14, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Concurrent Resolution No. 5

And reports the same correctly engrossed.

HUYCK, Chairman

Above reported resolution ordered on file for adoption.

GUESTS EXTENDED COURTESIES OF ASSEMBLY

On request of Mr. McCollister, the usual courtesies of the Assembly for this day were unanimously extended to Miss Irene Scott, teacher, and the following pupils of the Santa Rosa High School: Bob Acquistapace, Phil Baumgartner, Robert Bayer, Eleanor Blondino, Janet Blom, George Bluh, Peggy Butz, Irene Choronzy, Joyce Criddlebaugh, Carol Daves, Charles Dexter, Jads Goldfarb, Geraldine Hakman, Marlene Hamilton, Bob Johnston, Ed Johnson, Marilyn Johnson, Barbara Jorgensen, Edwin Kaelin, Carole Loder, Margaret Mayer, Marjorie McCampbell, Don McEntire, Lois Mizell, Jarth Oates, Joan Patterson, Miriam Perry, Don Robbins, John Sommerfield, Henry Spafford, Ward Von Tillow, and Carol Waymire.

On request of Mr. Dickey, the usual courtesies of the Assembly for this day were unanimously extended to Kenneth Pardee and Patrick Knowles of Los Angeles.

On request of Mr. Crowley, the usual courtesies of the Assembly for this day were unanimously extended to Sarah E. Lippert, nurse, and the following students of the Napa State Hospital School: Dollie Parkes, William Parkes, LeRoy Critzer, Maxine Adams, Matilda Dykes, Betty Heaton, Henry Oliver, and Kenneth Haden.

On request of Messrs. Fleury and Moss, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Janet Snider, Miss Sallie Martin, and James Dobken, teachers, in Del Paso Heights and the following pupils: Freda Abel, Doris Baldwin, James Cox, Terry Ellis, Dorothy England, Myrna Haskell, Lendal Meadows, Jesse Miranda, Loretta Scharff, Charles Richards, Charles Montice, Teddy McQueen, Don McCormac, Robert White, Robert Rogers, Arlene Yerby, Sally Martinez, Ray Ervin, Sebron Snyder, Lila Adams, Dorothy Anderson, Sidney Banker, Virgil Brinsfield, Charlotte Cox, Dick Drew, Phil Douglas, Rose Edgerly, Shirley Hord, John Huber, Rose Morris, Donold McDowell, Ray Richardson, Clarence Smith, Glenwood Smith, Murphy Taylor, Marlene Taylor, Elenor Silva, Robert Slover, Doloris Weber, James Woosley, Carmen Reynoso, Janelle Garcia, Harry Hollowell, Earnestine Williams, Wesley Williams, Charles Montue, Larry Steele, Cecil Chaney, Katy Hill, Verna Lee White, Doris Hawk, Roberta Smith, Thelma Bell, Bonnie Waterman, Beverly Cummins, Frances Bennett, Evylina Marino, Roger Harrell, Jack Beck, Jerry Decocq, Ronald Repin, Gerald Austin, Bob Huber, Jerry Defrancesco, Larry Patterson, Danny Solorio, Shu Chan, David Choy, George Kennedy, Kenneth Bonner, Ruben Rodriquez, John McCoy, Melvin Ellis, Jackie Holsey, and Billy Cozine.

On request of Mr. Crowley, the usual courtesies of the Assembly for this day were unanimously extended to Ralph Ingols, teacher, and the following pupils of the St. Helena High School: Blanche Clayton, Doreen Bettini, Norman Davis, Dick Jensen, George Graff, Oleta Gallagher, Ronald Kindred, Jim Jeffers, Shitley Koeppen, Ursula Teska, Pat McColley, John Meyers, Harry Loftus, Eugene Vick, Bill Meyer, Earl Roland, Al Mori, Helen Schroeder, Deanne Roberto, Eddie Baker, Betty Rutherford, Ray Quaglia, and Richard Miller.

On request of Mr. Cloyed, the usual courtesies of the Assembly for this day were unanimously extended to Mr. and Mrs. John A. Gibson of Los Angeles.

On request of Mr. Thompson, the usual courtesies of the Assembly for this day were unanimously extended to Oscar Del Mutolo of San Jose.

On request of Mr. McMillan, the usual courtesies of the Assembly for this day were unanimously extended to Dr Sidney Binstock, Ruth Du Bain, and Bruno Du Bain, of Los Angeles

On request of Speaker Collins and Mr. Dolwig, the usual courtesies of the Assembly for this day were unanimously extended to Roy Archibald, teacher, San Mateo Junior College, Nick Draklick of Stanford University, and the following San Mateo Junior College students: David Wik, Terry Brickley, Phil Forest, Rudy Baldini, Bernard Page, Bob Morgan, and Don Nemir.

ADJOURNMENT

At 11.12 a.m., on motion of Mr Brady, the Speaker declared the Assembly adjourned until 10 a.m., Wednesday, March 15, 1950, out of respect to the memory of the late Most Reverend James T. O'Dowd of San Francisco and the late Thomas P. Scully, of Los Angeles.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

SEVENTH LEGISLATIVE DAY

TENTH CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Wednesday, March 15, 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, Cloyed, Coats, Collier, George D Collins, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Silliman, 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:

Infinite Presence. In this Lenten season, we listen to the voices of aspiration that arise within us and speak to us of the deeper and greater nature we have not yet realized.

We see that the outward world of existence, of work and pleasure is but the thin surface, below which our real self dwells.

May we be aware of this mystic part of our nature which is forever incomplete and unsatisfied, and which will be forever restless until it is attuned with the Infinite in whom we live and move and have our being

Let us hear "the high yearnings that come welling and surging in", and that come from the Infinite Ocean, whence our life has sprung

Then shall we fulfill these higher aspirations, that lead us to the greater life of the Soul—AMEN

READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Dills, 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. Grant, on motion of Mr. Conrad.

Mr. Clarke, on motion of Mr. Conrad.

Mr. Crichton, on motion of Mr. Hoffman.

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

Mr. Sherwin, on motion of Mr. Stewart.

COMMUNICATIONS

By Speaker Sam L. Collins:

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

REPUBLICAN WOMENS CLUB OF SACRAMENTO COUNTY
SACRAMENTO, CALIFORNIA, March 13, 1950

Speaker Collins, Assembly Chamber,
Sacramento, California

DEAR MR. COLLINS: Please accept my sincere thanks, in behalf of the Republican Women of Sacramento County, for the cooperation of your members and attaches, toward making our meeting of March 8th such a pleasant affair. We were sorry you could not be present but were very happy to have Mrs. Collins with us.

Very truly yours,

REPUBLICAN WOMENS CLUB
By VERDA E. NEEL, President

REQUEST FOR UNANIMOUS CONSENT TO INCREASE MEMBERSHIP OF INTERIM COMMITTEES

Mr. Dickey asked for, and was granted, unanimous consent that the membership of the Interim Committee on Conservation, Planning, and Public Works, as created by House Resolution No 212 of the 1949 Regular Session, be increased by one member.

APPOINTMENT OF MEMBER TO INTERIM COMMITTEE

Speaker Collins announced the appointment of Mr. Hansen as a member of the Interim Committee on Conservation, Planning, and Public Works.

RECESS

At 10.14 a.m., on motion of Mr. Dickey, the Assembly recessed until 10.33 a.m.

REASSEMBLED

At 10.33 a.m., the Assembly reconvened.

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

Chief Clerk Arthur A. Ohnimus at the desk.

ANNOUNCEMENTS

Speaker Sam L. Collins announced that members may request from the Legislative Counsel copies of the registration form, to be used for the registration of lobbyists, under the new Lobby Bill.

Speaker Sam L Collins announced that many members have not yet given to the Chief Clerk their glossy print pictures and copies of their biographies for publication in the forthcoming edition of the California Blue Book, and urged immediate cooperation.

CONSIDERATION OF DAILY FILE

CONSIDERATION OF HOUSE RESOLUTION NO. 17

By Mrs. Niehouse:

House Resolution No. 17

Relating to commemorating the founding of the Girl Scouts of America

WHEREAS, The Girl Scouts of America is one of the foremost organizations devoted to the training of young people of the Nation and was founded for the purpose of affording girls and young women an opportunity to participate in healthful recreational and character building activities; and

WHEREAS, The organization was founded on March 12, 1912, at Savannah, Georgia, by Juliette Low, personal friend of Sir Robert Baden-Powell, founder of the Boy Scout movement and of the Girl Guides of England; and

WHEREAS, For 38 years, the Girl Scouts of America has trained girls in patriotism, skill in outdoor activities and healthful living, homemaking and the domestic arts and sciences, and prepared them for entering adulthood with a high degree of individual and group responsibility in order that they may lead happier and fuller lives and render community services which are both the duty and the privilege of every citizen; and

WHEREAS, The education of the young people of the Nation in healthful patterns of living and the development of patriotism and social responsibility is of the utmost importance to the well-being of the Nation as a whole, and the Girl Scouts of America has been eminently successful in this field of endeavor and its past and present contribution both in the realm of idealism and accountable human values is deserving of recognition and gratitude by all who are concerned with the training of our young people; now, therefore, be it

Resolved by the Assembly of the State of California, That the members thereof wish to express appreciation of the Girl Scout movement and to commemorate its founding, with special tribute to its founder, Mrs. Juliette Low; and be it further

Resolved, That a copy of this resolution be sent to the Girl Scout Headquarters, 155 East 44th Street, New York 17, New York

Resolution read, and adopted.

THIRD READING OF ASSEMBLY BILLS

Assembly Concurrent Resolution No. 5—Approving charter amendment No. 29 to the charter of the City of Palo Alto, County of Santa Clara, State of California, voted for and ratified by the qualified electors of the said City of Palo Alto at a special municipal election held therein for that purpose on the twenty-first day of February, 1950.

Resolution read.

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

AYES—Anderson, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Cloved, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grunsky, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, and Mr. Speaker—66.

NOES—None

Resolution ordered transmitted to the Senate.

INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS

The following resolutions were offered:

Assembly Concurrent Resolution No. 6: By Messrs. Dunn, Maloney, Geddes, Gaffney, Anderson, Beck, Bennett, Berry, Brady, Brown, Burkhalter, Butters, Caldecott, Clarke, Coats, George D. Collins, Condon, Crichton, Crowley, Davis, Dills, Doyle, Elliott, Erwin, Evans, Fletcher, Hagen, Hawkins, Kilpatrick, Kirkwood, Lewis, Lincoln, Lowrey, McMillan, Meyers, Morris, Moss, Porter, Rumford, Stewart, Tomlinson, Waters, and Yorty—Relative to participation in the events of the Thirty-first Annual Public Schools Week.

Referred to Committee on Rules.

Assembly Joint Resolution No. 4: By Messrs. Lowrey and Coats—Relative to memorializing the President and the Senate of the Congress of the United States in relation to H. R. 163, authorizing Sacramento Valley irrigation canals as part of the Central Valley Project in California.

Referred to Committee on Rules.

RESOLUTIONS

The following resolutions were offered:

By Messrs. Morris, Geddes, and Doyle:

House Resolution No. 21

Relative to commending Thomas V. Maloney

WHEREAS, Thomas V. Maloney, son of our most esteemed colleague, Thomas A. Maloney, began his distinguished career of state service in 1929 at the age of 17; and

WHEREAS, Since 1929 Thomas V. Maloney has served the State of California well and faithfully in the State Department of Motor Vehicles and has held the position of Registrar of Motor Vehicles since 1942, except for the period during World War II in which he served as Aviation Supply Officer at the Naval Air Station at Attu, Alaska; and

WHEREAS, In the position of Registrar of Motor Vehicles, he has been responsible for many improved procedures and practices to facilitate the registration of motor vehicles; and

WHEREAS, Thomas V. Maloney has recently retired from his position as Registrar of Motor Vehicles to take up duties on March 1, 1950, in Cincinnati, Ohio, as Assistant Manager of the Motor Statistics Department of the R. J. Polk Company; now, therefore, be it

Resolved by the Assembly of the State of California, That the Members of the Assembly do hereby commend Thomas V. Maloney on his many years of outstanding service to the State of California and express their very sincere good wishes to him for success in his new career; and be it further

Resolved, That the Chief Clerk of the Assembly is directed to transmit an engrossed copy of this resolution to Thomas V. Maloney.

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

By Messrs. Coats and McCarthy:

House Resolution No. 22

Congratulating Assemblyman and Mrs. John E. Moss, Jr. upon the birth of a daughter

WHEREAS, The Legislature is in a special meeting; and

WHEREAS, The Assembly sends its special greeting:

To Assemblyman Moss and his lovely wife Jean

Who are the happiest couple you ever have seen; and

WHEREAS, The cause of all this connubial bliss is a 6 lb. 8 oz. bonnie blue-eyed Miss;

Now, therefore, be it

Resolved by the Assembly of the State of California, That the Members of this Assembly heartily congratulate Assemblyman and Mrs. John E. Moss, Jr., on the birth of their daughter, Allison Effie Moss, who established herself in their household on October 17 of 1949; and, be it further

Resolved, That the Chief Clerk of the Assembly transmit a suitably prepared copy of this resolution to Assemblyman and Mrs. John E. Moss, Jr.

Request for Unanimous Consent

Mr. Coats asked for, and was granted, unanimous consent to take up House Resolution No. 22, at this time, without reference to committee or file.

Resolution read, and adopted unanimously.

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

The following resolution was offered:

Assembly Joint Resolution No. 5: By Messrs. McCarthy, Connolly, George D. Collins, Berry, Brady, Gaffney, Maloney, and Meyers—Relative to the establishment of an Air Force Academy in California.

Referred to Committee on Rules.

CONSIDERATION OF DAILY FILE (RESUMED)
THIRD READING OF SENATE BILLS

Senate Concurrent Resolution No. 4—Relative to congratulating Pierre Monteux on his seventy-fifth birthday anniversary.

Resolution read, and adopted unanimously.

Resolution ordered transmitted to the Senate.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 15, 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. 4

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

Above resolutions ordered enrolled.

GUESTS EXTENDED COURTESIES OF ASSEMBLY

On request of Messrs. Lincoln and Cooke, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. J. J. Maasdam and Mrs. C. C. Story of Oakland.

On request of Mr. Conrad, the usual courtesies of the Assembly for this day were unanimously extended to Arthur E. Case of Hollywood.

On request of Messrs. Hansen and Geddes, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Dorothy C. Aley of Fresno.

On request of Mr. Hollibaugh, the usual courtesies of the Assembly for this day were unanimously extended to Roy Land of Los Angeles.

ADJOURNMENT

At 10.50 a.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Thursday, March 16, 1950.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

EIGHTH LEGISLATIVE DAY

ELEVENTH CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Thursday, March 16, 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, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, 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, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Silliman, 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:

Infinite Wisdom: The hearts of people tremble as they think of the awful possibilities of the hydrogen bomb.

Let us believe that the Creator of the Universe did not endow men with "the genius to unlock the energy of the atom" with the idea that they would destroy themselves.

Let us believe that every terrific new discovery has always brought with it enough common sense or enough fear to wisely use it.

May history remind us that there has always been a limit where the tyranny of the ruthless is stayed and a limit where it only destroys itself.

So may this great hour inspire our faith and efforts for wise preparation, for education and good will toward humanity.—AMEN.

READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Cooke, 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. Clarke, on motion of Mr. Dickey.

Mr. Lincoln, on motion of Mr. Dickey.

The following members were granted leaves of absence for the day, because of legislative business elsewhere:

Mr. Babbage, on motion of Mr. McCarthy.

Mr. Hinckley, on motion of Mr. McCarthy.

COMMUNICATIONS

By Speaker Sam L. Collins:

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

STATE OF CALIFORNIA
DEPARTMENT OF PUBLIC WORKS
SACRAMENTO, March 14, 1950

Re: A.C.R. 102, 1949 Regular Session

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

DEAR MR. OHNIMUS: By Assembly Concurrent Resolution No. 102, the Assembly of the State of California, the Senate concurring, requested the Department of Public Works through the Division of Highways to make a survey of the road from south of Bakersfield to Selma, via Shafter, Corcoran and Hanford.

Six copies of a Report of the Division of Highways, prepared in accordance with the request contained in Assembly Concurrent Resolution No. 102, are enclosed herewith.

Very truly yours,

C. H. PURCELL, Director of Public Works

Above mentioned six copies of report ordered referred to the Committee on Conservation, Planning, and Public Works.

RESOLUTIONS

The following resolution was offered:

By Messrs. Thomas, Doyle, and Hollibaugh:

House Resolution No. 23

Relative to directing the Assembly Interim Committee on State and Local Taxation to investigate the advantages of the borough form of city government

WHEREAS, There has been committed to the Assembly Interim Committee on State and Local Taxation the investigation of the administration of all local taxes, including the adequacy of the tax base; and

WHEREAS, The influx of population into this State has made this investigation of particular importance at the present time and especially with respect to the increased burdens thereby put upon city governments in supplying needed services with revenues derived from the existing tax base; and

WHEREAS, It has come to the attention of this Assembly that the borough system of government for Los Angeles and other cities might well provide for a solution of these tax problems; now, therefore, be it

Resolved by the Assembly of the State of California, That the Assembly Interim Committee on State and Local Taxation is hereby requested and directed to investigate and report upon the advantages of the borough form of city government with respect to local taxation.

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

ANNOUNCEMENT

Speaker Sam L. Collins announced, on behalf of Mr. Smith, that four bills, relating to sex crimes and sex crime offenders, are being temporarily held at the desk of Mr. Smith, but will be placed across the desk during the First Extraordinary Session this morning; and that anyone desiring to become a co-author should sign the bills, at this time, prior to their introduction.

INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS

The following resolution was offered:

Assembly Joint Resolution No. 6: By Messrs. Burkhalter, Beck, Anderson, Conrad, Bennett, Berry, Brady, Brown, Cloyed, George D. Collins, Connolly, Crichton, Crowley, Davis, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Gaffney, Geddes, Grant, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Huyck, Kilpatrick, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Mrs. Niehouse, Messrs. Porter, Reagan, Rumford, Stanley, Stewart, Thomas, Waters, Weber, and Yorty—Relative to memorializing Congress to exempt motion pictures and all types of theatrical entertainment from the federal admissions tax.

Referred to Committee on Rules.

REPORTS OF STANDING COMMITTEES

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, March 16, 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 amendments with the recommendation: Amend and re-refer to committee.

DICKEY, Chairman

Above reported resolution ordered on file.

CONSIDERATION OF ASSEMBLY JOINT RESOLUTION NO. 2

Assembly Joint Resolution No. 2—Relative to rescinding and withdrawing Assembly Joint Resolution No. 26 of 1949, relative to participation by the United States in a World Federal Government.

Resolution read.

Consideration of Committee Amendments

The following amendment was proposed by the Committee on Rules:

Amendment No. 1

On page 1 of the printed measure, strike out lines 12 to 15, inclusive.

Amendment read, and adopted.

Resolution ordered reprinted, and engrossed.

Rush Order Placed Upon Printing of Assembly Joint Resolution No. 2 By Unanimous Consent

By unanimous consent, Speaker Sam L. Collins ordered that a rush order be placed upon the printing of Assembly Joint Resolution No. 2.

RECESS

At 10.14 a.m., on motion of Mr. Dickey, the Assembly recessed until 10.39 a.m.

REASSEMBLED

At 10.39 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 Ways and Means

ASSEMBLY CHAMBER, SACRAMENTO, March 16, 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.

MOTION THAT REPORT OF COMMITTEE ON WAYS AND MEANS RELATIVE TO ASSEMBLY BILL NO. 1 BE ADOPTED AND THAT PROPOSED COMMITTEE AMENDMENTS BE ADOPTED

Mr. Sherwin moved that the report of the Committee on Ways and Means relative to Assembly Bill No. 1, the Budget Bill, be adopted, and that proposed committee amendments be deemed read, and adopted, at this time.

Mr. Maloney seconded the motion.

The roll was called, and the motion carried by the following vote:

AYES—Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Cloyed, Collier, Connolly, Conrad, Crichton, Dickey, Dolwig, Doyle, Erwin, Fleury, Gaffney, Grant, Grunsky, Hahn, Hansen, Hoffman, Huyck, Kirkwood, Levering, Lindsay, Lipscomb, Maloney, McCollister, Meyers, Morris, Moss, Niehouse, Price, Reagan, Sherwin, Silliman, Smith, Stanley, Stewart, Tomlinson, Waters, Weber, and Mr. Speaker—44.

NOES—Anderson, Beck, Bennett, Coats, George D. Collins, Cooke, Crowley, Dunn, Elliott, Fletcher, Hagen, Hawkins, Kilpatrick, Lewis, McMillan, Porter, Rosenthal, Rumford, Thomas, and Yorty—20.

CONSIDERATION OF ASSEMBLY BILL NO. 1

Assembly Bill No. 1—An act making appropriations for the support of the Government of the State of California and for several public purposes in accordance with the provisions of Section 34 of Article IV of the Constitution of the State of California, to take effect immediately.

Bill read second time.

Committee Amendments As Adopted By Above Motion

Amendment No. 1

On page 2 of the printed bill, between lines 6 and 7, insert

"Whenever herein in any item of appropriation the amount of such appropriation as set forth in words differs from the amount thereof as set forth in figures, the lesser amount, whether in words or figures, is the amount appropriated by such item."

Amendment No. 2

On page 2, line 41, of said bill, after "the", insert "State".

Amendment No. 3

On page 5, line 42, of said bill, strike out "Collection Agency Division", and insert "Division of Collection Agencies".

Amendment No. 4

On page 6, line 49, of said bill, after "Less:", strike out "Reimbursements", and insert "Estimated reimbursements".

Amendment No. 5

On page 11, line 33, of said bill, after "reimbursements", insert a colon.

Amendment No. 6

On page 13, line 2, of said bill, after "reimbursements", insert a colon.

Amendment No. 7

On page 13, line 20, of said bill, after "reimbursements", insert a colon.

Amendment No. 8

On page 13, line 38, of said bill, after "reimbursements", insert a colon.

Amendment No. 9

On page 15, line 19, of said bill, after "reimbursements", insert a colon.

Amendment No. 10

On page 18, line 50, of said bill, strike out "(c)".

Amendment No. 11

On page 18, line 51, of said bill, before "For", insert "(c)".

Amendment No. 12

On page 34, line 46, of said bill, strike out "(d)".

Amendment No. 13

On page 34, line 47, of said bill, before "For", insert "(d)".

Amendment No. 14

On page 36, line 10, of said bill, after "Board", insert "of California".

Amendment No. 15

On page 42, line 16, of said bill, strike out "Less:".

Amendment No. 16

On page 42, of said bill, strike out line 17, and insert "Less: Estimated reimbursements:".

Amendment No. 17

On page 42, line 18, of said bill, strike out "for", and insert "(d) For".

Amendment No. 18

On page 51, line 22, of said bill, after "Examiners", insert "of California".

Amendment No. 19

On page 52, line 36, of said bill, after "Examiners", insert "of the State of California".

Amendment No. 20

On page 53, line 19, of said bill, after "Examiners", insert "of the State of California".

Amendment No. 21

On page 54, line 8, of said bill, strike out "State".

Amendment No. 22

On page 54, line 9, of said bill, after "Examiners", insert "of the State of California".

Amendment No. 23

On page 58, line 15, of said bill, strike out "(c)", and insert "(e)".

Amendment No. 24

On page 58, line 16, of said bill, after "from", insert "State".

Amendment No. 25

On page 58, line 19, of said bill, strike out "(d)", and insert "(f)".

Amendment No. 26

On page 59, line 23, of said bill, after "Board", insert "of California".

Amendment No. 27

On page 62, line 11, of said bill, after "Home", insert "of California".

Amendment No. 28

On page 62, line 27, of said bill, after "Home", insert "of California".

Amendment No. 29

On page 76, line 51, of said bill, strike out "408", and insert "409".

Amendment No. 30

On page 86, line 2, of said bill, after "reimbursements", insert a colon.

Amendment No. 31

On page 86, line 3, of said bill, strike out "for", and insert "(d) For".

Amendment No. 32

On page 90 of said bill, after line 7, insert "Less:".

Amendment No. 33

On page 90, line 8, of said bill, strike out "Less:", and insert "(d)".

Amendment No. 34

On page 90, line 10, of said bill, after "Fund", strike out "-".

Amendment No. 35

On page 90, line 15, of said bill, after "Act", insert ",".

Item 9

Amendment No. 36

On page 2 of said bill, strike all of lines 31 to 36, inclusive.

Item 17

Amendment No. 37

On page 3, line 6, of said bill, strike out "303,081", and insert "299,687".

Amendment No. 38

On page 3, line 13, of said bill, strike out "23,073", and insert "19,679".

Amendment No. 39

On page 3, line 15, of said bill, strike out "337,086", and insert "333,692".

Amendment No. 40

On page 3, line 22, of said bill, strike out "303,081", and insert "299,687".

Item 21

Amendment No. 41

On page 3, line 30, of said bill, strike out "81,476", and insert "80,976".

Item 23

Amendment No. 42

On page 3, line 36, of said bill, strike out "178,409", and insert "174,629".

Item 25

Amendment No. 43

On page 3, line 40, of said bill, strike out "95,512", and insert "95,312".

Item 34

Amendment No. 44

On page 4, line 44, of said bill, strike out "1,419,836", and insert "1,413,251".

Amendment No. 45

On page 5, line 3, of said bill, strike out "1,224,407", and insert "1,218,863".

Amendment No. 46

On page 5, line 4, of said bill, strike out "258,464", and insert "257,423".

Amendment No. 47

On page 5, line 7, of said bill, strike out "1,512,825", and insert "1,506,240".

Amendment No. 48

On page 5, line 13, of said bill, strike out "1,419,836", and insert "1,413,251".

Item 35

Amendment No. 49

On page 5, line 15, of said bill, strike out "196,910", and insert "197,210".

Amendment No. 50

On page 5, line 22, of said bill, strike out "19,120", and insert "19,420".

Amendment No. 51

On page 5, line 24, of said bill, strike out "202,910", and insert "203,210".

Amendment No. 52

On page 5, line 28, of said bill, strike out "196,910", and insert "197,210".

Item 44

Amendment No. 53

On page 6, line 42, of said bill, strike out "3,386,184", and insert "3,416,126".

Amendment No. 54

On page 6, line 44, of said bill, strike out "2,305,621", and insert "2,327,931".

Amendment No. 55

On page 6, line 45, of said bill, strike out "1,037,551", and insert "1,045,183".

Amendment No. 56

On page 6, line 48, of said bill, strike out "3,408,884", and insert "3,438,826".

Amendment No. 57

On page 6, line 53, of said bill, strike out "3,386,184", and insert "3,416,126".

Item 53

Amendment No. 58

On page 8, line 32, of said bill, strike out "1,610,310", and insert "1,608,030".

Amendment No. 59

On page 8, line 39, of said bill, strike out "1,092,008", and insert "1,089,728".

Amendment No. 60

On page 8, line 44, of said bill, strike out "1,822,823", and insert "1,820,543".

Amendment No. 61

On page 8, line 52, of said bill, strike out "1,610,310", and insert "1,608,030".

Item 54

Amendment No. 62

On page 9, line 4, of said bill, strike out "2,080,595", and insert "2,076,149".

Amendment No. 63

On page 9, line 11, of said bill, strike out "1,257,249", and insert "1,252,803".

Amendment No. 64

On page 9, line 15, of said bill, strike out "2,168,080", and insert "2,163,634".

Amendment No. 65

On page 9, line 23, of said bill, strike out "2,080,595", and insert "2,076,149".

Item 55

Amendment No. 66

On page 9, line 26, of said bill, strike out "3,234,644", and insert "3,231,104".

Amendment No. 67

On page 9, line 33, of said bill, strike out "2,093,537", and insert "2,089,997".

Amendment No. 68

On page 9, line 38, of said bill, strike out "3,713,629", and insert "3,710,089".

Amendment No. 69

On page 9, line 51, of said bill, strike out "3,234,644", and insert "3,231,104".

Item 56

Amendment No. 70

On page 10, line 4, of said bill, strike out "774,846", and insert "767,172".

Amendment No. 71

On page 10, line 11, of said bill, strike out "572,931", and insert "565,257".

Amendment No. 72

On page 10, line 16, of said bill, strike out "962,749", and insert "955,075".

Amendment No. 73

On page 10, line 23, of said bill, strike out "774,846", and insert "767,172".

Item 57

Amendment No. 74

On page 10, line 26, of said bill, strike out "984,568", and insert "981,652".

Amendment No. 75

On page 10, line 32, of said bill, strike out "706,338", and insert "703,422".

Amendment No. 76

On page 10, line 36, of said bill, strike out "1,008,512", and insert "1,005,596".

Amendment No. 77

On page 10, line 45, of said bill, strike out "984,568", and insert "981,652".

Item 58

Amendment No. 78

On page 10, line 48, of said bill, strike out "424,633", and insert "407,413".

Amendment No. 79

On page 11, line 8, of said bill, strike out "265,085", and insert "247,865".

Amendment No. 80

On page 11, line 12, of said bill, strike out "444,673", and insert "427,453".

Amendment No. 81

On page 11, line 19, of said bill, strike out "424,633", and insert "407,413".

Item 59

Amendment No. 82

On page 11, line 22, of said bill, strike out "564,501", and insert "556,537".

Amendment No. 83

On page 11, line 28, of said bill, strike out "425,252", and insert "420,527".

Amendment No. 84

On page 11, line 29, of said bill, strike out "122,346", and insert "121,145".

Amendment No. 85

On page 11, line 30, of said bill, strike out "18,863", and insert "16,825".

Amendment No. 86

On page 11, line 32, of said bill, strike out "566,461", and insert "558,497".

Amendment No. 87

On page 11, line 37, of said bill, strike out "564,501", and insert "556,537".

Item 67

Amendment No. 88

On page 12, line 39, of said bill, strike out "234,171", and insert "234,121".

Amendment No. 89

On page 12, line 46, of said bill, strike out "85,200", and insert "85,150".

Amendment No. 90

On page 12, line 49, of said bill, strike out "245,841", and insert "245,791".

Amendment No. 91

On page 13, line 6, of said bill, strike out "234,171", and insert "234,121".

Item 68

Amendment No. 92

On page 13, line 9, of said bill, strike out "634,589", and insert "633,149".

Amendment No. 93

On page 13, line 15, of said bill, strike out "501,393", and insert "500,193".

Amendment No. 94

On page 13, line 17, of said bill, strike out "13,726", and insert "13,486".

Amendment No. 95

On page 13, line 19, of said bill, strike out "661,339", and insert "659,899".

Amendment No. 96

On page 13, line 24, of said bill, strike out "634,589", and insert "633,149".

Item 69

Amendment No. 97

On page 13, line 27, of said bill, strike out "269,637", and insert "268,137".

Amendment No. 98

On page 13, line 33, of said bill, strike out "191,285", and insert "189,785".

Amendment No. 99

On page 13, line 37, of said bill, strike out "279,617", and insert "278,117".

Amendment No. 100

On page 13, line 42, of said bill, strike out "269,637", and insert "268,137".

Item 73

Amendment No. 101

On page 15, line 7, of said bill, strike out "1,713,234", and insert "1,692,691".

Amendment No. 102

On page 15, line 14, of said bill, strike out "1,273,019", and insert "1,260,352".

Amendment No. 103

On page 15, line 15, of said bill, strike out "470,517", and insert "463,977".

Amendment No. 104

On page 15, line 16, of said bill, strike out "46,068", and insert "44,732".

Amendment No. 105

On page 15, line 18, of said bill, strike out "1,789,604", and insert "1,769,061".

Amendment No. 106

On page 15, line 25, of said bill, strike out "1,713,234", and insert "1,692,691".

Item 75

Amendment No. 107

On page 15, line 40, of said bill, strike out "20,791", and insert "61,803".

Item 79

Amendment No. 108

On page 16, line 35, of said bill, strike out "376,212", and insert "378,776".

Amendment No. 109

On page 16, line 40, of said bill, strike out "274,969", and insert "277,533".

Amendment No. 110

On page 16, line 44, of said bill, strike out "376,612", and insert "379,176".

Amendment No. 111

On page 16, line 48, of said bill, strike out "376,212", and insert "378,776".

Item 80

Amendment No. 112

On page 16, line 50, of said bill, strike out "611,002", and insert "609,782".

Amendment No. 113

On page 17, line 6, of said bill, strike out "680,572", and insert "679,352".

Amendment No. 114

On page 17, line 10, of said bill, strike out "803,081", and insert "801,861".

Amendment No. 115

On page 17, line 21, of said bill, strike out "611,002", and insert "609,782".

Item 81

Amendment No. 116

On page 17, line 23, of said bill, strike out "1,096,516", and insert "1,109,616".

Amendment No. 117

On page 17, line 32, of said bill, strike out "1,307,263", and insert "1,320,363".

Amendment No. 118

On page 17, line 36, of said bill, strike out "1,533,679", and insert "1,546,779".

Amendment No. 119

On page 17, line 51, of said bill, strike out "1,096,516", and insert "1,109,616".

Item 83

Amendment No. 120

On page 18, line 12, of said bill, strike out "420,760", and insert "421,710".

Amendment No. 121

On page 18, line 19, of said bill, strike out "405,394", and insert "406,344".

Amendment No. 122

On page 18, line 23, of said bill, strike out "503,480", and insert "504,430".

Amendment No. 123

On page 18, line 34, of said bill, strike out "420,760", and insert "421,710".

Item 84

Amendment No. 124

On page 18, line 37, of said bill, strike out "1,123,513", and insert "1,148,313".

Amendment No. 125

On page 18, line 45, of said bill, strike out "1,087,416", and insert "1,112,216".

Amendment No. 126

On page 18, line 48, of said bill, strike out "1,435,596", and insert "1,460,396".

Amendment No. 127

On page 19, line 11, of said bill, strike out "1,123,513", and insert "1,148,313".

Item 85

Amendment No. 128

On page 19, line 16, of said bill, strike out "250,742", and insert "255,242".

Amendment No. 129

On page 19, line 23, of said bill, strike out "244,487", and insert "248,987".

Amendment No. 130

On page 19, line 26, of said bill, strike out "295,087", and insert "299,587".

Amendment No. 131
On page 19, line 37, of said bill, strike out "250,742", and insert "255,242".

Item 86
Amendment No. 132
On page 19, line 39, of said bill, strike out "495,505", and insert "501,505".

Amendment No. 133
On page 19, line 46, of said bill, strike out "535,380", and insert "541,380".

Amendment No. 134
On page 19, line 49, of said bill, strike out "670,110", and insert "676,110".

Amendment No. 135
On page 20, line 12, of said bill, strike out "495,505", and insert "501,505".

Item 87
Amendment No. 136
On page 20, line 14, of said bill, strike out "1,409,358", and insert "1,420,271".

Amendment No. 137
On page 20, line 21, of said bill, strike out "1,775,799", and insert "1,786,712".

Amendment No. 138
On page 20, line 25, of said bill, strike out "2,065,026", and insert "2,075,939".

Amendment No. 139
On page 20, line 36, of said bill, strike out "1,409,358", and insert "1,420,271".

Item 88
Amendment No. 140
On page 20, line 38, of said bill, strike out "1,477,972", and insert "1,501,732".

Amendment No. 141
On page 20, line 45, of said bill, strike out "1,749,381", and insert "1,773,141".

Amendment No. 142
On page 20, line 49, of said bill, strike out "2,043,950", and insert "2,067,710".

Amendment No. 143
On page 21, line 12, of said bill, strike out "1,477,972", and insert "1,501,732".

Item 89
Amendment No. 144
On page 21, line 14, of said bill, strike out "1,966,246", and insert "1,986,246".

Amendment No. 145
On page 21, line 21, of said bill, strike out "2,256,020", and insert "2,276,020".

Amendment No. 146
On page 21, line 25, of said bill, strike out "2,623,788", and insert "2,643,788".

Amendment No. 147
On page 21, line 36, of said bill, strike out "1,966,246", and insert "1,986,246".

Item 90
Amendment No. 148
On page 21, line 41, of said bill, strike out "1,696,762", and insert "1,698,262".

Amendment No. 149
On page 22, line 5, of said bill, strike out "1,797,702", and insert "1,799,202".

Amendment No. 150
On page 22, line 9, of said bill, strike out "2,220,532", and insert "2,222,032".

Amendment No. 151
On page 22, line 26, of said bill, strike out "1,696,762", and insert "1,698,262".

Item 91

Amendment No. 152

On page 22, line 28, of said bill, strike out "224,145", and insert "210,945".

Amendment No. 153

On page 22, line 40, of said bill, strike out "138,160", and insert "124,960".

Amendment No. 154

On page 22, line 43, of said bill, strike out "358,335", and insert "345,135".

Amendment No. 155

On page 23, line 9, of said bill, strike out "224,145", and insert "210,945".

Item 92

Amendment No. 156

On page 23, line 12, of said bill, strike out "283,089", and insert "281,226".

Amendment No. 157

On page 23, line 20, of said bill, strike out "8,868", and insert "7,005".

Amendment No. 158

On page 23, line 22, of said bill, strike out "319,064", and insert "317,201".

Amendment No. 159

On page 23, line 27, of said bill, strike out "283,089", and insert "281,226".

Item 95

Amendment No. 160

On page 23, line 34, of said bill, strike out "683,674", and insert "679,582".

Amendment No. 161

On page 23, line 40, of said bill, strike out "531,849", and insert "527,757".

Amendment No. 162

On page 23, line 44, of said bill, strike out "709,783", and insert "705,691".

Amendment No. 163

On page 23, line 50, of said bill, strike out "683,674", and insert "679,582".

Item 98

Amendment No. 164

On page 24, line 25, of said bill, strike out "294,830", and insert "294,480".

Amendment No. 165

On page 24, line 32, of said bill, strike out "138,730", and insert "138,380".

Amendment No. 166

On page 24, line 35, of said bill, strike out "300,395", and insert "300,045".

Amendment No. 167

On page 24, line 40, of said bill, strike out "294,830", and insert "294,480".

Item 99

Amendment No. 168

On page 24, line 43, of said bill, strike out "224,482", and insert "221,710".

Amendment No. 169

On page 25, line 6, of said bill, strike out "160,815", and insert "158,043".

Amendment No. 170

On page 25, line 10, of said bill, strike out "234,938", and insert "232,166".

Amendment No. 171

On page 25, line 16, of said bill, strike out "224,482", and insert "221,710".

Item 103.1

Amendment No. 172

On page 25, of said bill, after line 44, insert

"103.1—For research in methods of citrus orchard heating, University of California, exempt from Section 14 of this act---------- $28,000".

Item 103.2

Amendment No. 173

On page 25 of said bill, after line 44, insert

"103.2—For operation and maintenance of airport on Davis Campus, University of California, exempt from Section 14 of this act_____ $18,000".

Item 103.3

Amendment No. 174

On page 25 of said bill, after line 44, insert

"103.3—For research in arthritis and allied diseases, University of California, exempt from Section 14 of this act_____$100,000".

Item 103.4

Amendment No. 175

On page 25 of said bill, after line 44, insert

"103.4—For research in multiple sclerosis, University of California, exempt from Section 14 of this act_____ $10,000".

Item 106

Amendment No. 176

On page 26, line 12, of said bill, strike out "1,614,792", and insert "1,600,678".

Amendment No. 177

On page 26, line 18, of said bill, strike out "1,333,189", and insert "1,319,869".

Amendment No. 178

On page 26, line 20, of said bill, strike out "29,022", and insert "28,228".

Amendment No. 179

On page 26, line 22, of said bill, strike out "1,810,540", and insert "1,796,426".

Amendment No. 180

On page 26, line 33, of said bill, strike out "1,614,792", and insert "1,600,678".

Item 110

Amendment No. 181

On page 27, line 16, of said bill, strike out "121,982", and insert "120,067".

Item 113

Amendment No. 182

On page 27, line 43, of said bill, strike out "10,789,179", and insert "10,828,582".

Amendment No. 183

On page 28, line 3, of said bill, strike out "9,263,865", and insert "9,304,401".

Amendment No. 184

On page 28, line 5, of said bill, strike out "142,125", and insert "140,992".

Amendment No. 185

On page 28, line 7, of said bill, strike out "10,977,427", and insert "11,016,830".

Amendment No. 186

On page 28, line 16, of said bill, strike out "10,789,179", and insert "10,828,582".

Item 114

Amendment No. 187

On page 28, line 21, of said bill, strike out "668,455", and insert "660,397".

Amendment No. 188

On page 28, line 23, of said bill, strike out "453,114", and insert "448,134".

Amendment No. 189

On page 28, line 25, of said bill, strike out "15,719", and insert "12,641".

Amendment No. 190

On page 28, line 27, of said bill, strike out "668,455", and insert "660,397".

Item 116

Amendment No. 191

On page 28, line 39, of said bill, strike out "1,874,299", and insert "1,871,171".

Amendment No. 192

On page 28, line 48, of said bill, strike out "1,883,276", and insert "1,880,504".

Amendment No. 193

On page 28, line 50, of said bill, strike out "18,388", and insert "18,032".

Amendment No. 194

On page 28, line 52, of said bill, strike out "2,287,527", and insert "2,284,399".

Amendment No. 195

On page 29, line 10, of said bill, strike out "1,874,299", and insert "1,871,171".

Item 123

Amendment No. 196

On page 29, line 40, of said bill, strike out "1,835,897", and insert "1,802,097".

Item 132

Amendment No. 197

On page 30, line 45, of said bill, strike out "1,659,497", and insert "1,653,597".

Item 141

Amendment No. 198

On page 32, line 15, of said bill, strike out "37,429", and insert "33,894".

Amendment No. 199

On page 32 of said bill, strike out all of line 19.

Amendment No. 200

On page 32, line 21, of said bill, strike out "38,089", and insert "34,554".

Amendment No. 201

On page 32, line 23, of said bill, strike out "(d)", and insert "(c)".

Amendment No. 202

On page 32, line 25, of said bill, strike out "37,429", and insert "33,894".

Item 142

Amendment No. 203

On page 32, line 27, of said bill, strike out "2,481,207", and insert "2,530,532".

Amendment No. 204

On page 32, line 29, of said bill, strike out "2,107,770", and insert "2,147,364".

Amendment No. 205

On page 32, line 30, of said bill, strike out "332,620", and insert "350,400".

Amendment No. 206

On page 32, line 31, of said bill, strike out "40,817", and insert "32,768".

Amendment No. 207

On page 32, line 33, of said bill, strike out "2,481,207", and insert "2,530,532".

Item 145

Amendment No. 208

On page 33, line 7, of said bill, strike out "8,990,251", and insert "9,410,489".

Amendment No. 209

On page 33, line 9, of said bill, strike out "6,610,521", and insert "6,807,175".

Amendment No. 210

On page 33, line 10, of said bill, strike out "1,913,565", and insert "1,968,962".

Amendment No. 211

On page 33, line 11, of said bill, strike out "466,165", and insert "634,352".

Amendment No. 212

On page 33, line 13, of said bill, strike out "8,990,251", and insert "9,410,489".

Amendment No. 213

On page 33 of said bill, between lines 7 and 8, insert "provided, that no part of this appropriation shall be expended in payment for services of personnel assigned to enforce the provisions of the ordinances of any city and county, provided further, however, that this restriction shall not limit the authority of members of the California Highway Patrol to enforce any city or county ordinance as an incident to their assigned duties with respect to traffic law enforcement."

Item 146

Amendment No. 214

On page 33, line 19, of said bill, strike out "3,855,256", and insert "3,878,986".

Amendment No. 215

On page 33, line 25, of said bill, strike out "3,251,325", and insert "3,278,989".

Amendment No. 216

On page 33, line 26, of said bill, strike out "716,332", and insert "714,716".

Amendment No. 217

On page 33, line 27, of said bill, strike out "55,999", and insert "53,681".

Amendment No. 218

On page 33, line 29, of said bill, strike out "4,023,656", and insert "4,047,386".

Amendment No. 219

On page 33, line 37, of said bill, strike out "3,855,256", and insert "3,878,986".

Amendment No. 220

On page 33 of said bill, after line 37, insert "Provided that no funds appropriated from the General Fund by this item shall be expended for the approval or supervision of any program for which less than ten employees are indentured in the occupation, unless there are employees in the program receiving or who have received benefits under the Serviceman's Readjustment Act."

Item 148

Amendment No. 221

On page 33, line 43, of said bill, strike out "243,857", and insert "237,371".

Amendment No. 222

On page 33, line 45, of said bill, strike out "183,531", and insert "178,035".

Amendment No. 223

On page 33, line 46, of said bill, strike out "58,318", and insert "57,328".

Amendment No. 224

On page 33, line 49, of said bill, strike out "243,857", and insert "237,371".

Item 153

Amendment No. 225

On page 35, line 5, of said bill, strike out "513,595", and insert "515,495".

Amendment No. 226

On page 35, line 8, of said bill, strike out "155,435", and insert "155,935".

Amendment No. 227

On page 35, line 9, of said bill, strike out "4,840", and insert "6,240".

Amendment No. 228

On page 35, line 11, of said bill, strike out "513,595", and insert "515,495".

Item 155

Amendment No. 229

On page 35, line 24, of said bill, strike out "2,036,220", and insert "2,039,229".

Amendment No. 230

On page 35, line 33, of said bill, strike out "1,676,330", and insert "1,678,339".

Amendment No. 231

On page 35, line 34, of said bill, strike out "609,689", and insert "610,689".

Amendment No. 232

On page 35, line 35, of said bill, strike out "37,736", and insert "38,936".

Amendment No. 233

On page 35, line 37, of said bill, strike out "2,323,755", and insert "2,327,964".

Amendment No. 234

On page 35, line 43, of said bill, strike out "31,668", and insert "32,868".

Amendment No. 235

On page 35, line 48, of said bill, strike out "2,036,220", and insert "2,039,229".

Item 161

Amendment No. 236

On page 36, line 20, of said bill, strike out "1,143,783", and insert "1,133,783".

Amendment No. 237

On page 36, line 23, of said bill, strike out "223,690", and insert "213,690".

Amendment No. 238

On page 36, line 26, of said bill, strike out "1,143,783", and insert "1,133,783".

Item 167

Amendment No. 239

On page 37, line 24, of said bill, strike out "3,542,040", and insert "3,526,730".

Amendment No. 240

On page 37, line 30, of said bill, strike out "2,516,250", and insert "2,501,094".

Amendment No. 241

On page 37, line 32, of said bill, strike out "109,572", and insert "109,418".

Amendment No. 242

On page 37, line 34, of said bill, strike out "3,651,582", and insert "3,636,272".

Amendment No. 243

On page 37, line 39, of said bill, strike out "3,542,040", and insert "3,526,730".

Item 169

Amendment No. 244

On page 37, line 45, of said bill, strike out "4,072,927", and insert "4,059,983".

Amendment No. 245

On page 38, line 3, of said bill, strike out "2,914,135", and insert "2,901,499".

Amendment No. 246

On page 38, line 5, of said bill, strike out "118,417", and insert "118,109".

Amendment No. 247

On page 38, line 7, of said bill, strike out "4,215,007", and insert "4,202,063".

Amendment No. 248

On page 38, line 12, of said bill, strike out "4,072,927", and insert "4,059,983".

Item 170

Amendment No. 249

On page 38, line 14, of said bill, strike out "2,669,861", and insert "2,661,473".

Amendment No. 250

On page 38, line 19, of said bill, strike out "1,870,769", and insert "1,862,381".

Amendment No. 251

On page 38, line 23, of said bill, strike out "2,768,366", and insert "2,759,978".

Amendment No. 252

On page 38, line 27, of said bill, strike out "2,669,861", and insert "2,661,473".

Item 171

Amendment No. 253

On page 38, line 29, of said bill, strike out "2,392,440", and insert "2,386,452".

Amendment No. 254

On page 38, line 35, of said bill, strike out "1,756,716", and insert "1,750,728".

Amendment No. 255

On page 38, line 39, of said bill, strike out "2,495,961", and insert "2,489,973".

Amendment No. 256

On page 38, line 44, of said bill, strike out "2,392,440", and insert "2,386,452".

Item 172

Amendment No. 257

On page 38, line 46, of said bill, strike out "2,829,245", and insert "2,823,257".

Amendment No. 258

On page 39, line 3, of said bill, strike out "2,046,586", and insert "2,040,598".

Amendment No. 259

On page 39, line 7, of said bill, strike out "2,938,496", and insert "2,932,508".

Amendment No. 260

On page 39, line 11, of said bill, strike out "2,829,245", and insert "2,823,257".

Item 173

Amendment No. 261

On page 39, line 13, of said bill, strike out "3,588,402", and insert "3,564,488".

Amendment No. 262

On page 39, line 19, of said bill, strike out "2,613,661", and insert "2,589,901".

Amendment No. 263

On page 39, line 21, of said bill, strike out "97,505", and insert "97,351".

Amendment No. 264

On page 39, line 23, of said bill, strike out "3,711,282", and insert "3,687,368".

Amendment No. 265

On page 39, line 28, of said bill, strike out "3,588,402", and insert "3,564,488".

Item 174

Amendment No. 266

On page 39, line 30, of said bill, strike out "2,306,979", and insert "2,296,157".

Amendment No. 267

On page 39, line 36, of said bill, strike out "1,742,267", and insert "1,731,599".

Amendment No. 268

On page 39, line 38, of said bill, strike out "93,582", and insert "93,428".

Amendment No. 269

On page 39, line 40, of said bill, strike out "2,403,283", and insert "2,392,461".

Amendment No. 270

On page 39, line 45, of said bill, strike out "2,306,979", and insert "2,296,157".

Item 175

Amendment No. 271

On page 39, line 47, of said bill, strike out "3,386,257", and insert "3,377,869".

Amendment No. 272

On page 40, line 3, of said bill, strike out "2,517,407", and insert "2,509,019".

Amendment No. 273

On page 40, line 7, of said bill, strike out "3,486,930", and insert "3,478,542".

Amendment No. 274

On page 40, line 12, of said bill, strike out "3,386,257", and insert "3,377,869".

Item 176

Amendment No. 275

On page 40, line 14, of said bill, strike out "4,226,858", and insert "4,214,750".

Amendment No. 276

On page 40, line 20, of said bill, strike out "3,165,342", and insert "3,153,234".

Amendment No. 277

On page 40, line 24, of said bill, strike out "4,362,918", and insert "4,350,810".

Amendment No. 278

On page 40, line 29, of said bill, strike out "4,226,858", and insert "4,214,750".

Item 177

Amendment No. 279

On page 40, line 31, of said bill, strike out "2,045,846", and insert "2,036,138".

Amendment No. 280

On page 40, line 37, of said bill, strike out "1,483,923", and insert "1,474,215".

Amendment No. 281

On page 40, line 41, of said bill, strike out "2,113,086", and insert "2,103,378".

Amendment No. 282

On page 40, line 46, of said bill, strike out "2,045,846", and insert "2,036,138".

Item 178

Amendment No. 283

On page 40, line 48, of said bill, strike out "3,298,732", and insert "3,285,484".

Amendment No. 284

On page 41, line 3, of said bill, strike out "2,448,408", and insert "2,435,160".

Amendment No. 285

On page 41, line 7, of said bill, strike out "3,353,614", and insert "3,340,366".

Amendment No. 286

On page 41, line 13, of said bill, strike out "3,298,732", and insert "3,285,484".

Item 179

Amendment No. 287

On page 41 of said bill, after line 39, insert "The Director of Finance and the Legislative Auditor shall present to the Joint Legislative Budget Committee quarterly reports based on information supplied by the Adjutant General or otherwise on the expenditure of the funds appropriated by this item, and indicating the extent to which adequate and sound financial and accounting procedure have been established."

Item 181

Amendment No. 288

On page 42, line 6, of said bill, strike out "8,439,601", and insert "8,435,829".

Amendment No. 289

On page 42, line 11, of said bill, strike out "7,405,497", and insert "7,398,297".

Amendment No. 290

On page 42, line 12, of said bill, strike out "2,549,175", and insert "2,553,175".

Amendment No. 291

On page 42, line 13, of said bill, strike out "132,279", and insert "131,707".

Amendment No. 292

On page 42, line 15, of said bill, strike out "10,086,951", and insert "10,083,179".

Amendment No. 293

On page 42, line 25, of said bill, strike out "8,439,601", and insert "8,435,829".

Item 186

Amendment No. 294

On page 43, line 21, of said bill, strike out "1,762,201", and insert "1,750,314".

Amendment No. 295

On page 43, line 27, of said bill, strike out "579,801", and insert "567,914".

Amendment No. 296

On page 43, line 30, of said bill, strike out "2,156,707", and insert "2,144,820".

Amendment No. 297

On page 43, line 37, of said bill, strike out "336,006", and insert "324,119".

Amendment No. 298

On page 43, line 39, of said bill, strike out "1,762,201", and insert "1,750,314".

Item 187

Amendment No. 299

On page 44, line 3, of said bill, strike out "336,006", and insert "324,119".

Item 189

Amendment No. 300

On page 44 of said bill, strike out lines 41 through 52, inclusive.

Amendment No. 301

On page 45 of said bill, strike out lines 2 through 8, inclusive.

Item 190

Amendment No. 302

On page 45 of said bill, strike out lines 9 through 28, inclusive.

Item 191

Amendment No. 303

On page 45, line 34, of said bill, strike out "4,968,817", and insert "4,970,771".

Amendment No. 304

On page 45, line 39, of said bill, strike out "2,707,371", and insert "2,711,463".

Amendment No. 305

On page 45, line 40, of said bill, strike out "2,033,643", and insert "2,030,055".

Amendment No. 306

On page 45, line 41, of said bill, strike out "315,294", and insert "316,744".

Amendment No. 307

On page 45, line 43, of said bill, strike out "5,056,308", and insert "5,058,262".

Amendment No. 308

On page 45, line 49, of said bill, strike out "4,968,817", and insert "4,970,771".

Item 194

Amendment No. 309

On page 46, line 15, of said bill, strike out "7,648,686", and insert "7,631,684".

Amendment No. 310

On page 46, line 21, of said bill, strike out "5,823,370", and insert "5,809,366".

Amendment No. 311

On page 46, line 22, of said bill, strike out "2,586,809", and insert "2,584,961".

Amendment No. 312

On page 46, line 23, of said bill, strike out "628,000", and insert "626,850".

Amendment No. 313

On page 46, line 25, of said bill, strike out "9,038,179", and insert "9,021,177".

Amendment No. 314

On page 46, line 38, of said bill, strike out "7,648,686", and insert "7,631,684".

Item 197

Amendment No. 315

On page 47, line 23, of said bill, strike out "100,000", and insert "77,000".

Item 198

Amendment No. 316

On page 47, line 29, of said bill, strike out "30,000", and insert "24,000".

Item 202

Amendment No. 317

On page 47, line 49, of said bill, strike out "331,362", and insert "331,212".

Amendment No. 318

On page 48, line 4, of said bill, strike out "130,959", and insert "130,809".

Amendment No. 319

On page 48, line 7, of said bill, strike out "331,362", and insert "331,212".

Item 234

Amendment No. 320

On page 54, line 32, of said bill, strike out "140,747", and insert "138,647".

Amendment No. 321

On page 54, line 35, of said bill, strike out "60,400", and insert "58,300".

Amendment No. 322

On page 54, line 38, of said bill, strike out "140,747", and insert "138,647".

Item 235

Amendment No. 323

On page 54, line 43, of said bill, strike out "3,754,257", and insert "3,691,317".

Amendment No. 324

On page 55, line 9, of said bill, strike out "2,109,172", and insert "2,046,232".

Amendment No. 325

On page 55, line 14, of said bill, strike out "5,790,360", and insert "5,727,420".

Amendment No. 326

On page 55, line 37, of said bill, strike out "3,754,257", and insert "3,691,317".

Item 241

Amendment No. 327

On page 56, line 27, of said bill, strike out "1,512,713", and insert "1,510,193".

Amendment No. 328

On page 56, line 30, of said bill, strike out "212,145", and insert "209,625".

Amendment No. 329

On page 56, line 33, of said bill, strike out "1,512,713", and insert "1,510,193".

Item 242

Amendment No. 330

On page 56, line 38, of said bill, strike out "1,208,217", and insert "1,200,409".

Amendment No. 331

On page 56, line 40, of said bill, strike out "971,441", and insert "963,989".

Amendment No. 332

On page 56, line 42, of said bill, strike out "4,222", and insert "3,866".

Amendment No. 333

On page 56, line 44, of said bill, strike out "1,208,217", and insert "1,200,409".

Item 246

Amendment No. 334

On page 58, line 8, of said bill, strike out "350,348", and insert "349,798".

Amendment No. 335

On page 58, line 9, of said bill, strike out "38,388", and insert "38,938".

Item 253

Amendment No. 336

On page 59, line 24, of said bill, strike out "95,234", and insert "104,380".

Amendment No. 337

On page 59, line 26, of said bill, strike out "54,941", and insert "56,861".

Amendment No. 338

On page 59, line 27, of said bill, strike out "39,738", and insert "46,655".

Amendment No. 339

On page 59, line 28, of said bill, strike out "555", and insert "864".

Amendment No. 340

On page 59, line 30, of said bill, strike out "95,234", and insert "104,380".

Item 259

Amendment No. 341

On page 60, line 8, of said bill, strike out "1,501,227", and insert "1,500,314".

Amendment No. 342

On page 60, line 16, of said bill, strike out "1,690,259", and insert "1,689,110".

Amendment No. 343

On page 60, line 17, of said bill, strike out "548,025", and insert "547,817".

Amendment No. 344

On page 60, line 20, of said bill, strike out "155,221", and insert "155,129".

Amendment No. 345

On page 60, line 22, of said bill, strike out "2,400,003", and insert "2,398,554".

Amendment No. 346

On page 60, line 25, of said bill, strike out "883,776", and insert "883,240".

Amendment No. 347

On page 60, line 29, of said bill, strike out "1,501,227", and insert "1,500,314".

Item 259.1

Amendment No. 348

On page 60 of said bill, after line 29, insert

"259.1—The unexpended balance of the appropriation made by Item 261 of Section 2, Budget Act of 1949, or so much thereof as may be necessary, is hereby reappropriated to the Department of Finance for expenses in connection with liquidation and disposal of surplus equipment, leases and other property of the Department of Social Welfare acquired for the administration of Article XXV of the Constitution; provided that notwithstanding any other provisions of law the income from the disposal or subletting of any such property or leases are hereby appropriated in addition thereto."

Item 262

Amendment No. 349

On page 60, line 51, of said bill, strike out "245,894", and insert "244,574".

Amendment No. 350

On page 61, line 7, of said bill, strike out "47,300", and insert "45,980".

Amendment No. 351

On page 61, line 10, of said bill, strike out "253,394", and insert "252,074".

Amendment No. 352

On page 61, line 16, of said bill, strike out "245,894", and insert "244,574".

Item 264

Amendment No. 353

On page 61, line 24, of said bill, strike out "2,664,180", and insert "2,999,180".

Item 264.1

Amendment No. 354

On page 61, of said bill, after line 24, insert

"264.1—For educational assistance to veterans, Department of Veterans Affairs, in augmentation of Item 266, Chapter 700, Statutes of 1949, to be expended under the provisions of Article 2 of Chapter 6 of Division 4 of the Military and Veterans Code 333,000
Notwithstanding other provisions of this section, the amount made available by this item is available during the 1949-50 Fiscal Year."

Item 275

Amendment No. 355

On page 63 of said bill, strike out lines 33 to 35, inclusive.

Item 276

Amendment No. 356

On page 63, line 38, of said bill, strike out "55,554" and insert "103,655".

Amendment No. 357

On page 63, line 40, of said bill, strike out "7,037", and insert "31,482".

Amendment No. 358

On page 63 of said bill, strike out lines 43 to 52, inclusive, and insert

"(c) Department of Agriculture Fund	51
(d) Board of Cosmetology Contingent Fund	63
(e) Fish and Game Preservation Fund	4
(f) State Highway Fund	17,987
(g) State Lands Act Fund	5,351
(h) Motor Vehicle Fund	7,016
(i) Motor Vehicle License Tax Fund	6,155
(j) Motor Vehicle License Fee Fund	244
(k) Board of Nurse Examiners' Fund	69
(l) State Park Maintenance Fund	11
(m) Postwar Unemployment and Construction Fund	13,840
(n) Real Estate Fund	91
(o) Division of Architecture Revolving Fund	501
(p) Estates of Deceased Persons Fund	222
(q) San Francisco Harbor Improvement Fund	2,060
(r) Unemployment Fund	15
(s) Unemployment Administration Fund	17,990".

Amendment No. 359

On page 64 of said bill, strike out lines 2 to 7, inclusive.

Amendment No. 360

On page 64, line 9, of said bill, strike out "55,554", and insert "103,655".

Item 278

Amendment No. 361

On page 64, line 48, of said bill, strike out "667,500", and insert "600,000".

Item 284

Amendment No. 362

On page 66, line 26, of said bill, strike out "15,090", and insert "14,090".

Item 291

Amendment No. 363

On page 67, line 8, of said bill, strike out "50,040", and insert "28,340".

Item 294

Amendment No. 364

On page 67, line 21, of said bill, strike out "67,180", and insert "60,280".

Item 298

Amendment No. 365

On page 67, line 41, of said bill, strike out "133,000", and insert "101,000".

Item 300

Amendment No. 366

On page 67, line 50, of said bill, strike out "33,525", and insert "31,175".

Item 308

Amendment No. 367

On page 68, line 31, of said bill, strike out "32,900", and insert "32,300".

Item 311

Amendment No. 368

On page 68, line 44, of said bill, strike out "21,000", and insert "17,000".

Item 316

Amendment No. 369

On page 69, line 14, of said bill, strike out "44,700", and insert "38,700".

Item 334

Amendment No. 370

On page 70 of said bill, strike out lines 41 to 45, inclusive.

Item 338

Amendment No. 371

On page 71, line 12, of said bill, strike out "110,300", and insert "105,300".

Item 362.2

Amendment No. 372

On page 73 of said bill, after line 21, insert

"362.2—For acquisition of real property and/or major construction, improvements and equipment for the Medical School in connection with research in arthritis and allied diseases, University of California, exempt from Section 14 of this act..... 100,000".

Item 364

Amendment No. 373

On page 73 of said bill, strike out lines 25 to 27, inclusive.

Item 366

Amendment No. 374

On page 73 of said bill, strike out lines 33 to 35, inclusive.

Item 371

Amendment No. 375

On page 74, line 12, of said bill, strike out "112,500", and insert "105,032".

Item 374

Amendment No. 376

On page 74, line 23, of said bill, strike out "544,947", and insert "652,947".

Item 377

Amendment No. 377

On page 74 of said bill, strike out lines 32 to 35, inclusive.

Item 378

Amendment No. 378

On page 74 of said bill, strike out lines 36 to 39, inclusive.

Item 379

Amendment No. 379

On page 74, line 43, of said bill, strike out "50,800", and insert "50,000".

Item 380

Amendment No. 380

On page 74, line 45, of said bill, strike out "419,795", and insert "311,795".

Item 384

Amendment No. 381

On page 75, line 11, of said bill, strike out "160,000", and insert "159,412".

Item 387
Amendment No. 382
On page 75, line 23, of said bill, strike out "120,000", and insert "118,000".

Item 388
Amendment No. 383
On page 75, line 27, of said bill, strike out "750,000", and insert "741,150".

Item 389
Amendment No. 384
On page 75, line 31, of said bill, strike out "300,000", and insert "294,060".

Item 392
Amendment No. 385
On page 75 of said bill, strike out lines 36 to 39, inclusive.

Item 393
Amendment No. 386
On page 75, line 43, of said bill, strike out "122,000", and insert "121,148".

Item 397
Amendment No. 387
On page 76, line 5, of said bill, strike out "600,000", and insert "573,159".

Item 398
Amendment No. 388
On page 76, line 10, of said bill, strike out "66,900", and insert "33,051".

Item 399
Amendment No. 389
On page 76, line 15, of said bill, strike out "33,750", and insert "24,900".

Item 400
Amendment No. 390
On page 76, line 19, of said bill, strike out "225,000", and insert "157,510".

Item 401
Amendment No. 391
On page 76, line 24, of said bill, strike out "13,500", and insert "6,500".

Item 402
Amendment No. 392
On page 76, line 28, of said bill, strike out "211,000", and insert "151,000".

Item 409
Amendment No. 393
On page 77, line 3, of said bill, strike out "1,267,400", and insert "1,220,755".

Item 411
Amendment No. 394
On page 77, line 10, of said bill, strike out "258,812", and insert "242,712".

Item 414
Amendment No. 395
On page 77, line 21, of said bill, strike out "45,000", and insert "41,500."

Item 415
Amendment No. 396
On page 77 of said bill, strike out lines 22 to 25, inclusive.

Item 418
Amendment No. 397
On page 77, line 35, of said bill, strike out "31,800", and insert "30,150".

Item 423
Amendment No. 398
On page 77, line 52, of said bill, strike out "503,000", and insert "496,093".

Item 433

Amendment No. 399

On page 78, line 35, of said bill, strike out "1,782,800", and insert "1,742,045".

Item 434

Amendment No. 400

On page 78, line 39, of said bill, strike out "405,700", and insert "394,445".

Item 435

Amendment No. 401

On page 78, line 43, of said bill, strike out "950,000", and insert "914,568".

Item 437

Amendment No. 402

On page 78 of said bill, strike out lines 48 to 51, inclusive.

Item 439

Amendment No. 403

On page 79 of said bill, strike out lines 4 to 31, inclusive, and insert

"439—For major construction, improvements and equipment of armories, Adjutant General and California National Guard, payable from the Postwar Employment Reserve 1,394,500
in accordance with the following Schedule A showing the locations of the armories and the maximum amount which may be allocated to each:

Schedule A

Alhambra	297,500
Bakersfield	174,000
Calexico	94,000
Concord	94,000
Glendale	297,500
Los Angeles	325,000
Vallejo	112,500

provided that to the extent that the Public Works Board determines funds to be available after making allocations for all armories in Schedule A, this item may be expended for construction and equipment of armories at any one or more of the locations shown in the following Schedule B and for not to exceed the amount shown for each.

Schedule B

Yreka	94,000
Fairfax	94,000
Monterey	94,000
Gardena	94,000".

Item 456

Amendment No. 404

On page 82, line 19, of said bill, strike out "210,240", and insert "198,100".

Item 457

Amendment No. 405

On page 82, line 38, of said bill, strike out "250,000", and insert "100,000".

Item 465

Amendment No. 406

On page 84, line 16, of said bill, after "Center", insert "and auditorium".

Item 466

Amendment No. 407

On page 84, line 20, of said bill, strike out "Recreation Center (partial cost)" and insert "(partial cost), Recreation Center and auditorium".

Item 468

Amendment No. 408

On page 84, line 28, of said bill, after "equipment", insert "(partial cost), Recreation Center and".

Item 473

Amendment No. 409

On page 84, line 52, of said bill, strike out "213,400", and insert "193,204".

Item 476

Amendment No. 410

On page 85, line 13, of said bill, strike out "59,100", and insert "54,100".

Item 483

Amendment No. 411

On page 85, line 40, of said bill, strike out "2,696,848", and insert "2,706,848".

Amendment No. 412

On page 85, line 46, of said bill, strike out "41,293", and insert "49,965".

Amendment No. 413

On page 85, line 47, of said bill, strike out "2,660,919", and insert "2,662,247".

Amendment No. 414

On page 85, line 50, of said bill, strike out "2,703,848", and insert "2,713,848".

Amendment No. 415

On page 86, line 6, of said bill, strike out "2,696,848", and insert "2,706,848".

Item 493

Amendment No. 416

On page 87, line 51, of said bill, strike out "926,200", and insert "759,000".

Item 494

Amendment No. 417

On page 88, line 22, of said bill, strike out "831,300", and insert "856,900".

Item 497

Amendment No. 418

On page 89, line 4, of said bill, strike out "571,000", and insert "921,000".

Item 502.1

Amendment No. 419

On page 90 of said bill, after line 12, insert

"502.1—For additional support of the Department of Employment, payable from the Department of Employment Contingent Fund, and in addition thereto any grants made available by the Federal Government, provided that all or any portion of this appropriation may be transferred to the Unemployment Administration Fund upon executive order of the Director of Finance..... 55,582".

Amendment No. 420

On page 92 of said bill, between lines 10 and 11, insert

"SEC. 3.4. All unexpended balances of amounts appropriated in the Budget Act of 1949 for construction and equipment of armories are hereby reappropriated to be expended in accordance with the following list, to wit:

Anaheim-Fullerton
Barstow
Brawley
Banning-Beaumont
El Monte-Rosemead
Escondido-San Marcos
Fairfax-San Rafael
San Anselmo
Fontana-Rialto
Gardena
Indio-Coachella
Monterey-Seaside
Pacific Grove
Marysville
Menlo Park-Palo Alto
Mountain View
Norwalk-Downey
Ukiah
Ventura
Victorville
Oakdale-Riverbank
Paso Robles
Red Bluff
Riverside
Sacramento
San Bruno-Milbrae
Santa Ana
Santa Clara
San Diego
San Diego (6th Engineers)
Santa Cruz
Santa Monica
Sierra Madre
Susanville-Westwood
Torrance-Lomita
Tulare
Walnut Creek-Lafayette
Watsonville
Yreka

Amendment No. 421

On page 96 of said bill, after line 42, insert

"17 1. None of the money appropriated by this act or for an expenditure which is supplemented from money appropriated by this act shall be used to purchase furnishings for any house or apartment of three or more rooms other than a dormitory which is rented to a state employee except for a superintendent of an institution, warden of a prison, or physicians. This provision shall not apply to the purchase of refrigerators, heaters, air conditioning equipment, stoves, linoleum, or equipment normally furnished in construction of the house as may be determined by the Board of Control. Any such funds that are appropriated by this act for this purpose shall be held intact and be reverted to the fund from which they were appropriated. It is the intent of the Legislature that no money shall be appropriated henceforth for the purpose of house furnishings Such furnishings are not to be provided by the State nor shall any money be paid from this appropriation for their replacement, repair or otherwise except in connection with the disposal of the same.

17 2 None of the money appropriated by this act or for an expenditure which is supplemented for money appropriated by this act shall be used to furnish rugs or carpets for any state office except those provided for the constitutional officers or the heads of departments Any funds that are appropriated by this act for this purpose as is shown in the document entitled 'State of California Budget for the Fiscal Year July 1, 1950 to June 30, 1951' submitted by the Governor to the Legislature at the 1950 Regular Session for such purchases, shall be held intact by the Director of Finance for the reversion to funds from which appropriated. Report shall be made to the Legislature of the 1951 Session as to the amount of savings that have been accumulated from this source.

17 3. No money appropriated by this act shall be used to pay the salary of any authorized state position, which position was vacant and had been vacant or continuously unfilled during the period between October 15, 1949 and July 1, 1950, except with the specific approval of the Director of Finance subsequent to July 1, 1950.

The Director of Finance shall present to the Joint Legislative Budget Committee, assembled in meeting, a report of all authorizations to fill vacant positions pursuant to this section during the proceeding quarter and all positions abolished."

Amendments read, and adopted.

Bill ordered reprinted, and engrossed.

Request for Unanimous Consent That Amendment Clerk Be Instructed to Make Technical Changes

Mr. Silliman asked for, and was granted, unanimous consent that the Amending Clerk be instructed to make technical changes in above amendments, if changes are needed, for the purpose of putting amendments in order.

REPORTS OF STANDING COMMITTEES

Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, March 16, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Joint Resolution No. 2

And reports the same correctly engrossed.

HUYCK, Chairman

Above reported resolution ordered re-referred to the Committee on Rules.

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

The following resolution was offered:

Assembly Joint Resolution No. 7: By Messrs. Gaffney and George D. Collins—Relative to memorializing the Congress of the United States to modify the federal luxury tax.

Referred to Committee on Rules.

REPORTS OF STANDING COMMITTEES

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, March 16, 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.

ASSEMBLY CHAMBER, SACRAMENTO, March 16, 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

Above reported resolution ordered on file for adoption.

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

The following bill was introduced, and read the first time:

Assembly Bill No. 2: By Messrs. Sherwin and Butters—An act to add Section 11004.5 to the Revenue and Taxation Code and Section 139.44 to the Vehicle Code relating to the service of warrants by members of the California Highway Patrol and the payment of the expense thereof from the Motor Vehicle License Fee Fund.

Referred to Committee on Revenue and Taxation.

APPOINTMENT OF SELECT COMMITTEE

Speaker Sam L. Collins announced the appointment of Mr. Stewart as a Select Committee to escort to the rostrum Mr. Lewis Gough, State Commander of the American Legion.

RECESS

At 10.49 a m., on motion of Mr. Dickey, the Assembly recessed until 10.54 a.m. to hear remarks from Mr. Lewis Gough, State Commander of the American Legion.

REASSEMBLED

At 10.54 a.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, March 16, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Assembly Concurrent Resolution No. 5
Assembly Joint Resolution No. 1

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

Above resolutions ordered enrolled.

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

The following resolution was offered:

Assembly Joint Resolution No. 8: By Messrs. Erwin and McCarthy —Relative to location of the Air Force Academy in California.

Referred to Committee on Rules

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 16, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Joint Resolution No. 2

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 Joint Resolution No. 2—Relative to memorializing the Congress of the United States in relation to the Taylor Grazing Lands.

Referred to Committee on Rules.

ANNOUNCEMENT OF RESIGNATION FROM STANDING COMMITTEE

Speaker Sam L. Collins announced the resignation of Mr. McCarthy from the Standing Committee on Education.

APPOINTMENT OF MEMBER TO STANDING COMMITTEE

Speaker Sam L. Collins announced the appointment of Mr. Moss to membership on the Standing Committee on Education, vice Mr. McCarthy, resigned.

REPORTS OF STANDING COMMITTEES

Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, March 16, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Concurrent Resolution No. 6

And reports the same correctly engrossed.

HUYCK, Chairman

Above resolution ordered on file for adoption.

ASSEMBLY CHAMBER, SACRAMENTO, March 16, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Concurrent Resolution No. 2—Relative to the selection of the Legislative Counsel of California;

Assembly Concurrent Resolution No. 3—Relating to the memory of W. A. (Archie) Wells;

Assembly Concurrent Resolution No. 4—Relating to the passing of the Most Reverend James T. O'Dowd, Auxiliary Bishop of San Francisco;

And reports that the same have been correctly enrolled, and presented to the Secretary of State on the sixteenth day of March, 1950, at 11 a.m.

HUYCK, Chairman

GUESTS EXTENDED COURTESIES OF ASSEMBLY

On request of Speaker Sam L. Collins and Messrs. Levering and Conrad, the usual courtesies of the Assembly for this day were unanimously extended to Mesdames J. Henry Orme, Justus A. Kirby, Rea

Proctor McGee, Estelle B. Balch, Lee Vaughan, Frank Cunningham, Elda R. Troth, Doris L. Olmsted, Anna B. Chambers, Helen Courtois, Miss Margaret Keily and Messrs. Arthur E. Case, Myron C. Fagan, and D. B. Troth of Los Angeles.

On request of Speaker Sam L. Collins and Messrs. Levering and Conrad, the usual courtesies of the Assembly for this day were unanimously extended to Mrs Ethel Gillett Whitehorn of Palm Springs, Mrs. Ada Flynn and Mrs. Ernest M. Funk of Huntington Park, Mrs. Ruby Iverson of Alameda, and Mrs. Lena H. Reynolds of Berkeley.

On request of Mr. Fleury, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Marion Mansfield of Sacramento.

On request of Messrs Thompson and Kirkwood, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Ruth Ryder, teacher, and the following members of Wilson Intercultural School, Department of Adult Education, of San Jose: Mrs. Margaret Aucutt, Mrs. Lucia Caruso, Mrs. Lucy D'Amico, Mrs. Frances Di Fiore, Mrs. Frieda Donati, Mrs. Mary Ennes, Mrs. Dora Esparza, Mrs. Teresa Esparza, Mrs. Mary Fonseca, Mrs Clara Friedlander, Mrs. Micaela Guerrero, Mrs. Esther Kowes, Mrs. Guadalupe Medina, Mrs. Virginia Mijares, Mrs Jennie Mirabito, Mrs. Amalia Nunez, Mrs. Mary Oliveira, Mrs. Pierina Pedretti, Mrs Josephine Russo, Mrs. Teresa Saracino, Mrs. Rella Schramm, Mrs. Rose Slatkin, Mrs. Clara Slavich, Frank Aucutt, Dan Dushkovich, Tony La Rosa, Hichiro Masuda, Ercole Pecorelli, George Pio, Azie Samara, Mike Tanda, Albert Weil, Mrs. Frances Trimillos, Mrs Lucia Argento, Miss Mary Ennes, Woodrow Latta, and Otto Petersen.

On request of Mr Stewart, the usual courtesies of the Assembly for this day were unanimously extended to Louis Gough, State Commander of the American Legion and Max Calwell of Pasadena.

ADJOURNMENT

At 10.59 a.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Friday, March 17, 1950.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

NINTH LEGISLATIVE DAY

TWELFTH CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Friday, March 17, 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, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Crichton, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCollister, McMillan, Meyers, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—70.

Quorum present.

PRAYER

The following prayer was offered by the Chaplain, Dr. Torrance Phelps:

Almighty God: In this age of doubt and uncertainty may we see the evidence of Thy presence in the sky above and the world about us;

In the universal principle that organizes the stars into constellations and upholds them in their vast orbits;

In the spectacle of universal law and order that pervades all nature from distant nebula to the flowers of the earth;

In the urge for truth and peace that has enlightened history, and in the warm desires of good-will within us, and our desire to advance the public good;

Above all, in the mystic feelings of harmony that breathe from the silence when the rush of the world is still.—AMEN.

READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Price, 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. Cooke, on motion of Mr. Reagan.

Mr. Clarke, on motion of Mr. Crichton.

Mr. McCarthy, on motion of Mr. Hoffman.

The following members were granted leaves of absence for the day, because of legislative business elsewhere:

Mr. Fletcher, on motion of Mr. Thomas.

Mr. Babbage, on motion of Mr. Collier.

Mr Hinckley, on motion of Mr. Collier.

Mr. Sherwin, on motion of Mr. Maloney.

Mr. Morris, on motion of Mr. Stanley.

Mr. Silliman, on motion of Mr. Kirkwood.

COMMUNICATIONS

By Speaker Sam L Collins:

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

UNITED IRISH SOCIETIES OF SAN FRANCISCO
1950 ST PATRICK'S DAY CONVENTION
SAN FRANCISCO, CALIFORNIA, March 16, 1950

Hon. Sam L. Collins
Speaker of the Assembly
Sacramento, California

DEAR MR. COLLINS: On behalf of the United Irish Societies of San Francisco I hereby extend a cordial invitation to you, and through you to your colleagues in the State Assembly to participate with us in our annual Saint Patrick's Day Grand Ball at the Civic Auditorium on Saturday evening, March 18th; parade on Sunday afternoon, March 19th; banquet on Sunday evening, March 19th, at the Palace Hotel.

For further information you may consult Assemblyman Thomas A. Maloney, Assemblyman Edward Gaffney or Assemblyman Charles W. Meyers.

Hoping that you can be with us, I remain,

Very sincerely yours,

CORNELIUS LYNCH, President
United Irish Societies of San Francisco

ANNOUNCEMENTS

Mr. Maloney, referring to the above printed communication, announced a cordial invitation, on behalf of the San Francisco Delegation, to all members to attend the forthcoming celebration of the United Irish Societies of San Francisco; and urged all members to participate in the Saint Patrick's Day parade in San Francisco at 2 p.m., on next Sunday.

Speaker Sam L. Collins announced the appointment of Mr. Fred B. Wood, Legislative Counsel, as a Justice of the First District of the Court of Appeal, by appointment of Governor Earl Warren; and expressed regret that the Legislature is losing such an able public servant.

COMMUNICATIONS

By Speaker Sam L. Collins:

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

PROPERTY OWNERS ASSOCIATION OF CALIFORNIA, INC.
LOS ANGELES, CALIFORNIA, March 17, 1950

Hon. Sam L. Collins
Speaker of the Assembly
Sacramento, California

DEAR MR. COLLINS: Will you please deliver the following message to the Members of the Assembly:

THAT NO NEW OR ADDITIONAL TAXES OF ANY KIND OR ANY AMOUNT ON ANYTHING BE IMPOSED BY THE LEGISLATURE OF THE STATE OF CALIFORNIA.

The Legislature increased various taxes in 1949 to meet the additional cost of aid to the needy aged and blind, occasioned by the passage of Proposition 4. By the subsequent passage of Proposition 2, the State has been relieved of a substantial amount of that additional cost of which some was wiped out entirely and some transferred to the counties.

The Legislature should now pass laws to reduce the increased taxes by an amount equivalent to that which the State is relieved by Proposition 2. If it is not disposed to pass laws making such reduction, and insists on continuing to collect the increased taxes, it should at least pass a law to subvent to the counties a sum sufficient to cover the additional cost to which they will be put in carrying out the provisions of Proposition 2.

This is the demand of the thousands of home-owning members of the Property Owners Association of California, as well as that of additional thousands of home-owning followers and supporters. There has been much publicity given to the fact that the State Budget for 1950-51 has been considerably reduced, but nothing is said about reducing taxes, even by the amount of the reduction shown in the budget.

It is also stated that the budget requires no additional taxes, but as a matter of fact, due to the relief the State will get under Proposition 2, through a transfer of a portion of this cost to the counties, every property-owning taxpayer in every county in the State will have his tax bill substantially increased this fall unless the Legislature takes appropriate action.

In order that our position may be known to all Members of the Legislature it is requested that this letter be printed in the Journal.

Respectfully yours,

WM A. PIXLEY, Chairman
Board of Directors

By Speaker Sam L. Collins:

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

CALIFORNIA LEGISLATURE
SENATE INTERIM COMMITTEE ON SOCIAL WELFARE
SACRAMENTO, CALIFORNIA, March 14, 1950

To the Honorable Sam L. Collins, Speaker of the Assembly, and Members of the Assembly, California Legislature

GENTLEMEN: Many communications have been received by your Senate Interim Committee on Social Welfare regarding the present monthly payments of $85 for aid to the needy blind, and $75 for old age security.

Attached herewith is a copy of a resolution passed by said committee in answer to inquiries regarding this matter, and we ask that said resolution be printed in the Journal.

FRED WEYBRET, Chairman.

CALIFORNIA LEGISLATURE
SENATE INTERIM COMMITTEE ON SOCIAL WELFARE
SACRAMENTO, CALIFORNIA, March 14, 1950

The Senate Interim Committee on Social Welfare, created by S. R 162, at a committee meeting on March 8, 1950, adopted unanimously the following resolution:

After due consideration, deliberation and investigation, the committee recommends that the 1950 Special Session of the Legislature make no change

in the $85 monthly payment of aid to the needy blind, or the $75 monthly payment of old age security, as approved by a vote of the people on Proposition No 2 at the special election on November 8, 1949.

The chairman of the committee is instructed to forward a copy of this resolution to the Secretary of the Senate and the Clerk of the Assembly.

FRED WEYBRET, Chairman
CLYDE A. WATSON, Vice Chairman
W. P. RICH
CHARLES BROWN
H. E. DILLINGER

RECESS

At 10.14 a.m., on motion of Mr. Dickey, the Assembly recessed until 10 35 a.m.

REASSEMBLED

At 10.35 a.m., the Assembly reconvened.

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

Chief Clerk Arthur A. Ohnimus at the desk.

REQUEST FOR UNANIMOUS CONSENT THAT REPORT BE PRINTED IN THE JOURNAL

Mr. Geddes asked for, and was granted, unanimous consent that a Preliminary Report on Workmen's Compensation Insurance, by the Assembly Interim Committee on Finance and Insurance, be ordered printed in the Journal for Tuesday, March 21st, in 10-point type.

REQUEST FOR UNANIMOUS CONSENT THAT REPORT BE PRINTED AS A SEPARATE DOCUMENT, AND THAT 500 COPIES BE PRINTED

Mr Geddes asked for, and was granted, unanimous consent that the Preliminary Report on Workmen's Compensation Insurance, to be printed in the Assembly Journal on Tuesday, March 21st, be printed as a separate document, and that 500 copies be printed. .

RESOLUTIONS

The following resolution was offered:

By Mr. Waters:

House Resolution No. 24

Relative to the compilation and publication of a history of the Great Seal of the State of California

Resolved by the Assembly of the State of California, As follows:

1 That the Chief Clerk of the Assembly is instructed to cause to be printed as a public document, for distribution without charge to schools, libraries, study clubs, interested citizens and organizations, not to exceed 25,000 copies of the history of the Great Seal of the State of California and interesting statistical and historical facts relating thereto, compiled by the Secretary of State

2 That copies of said history be mailed to all Members of the Legislature.

3 The sum of one thousand two hundred dollars ($1,200) is hereby made available from the Contingent Fund of the Assembly, for the payment of the cost of publication and distribution of said history.

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

INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS

The following bill was introduced, and read the first time:

Assembly Bill No. 3: By Messrs. Butters, Erwin, Weber, Lindsay, Brown, Burke, Cooke, Hansen, Hoffman, Lowrey, Silliman, and Thompson—An act to amend Sections 916.1 and 917.3 of the Agricultural Code, relating to fees for testing, examining, and certifying seeds.

Referred to Committee on Agriculture.

RESOLUTIONS

The following resolution was offered:

By Messrs. Davis, Moss, Fleury, and Lowrey:

House Resolution No. 25—Relative to Mrs. Helena Jessie Stephenson.

Resolution read.

Request for Unanimous Consent That All Members Present Be Placed Upon House Resolution No. 25 As Co-Authors

Mr. Davis asked for, and was granted, unanimous consent that the names of all members present be placed upon House Resolution No. 25, as co-authors.

By Messrs. Davis, Moss, Fleury, Lowrey, Anderson, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Cloyed, Coats, Collier, George D. Collins, Sam L. Collins, Condon, Connolly, Conrad, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Luckel, Maloney, McCollister, McMillan, Meyers, Mrs. Niehouse, Messrs. Porter, Price, Reagan, Rosenthal, Rumford, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty:

House Resolution No. 25

Relative to Mrs. Helena Jessie Stephenson

WHEREAS, At the age of 76 years, Mrs. Helena Jessie Stephenson, on March 14, 1950 passed forever from this life; and

WHEREAS, She had lived all of those years in Sacramento County, and at the time of her death was a resident of Elk Grove, California, where she was a member of the Daughters of the Nile, the Royal Neighbors of America, and a 50-year member of the Order of Eastern Star; and

WHEREAS, Mrs. Helena Jessie Stephenson was the mother of Dwight H. Stephenson, a former Member of this Assembly where he was held in high esteem by his friends and associates; now, therefore, be it

Resolved by the Assembly of the State of California, That the Members of this Assembly extend to Dwight H Stephenson heartfelt sympathy in the loss of his beloved mother, and convey to him expressions of warm regard and esteem, and be it further

Resolved, That when this Assembly this day adjourns it do so out of respect to the memory of Mrs. Helena Jessie Stephenson; and be it further

Resolved, That the Chief Clerk of the Assembly transmit a suitable copy of this resolution to former Assemblyman Dwight H. Stephenson.

Request for Unanimous Consent

Mr. Davis asked for, and was granted, unanimous consent to take up House Resolution No. 25, at this time, without reference to committee or file.

Resolution read, and adopted unanimously.

REQUEST FOR UNANIMOUS CONSENT THAT OPINION BE PRINTED IN THE JOURNAL

Mr. Butters asked for, and was granted, unanimous consent that the following opinion of the Legislative Counsel, relative to amending the Seed Law, be ordered printed in the Journal, in 10-point type:

OPINION OF LEGISLATIVE COUNSEL

(COPY)

STATE OF CALIFORNIA, OFFICE OF LEGISLATIVE COUNSEL
SACRAMENTO 2, CALIFORNIA, March 13, 1950

Hon. A. A. Brock, Director of Agriculture
State Office Building No 1, Sacramento, California

ATTENTION: MR. W. C. JACOBSEN, Assistant to the Director

Bill Amending Seed Law and Amendments to Budget Bill—No. 1205

DEAR MR. BROCK: Pursuant to your request we have prepared for use at the current Budget Session:

1. A bill amending Sections 916.1 and 917.3 of the Agricultural Code, relating to fees collected for examining, testing and other services in connection with the certification of agricultural and vegetable seeds and providing that such fees shall be paid into the Department of Agriculture Fund, rather than General Fund. The bill limits the appropriation from the special fund to that made in the Budget Bill.

2. Amendments to the Budget Bill (S B. 1) which will reduce the General Fund appropriation to the Department of Agriculture by $6,500, add a new item appropriating $13,530 from the Department of Agriculture Fund for the seed testing and certification service, and provide that all or any of that $13,530 may be used as a revolving fund for the service during the 1950-1951 Fiscal Year.

The purpose of the foregoing is to put the seed testing and certification service on a "self-supporting" basis. You have informed us that as a result of eliminating a number of free tests and examinations which are now permitted it is estimated that the revenue under the Agricultural Code provisions will increase from the presently estimated $6,500 to an estimated $15,000 for the 1950-1951 Fiscal Year. This is $1,470 in excess of the $13,530 budgeted. Since the amount budgeted includes $880 for equipment the estimated $15,000 in revenue will exceed by $2,350 the actual cost of operations (salaries and wages plus operating expenses).

You have also informed us that the work of the seed testing and certification service is subject to wide seasonal variations in volume. The seeds are harvested and warehoused in the autumn and their marketing becomes active some time about December. The certification work rapidly builds up to its maximum volume and, as the marketing is completed, tapers off during the spring and summer months. Because of this it is necessary to have a revolving fund so that preparations may be made for handling the work prior to the time the revenue for the work is actually received.

Question

You have requested our opinion as to the constitutionality, operation and effect of the proposed legislation in general and have also asked a series of specific questions

Opinion

In our opinion, while the proposed legislation presents a number of constitutional questions, all such questions should be answered in favor of the validity of the proposed legislation.

Analysis

The bases for our opinion will appear in our discussion of your specific questions which we will answer in series.

Question: May the bill amending the Agricultural Code sections be considered at the Budget Session?

Opinion: In our opinion it can be considered.

Analysis: Section 2 of Article IV of the Constitution provides that at a budget session the Legislature may consider only the Budget Bill for the ensuing fiscal year, revenue acts necessary therefor, the approval or rejection of charters and charter amendments, and acts necessary to provide for the expenses of the session.

The bill amends Section 916 1 and 917.3 of the Agricultural Code. In the amendment to Section 916.1 the Director of Agriculture is required to fix the fees referred to in that section, wherein it is now permissive that he fix such fees. In the amendment to Section 917.3 the provision that the director may designate the classes of tests and services that shall be performed without charge, and fix a schedule of fees for tests and services other than the free ones, is deleted. Provision is added that the director shall fix a schedule of fees for all tests, examinations, and services, excepting only those required for enforcement and quarantine services and examinations for the purpose of identifying seeds In both sections the amendments provide for the deposit of the fees in the Department of Agriculture Fund, instead of the General Fund. Section 3 of the bill provides that the revenue under both sections shall be made available for expenditure in 1950-1951 only as provided in the Budget Act.

We think that the bill is obviously a "revenue act" because it affects only the fees collected by the State and the handling thereof. The question is whether or not it is "necessary for the budget for the ensuing fiscal year." We think the bill is "necessary" within the meaning of the constitutional provision involved. There is a direct connection between the bill and the Budget Bill amendments and the latter would not be workable without the bill.

Question: May the Agricultural Code sections be amended permanently at the budget session or should the change be made operative only for the ensuing fiscal year?

Opinion: In our opinion the amendments may be made to the permanent sections and the changes so made will continue in effect after the 1950-1951 Fiscal Year.

Analysis: Under Section 2 of Article IV the Legislature at a budget session may consider "the Budget Bill for the ensuing fiscal year" and "revenue acts necessary therefor." The latter phrase is descriptive of the nature of the measures that may be considered. Unless the measure

meets the description, the Legislature may not consider the measure at all. If it does meet the description, the power to legislate upon the subject matter is not restricted. In other words, the limitation is upon what the Legislature may consider, and not upon the extent of the power to legislate upon matters eligible for consideration.

Question: The bill does not show on its face that it will produce more revenue, less revenue, or the same amount of revenue. Is it necessary that the bill show the actual amount of revenue involved?

Opinion: In our opinion the amount of revenue affected does not have to be specified in the bill.

Analysis: We think that it is immaterial that the bill disclose the actual effect on the revenue. Even in the absence of any anticipated change in the receipts we believe that the Legislature could change the basis on which the revenue is collected and the handling of it. For example, the bill would relieve the Director of Agriculture of the task of establishing the "free list" and of determining what services should be rendered free and what ones should be charged for. Thus, even if the collections remained the same the administrative expenses involved would be different and the net revenue would be affected.

Question: Is it necessary to restrict the availability of this revenue for the 1950-1951 Fiscal Year to the amounts appropriated by the Budget Bill, as is done in Section 3 of the bill?

Opinion: This may not be strictly necessary but it will avoid a question upon which we are not prepared to give an unqualified answer at this time.

Analysis: Section 2 of Article IV of the Constitution provides that the Legislature may consider only the Budget Bill for the ensuing fiscal year, revenue acts necessary therefor, charters, and acts providing for session expenses.

This apparently excludes ordinary appropriation bills, other than the Budget Bill and acts providing for session expenses.

The effect of placing the revenue provided by the bill in the Department of Agriculture Fund would be that, by virtue of Section 26 of the Agricultural Code, it would be continuously appropriated to carry out the article of the code in which the sections amended by the bill appear. Thus the bill, considered with Section 26, would operate to appropriate the money to carry out the article.

It is uncertain whether the use of the term "*the* Budget Bill" restricts the Legislature to only one single Budget Bill, or would permit a series of "Budget Bills," or would permit any number of appropriations by separate bills if the appropriation could have been included in the Budget Bill. Even assuming the most liberal interpretation, there would be a question whether or not a continuing appropriation properly could be made a part of the Budget Bill.

While we do not believe that the appropriations made by the Budget Bill necessarily have to be expended in the budget year, the situation here is somewhat different. A continuing appropriation "speaks" continuously. Thus we would have in 1960 or 1970 a budget item of 1950 appropriating money in those years.

To avoid this we have qualified the disposition of the revenue for the 1950-1951 Fiscal Year so that it will be "appropriated" by the

Budget Bill, not by virtue of the revenue bill, or Section 26 of the code. This will change the effect of the proposed budget item. Ordinarily when all of the money in a special fund is appropriated by a continuing appropriation and an item in the Budget Bill appropriates a specified amount, the budget item operates as a limitation on the continuing appropriation by restricting the amount available during the budget year. (See *Board of Fish and Game Commissioners* v. *Riley* (1924), 194 Cal. 37).

The revenue under the bill will not, during the 1950-1951 Fiscal Year, be appropriated except by the Budget Bill. This, we think, eliminates the question of what, if any, appropriations may be made outside of the Budget Bill.

Question: May a revolving fund be established in the Budget Bill as provided in the proposed item, and, if so, may the money in the Department of Agriculture Fund be used for this purpose?

Opinion: In our opinion the answers to both parts of the question are "Yes."

Analysis: The Budget Bill is subject to the same requirement as to singleness of subject as any other bill. The Constitution provides that every act shall relate to but one subject (Sec. 24, Art. IV). The subject of the Budget Bill is the appropriation of money for the support of the State Government. However, the subject of a bill includes matters that are relevant and germane to the general subject expressed in the title. We think that the establishing of a revolving fund is germane to making an appropriation for the purpose for which the revolving fund is to be used.

The other part of the question involves the nature of the Department of Agriculture Fund. This fund consists of a number of "accounts" into which the revenue derived under various "acts, articles, or laws" are placed. The revenues are then continuously appropriated for carrying out the particular "acts, articles or laws" under which the revenues are derived (Sec. 26, Ag. C.). The effect is the same as if each separate account was in itself a special fund earmarked to carry out the particular law under which the revenue is derived.

Such special funds have been said to be in the nature of trust funds which may not be permanently diverted from the purpose for which they are collected (*Daugherty* vs. *Riley* (1934), 1 Cal. 2d 298). The creation of the revolving fund in the proposed item presupposes the existence in one or more of the accounts in the fund of a surplus over the amounts which will be required in the budget year for the functions for which the money is collected. You have informed us that there is a quite substantial surplus available in the fund for the purpose.

In *Daugherty* vs. *Riley* (cited above) the court, after holding that special fund money could not properly be permanently diverted to general fund purposes, said:

> "What has been said is not to deny power upon the part of the Legislature to transfer a special fund reserve temporarily from one purpose to another under the authority of Section 444 of the Political Code or other authority to like effect. But when those diversions are made the transfers under the section are deemed a loan from the

special fund to be returned to that fund as soon as funds are available." (p. 309, 1 Cal. 2d).

Political Code Section 444 is now Section 16310, Government Code, and authorizes temporary transfers from special funds to the General Fund or Interest and Sinking Fund when the latter are exhausted. Section 16350 of the Government Code provides for transfers from the General Fund to a special fund when the latter is exhausted.

While the General Fund is probably not exhausted as a matter of fact that factor does not seem essential If the Legislature may constitutionally transfer a special fund surplus to the General Fund when the General Fund is exhausted it could make such transfer when the latter was only partially exhausted or not exhausted at all. The account in the Department of Agriculture Fund for the seed inspection and certification service is "exhausted" in the sense that there is no money in it. The account is not in existence and when created will not have any money in it until some revenue comes in.

Thus the Government Code sections would, under appropriate circumstances, permit the special fund surplus to be temporarily loaned to the General Fund and in turn loaned back to the exhausted account in the special fund. We do not think that the court, in *Daugherty* vs. *Riley,* meant that the transfers provided in the code sections referred to are the only ones permissible. The court was talking about transfers that could be made by administrative action without further legislation, not transfers which the Legislature itself could make or authorize.

The Legislature is free to make any transfers of money in the General Fund or in special funds that are not prohibited by the Constitution. We think that under *Daugherty* vs. *Riley* any transfer of a special fund surplus that is temporary in nature and which does not amount to a permanent diversion to a purpose foreign to that for which the money was collected is permissible.

Question: In order that a reserve may be accumulated for the seed inspection and certification service and to provide for payment for certain equipment necessary for such service it is contemplated that the fees will be fixed so as to return an amount somewhat higher than the actual cost of the services. Is that legal?

Opinion: In our opinion this is constitutional.

Analysis: Both in *Daugherty* vs. *Riley* (above cited) and in *Urban* vs. *Riley* (1942), 21 Cal. 2d 232, the court recognized that a surplus could properly be accumulated in a special fund. In *Urban* vs. *Riley* the court said that

"The taxing authority may fix the license fees at a sum sufficient to cover all expenses which may be reasonably anticipated and 'is not limited to the exact amount of the expense as it may subsequently develop' (*County of Plumas* vs. *Wheeler,* 149 Cal. 758, 765 [87 P. 909])." (p. 236, 21 Cal. 2d.)

The court further stated that

"In any event, it has been held that even where the power to license for revenue is not present, the mere fact that an enactment

providing for regulatory fees may incidentally produce some revenue does not render such enactment unconstitutional." (p. 237, 21 Cal. 2d.)

The exact amount of the flexibility which the courts would permit is unpredictable. If the courts felt that the regulatory fees were so utterly disproportionate to the cost of the services as to amount to a tax on a special group or an arbitrary expropriation of the individuals' money they might take some corrective action. Until that point is reached, that is, so long as there is some relationship between the fees and the services, the courts would hesitate to substitute their idea as to the reasonableness of the fees for the determination in that respect of the Legislative or Executive Branches of the Government.

In the present instance the estimated revenue for the fiscal year is $15,000 and the estimated expense is $13,530, including a capital outlay of $880. Wherever the courts may draw the line between regulatory revenue and regulatory expenses we think the proposed legislation is well within it.

Very truly yours

FRED B. WOOD, Legislative Counsel
By JOSEPH W. PAULUCCI, Deputy

MATTERS CONTINUED ON FILE

By unanimous consent, Assembly Concurrent Resolution No. 6, House Resolution No. 21, and Assembly Bill No. 1 were continued on file until the next legislative day

REPORTS OF STANDING COMMITTEES

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, March 17, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

House Resolution No. 23

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, March 17, 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 the recommendation: Be adopted.

DICKEY, Chairman

Above reported resolution ordered on file for adoption.

ASSEMBLY CHAMBER, SACRAMENTO, March 17, 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, March 17, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 1

And reports the same correctly engrossed.

HUYCK, Chairman

Above reported bill ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, March 17, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Joint Resolution No. 4

And reports the same correctly engrossed.

HUYCK, Chairman

Above reported resolution ordered on file for adoption.

GUESTS EXTENDED COURTESIES OF ASSEMBLY

On request of Mr. Fleury, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Ida Smith and Miss Aileen Smith of Sacramento.

On request of Speaker Sam L. Collins, the usual courtesies of the Assembly for this day were unanimously extended to Miss Joyce Manor of Hollywood.

ADJOURNMENT

At 11.13 a.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Monday, March 20, 1950, out of respect to the memory of the late Mrs. Helena Jessie Stephenson of Sacramento.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

TENTH LEGISLATIVE DAY

FIFTEENTH CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Monday, March 20, 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, 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, Holhbaugh, Huyck, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—76.

Quorum present.

PRAYER

The following prayer was offered by the Chaplain, Dr. Torrance Phelps:

Infinite God: As we pledge allegiance this morning may we exalt the principles upon which rests the American way of life, with its ideal form of government and economic abundance.

May we be grateful that it offers every individual the opportunity to develop his powers of body, mind, and spirit, and that it also restrains the ruthless from trespassing upon the equal rights of his fellowmen.

Let us see in other nations of the world the perils of excessive central control that lead to regimentation and political tyranny, as well as the dangers of unregulated individualism that allow economic piracy.

May we realize how slowly and painfully our Democracy has evolved, and may we have the genius to maintain the necessary balance between individualism and social control.

Let us see that the success of the American system is the degree to which it creates free and resourceful citizenship, and preserves our priceless inheritance for the rising generation.—AMEN.

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 member was granted leave of absence for the day, because of illness:

Mr. Berry, on motion of Mr. Thompson.

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

Mr. Lincoln, on motion of Mr. Beck.

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

Mr. Kilpatrick, on motion of Mr. Beck.

PLEDGE OF ALLEGIANCE TO THE FLAG

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

REPORTS OF STANDING COMMITTEES

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, March 17, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

Assembly Joint Resolution No. 8

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, March 20, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Joint Resolution No. 8

And reports the same correctly engrossed.

HUYCK, Chairman

Above reported resolution ordered on file for adoption.

CONSIDERATION OF DAILY FILE

THIRD READING OF ASSEMBLY BILLS

Assembly Concurrent Resolution No. 6—Relative to participation in the events of the Thirty-first Annual Public Schools Week.

Resolution read, and adopted unanimously.

Resolution ordered transmitted to the Senate.

RECESS

At 10.14 a.m., on motion of Mr. Dickey, the Assembly recessed until 10.49 a.m.

REASSEMBLED

At 10.49 a.m., the Assembly reconvened.

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

Chief Clerk Arthur A. Ohnimus at the desk.

CONSIDERATION OF DAILY FILE (RESUMED)
THIRD READING OF ASSEMBLY BILLS (RESUMED)

Assembly Bill No. 1—An act making appropriations for the support of the Government of the State of California and for several public purposes in accordance with the provisions of Section 34 of Article IV of the Constitution of the State of California, to take effect immediately.

Bill read third time.

Motion to Set Special Order

Mr. Beck moved that Assembly Bill No. 1 be made a special order of business for Tuesday, March 21, 1950, at 10.10 a.m.

The roll was called, and the motion carried by the following vote:

AYES—Babbage, Beck, Bennett, Brown, Burke, Burkhalter, Butters, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Doyle, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Morris, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, and Weber—66.

NOES—None.

COMMUNICATIONS

By Speaker Sam L. Collins:

The following communication was received, read, and ordered printed in the Journal in 10 point type:

SACRAMENTO, CALIFORNIA, March 18, 1950

Hon. Sam L. Collins
Speaker of the Assembly

DEAR SIR: After devoting considerable time and effort to an analysis of the 1950-51 Budget, I herewith submit the results of this work and my conclusions for your information.

You will recall that, all during the 1949 Regular Session of the Legislature, we were continually warned that we did not dare cut the billion dollar budget or pass any special appropriations because if we did the State would go into the red. That the Governor would veto all special appropriations unless they carried sources of revenue to support them. There were no funds available and we would be operating with a deficit if we failed to take heed.

In spite of this hue and cry up to the very last days of the session, the budget was cut and some $43,000,000 in special appropriations were passed by the Legislature, and we returned to our homes with some degree of misgivings.

Within 10 days after adjournment, to our amazement, the press carried a story to the effect that "the Department of Finance was happy to announce that sufficient funds had been found to permit the Governor to sign all special appropriation bills and also keep the budget in balance."

This was a surprising announcement in view of the pressure for new taxes and, more particularly, since our committee was most emphatically informed by the directors of the departments appearing before it that there were no hidden funds and that it was just wasting its time and theirs looking for any. They informed our committee that they had disclosed all information regarding the budget and all funds available; that

they had given us all information necessary for us to reach an honest conclusion in our deliberations regarding the 1949-50 Budget.

How this remarkable feat had been accomplished was of great interest to many Members of the Legislature, and was the topic of considerable discussion during the past year.

In re-examining the 1949-50 Budget document, which we passed last year, I found the estimated surplus as of June 30, 1949, the end of the 1948-49 Fiscal Year, to be $27,335,857. This was the basis upon which the 1949-50 Budget was finally passed.

When I examined the proposed Budget for 1950-51, I found that a change had been made in the surplus figure and that in this budget document it is estimated that the surplus as of the end of the 1948-49 Fiscal Year was not $27,335,857, as we were lead to believe, but was $65,935,244 instead, an increase of $38,599,387. Further, that the surplus balance as of the end of this Fiscal Year, 1949-50, would be $14,729,492 even after cutting the budget and after approximately $43,000,000 in special appropriations had been signed by the Governor. All of this in spite of the repeated admonition that we would go into the red if we continued the course we were then pursuing.

Many of us feel that if this phenomenon could be performed once, perhaps it could be repeated again this year, in spite of the renewed admonition that this is a tight budget and "must not be tampered with".

If the department has established a policy of going back into ancient times to recover unused funds, which should have reverted to the General Fund in the past years, why could it not anticipate future reversions, particularly in the current Fiscal Year of 1950-51. As an example, the so-called Christmas Tree Fund, with an estimated balance as of June 30, 1951, of $37,239,773, will revert in 1951, and if it were considered with the estimated surplus of $2,251,586 there would be an unappropriated balance of $39,491,359 June 30, 1951, or approximately $40,000,000 available for special appropriations. However, in my conclusions, I do not include this item in its entirety.

Following are a few items, which, in my opinion, could be used to advantage in re-aligning the 1950-51 Budget, thereby making funds available for the most pressing present needs, such as child care centers, schools, and social welfare relief for the counties without the necessity of increasing taxes at this time.

LEGISLATIVE Sch.-10-P-A-49

This item is a duplication of funds already available in the Process Committee funds for the purchase of furniture for the new Assembly Office Building ---------- $500,000

CENTENNIAL COMMISSION P-762

This seems to be an unfair use of taxpayers money in view of the pressing need of schools, child care centers and social welfare funds for the counties---------- 400,000

CAPITAL OUTLAY Sch.-3 P-A-7

The entire capital outlay amount charged to the General Fund should be charged to the Postwar Building Reserve

because in the 1949-50 Budget a 15 percent reduction was made in capital outlay appropriations because of the drop in construction costs. This was agreed upon by the Department of Finance, the Legislative Auditor and the Legislature. Since that time the commodity index has been on the down trend and there is no foreseeable reason why this situation will change this year. The 15 percent reduction was not, however, applied to the then existing available and uncommitted funds to the amount of $152,259,000. Had the 15 percent been applied it would have made $22,838,850 additional funds available for new projects. With this substantial cushion it would seem good business to charge all future capital outlay estimates to the building reserve until the above amount is used up ---------- 3,269,981

LOCAL ASSISTANCE—PUBLIC HEALTH—P-946

This appropriation is to augment present funds to be used on a matching basis between local, State and Federal Governments for public hospital construction. The federal grant may be used to match funds for the construction of private nonprofit hospitals on a 50-50 basis. By adding the new amount of $2,000,000 to the existing balance of $2,000,000 will reduce the amount available for private hospitals from $3,147,000 to $1,147,000 ---------- 2,000,000

HIGHWAY PATROL

In view of the use for which the additional personnel is requested, it does not seem fair that the taxpayer should be asked to finance a fight between two major industries of our State ---------- 600,000

STATE FAIR GROUNDS P-843

It seems a waste of money to build up the great monument which is expected to arise as the result of the development of a new State Fair Grounds Unless the returns from the sale of the existing facilities is sufficient to provide for the switch, this first step toward a $30,000,000 project should at least be postponed until the State finds itself in better financial circumstances, particularly in view of the fact they continue to lose money on the present operations ---------- 7,495,686

RACE TRACK REVENUE

In view of the fact that the general taxpayer has received no appreciable benefit from the race track revenues, the agricultural districts have improved their plants and property to the fullest extent, and unexpended funds of sufficient size to take care of their needs for some time to come, are at their disposal, the time has arrived for the General Fund to participate in the track revenues ---------- 10,000,000

AERONAUTICS COMMISSION

Local commissions have complained that the state commission performs no real service. Instead, they interfere with local activities in this field to the detriment of the industry, consequently this item should be deleted from the budget---- 112,699

CHRISTMAS TREE FUND

This fund came into existence in 1946 to supply cities and counties with money for local public works, on a matching basis. It is estimated, in the 1950-51 Budget that of the $90,000,000 originally appropriated there will be remaining, June 30, 1951, a balance of $37,239,773. Because of the large estimated balance remaining at the end of this fiscal year, when the entire amount will revert to the General Fund, it would seem that the need for this money was not so urgent as it appeared at the time of the original appropriation. Included in this balance is the sum of $4,609,092 interest earned on the bonds in which these funds have been invested, and it seems, in view of the fact that this has always been state money, it would be only fair to at least recover the interest from this fund at this time---------- 4,509,092

REVENUE DEFICIENCY RESERVE (GOVERNOR WARREN'S RAINY DAY FUND)

In the budget which was adopted in June, 1949, for the Fiscal Year of 1949-50 the estimated revenues for General Fund purposes was $571,993,782. In the 1950-51 Budget, which we are now considering, we find a sum of $554,617,172 estimated for the year of 1949-50. A reduction of $17,376,610. It would seem that with the original 1949-50 Budget enacted on the basis of estimated revenues of $571,993,782 this should be the figure with which we should deal primarily and if the department desires to reduce their estimate of last year showing a sharp drop in anticipated revenues that this is a proper place to use some of the Rainy Day Fund instead of reducing the June 30, 1950, surplus by reducing the estimated revenues. This would add $17,376,610 to the estimated surplus of $14,729,492 making a balance of unexpended surplus as of June 30, 1950, of $32,106,102 as a starting place for the 1950-51 Budget---------- 17,376,610

These items in their entirety total $46,264,068 added to the estimated surplus as of June 30, 1951, of $2,251,586, making a grand total of $48,515,654.

In examining these funds we must never lose sight of the fact that this money is the property of all of the people of California, not any one executive, not any one department, not of any one individual, but of all of us and should be considered in that light before any new taxes are levied.

Respectfully submitted,

JONATHAN J. HOLLIBAUGH, Chairman
Committee on Revenue and Taxation

CONSIDERATION OF DAILY FILE (RESUMED)

CONSIDERATION OF HOUSE RESOLUTION NO. 24

By Mr. Waters:

House Resolution No. 24

Relative to the compilation and publication of a history of the Great Seal of the State of California

Resolved by the Assembly of the State of California, As follows:

1. That the Chief Clerk of the Assembly is instructed to cause to be printed as a public document, for distribution without charge to schools, libraries, study clubs, interested citizens and organizations, not to exceed 25,000 copies of the history of the Great Seal of the State of California and interesting statistical and historical facts relating thereto, compiled by the Secretary of State.

2. That copies of said history be mailed to all Members of the Legislature.

3. The sum of one thousand two hundred dollars ($1,200) is hereby made available from the Contingent Fund of the Assembly, for the payment of the cost of publication and distribution of said history.

Resolution read.

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

AYES—Babbage, Beck, Bennett, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, 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, Huyck, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—71.

NOES—None.

CONSIDERATION OF HOUSE RESOLUTION NO. 23

By Messrs. Thomas, Doyle, and Hollibaugh:

House Resolution No. 23

Relative to directing the Assembly Interim Committee on State and Local Taxation to investigate the advantages of the borough form of city government

WHEREAS, There has been committed to the Assembly Interim Committee on State and Local Taxation the investigation of the administration of all local taxes, including the adequacy of the tax base; and

WHEREAS, The influx of population into this State has made this investigation of particular importance at the present time and especially with respect to the increased burdens thereby put upon city governments in supplying needed services with revenues derived from the existing tax base; and

WHEREAS, It has come to the attention of this Assembly that the borough system of government for Los Angeles and other cities might well provide for a solution of these tax problems; now, therefore, be it

Resolved by the Assembly of the State of California, That the Assembly Interim Committee on State and Local Taxation is hereby requested and directed to investigate and report upon the advantages of the borough form of city government with respect to local taxation.

Resolution read.

Consideration Of Committee Amendments

The following amendments were proposed by the Committee on Rules:

Amendment No. 1

In the measure as printed in the Assembly Journal for March 16, 1950, at page 78, in the third "Whereas", line 2, after "cities", insert "or where incorporation is proposed or contemplated".

Amendment No. 2

In the measure, as printed, in the last paragraph, line 3, strike out "advantages", and insert "feasibility".

Amendments read, and adopted.

Consideration Of House Resolution No. 23, As Amended

By Messrs. Thomas, Doyle, and Hollibaugh:

House Resolution No. 23

Relative to directing the Assembly Interim Committee on State and Local Taxation to investigate the advantages of the borough form of city government

WHEREAS, There has been committed to the Assembly Interim Committee on State and Local Taxation the investigation of the administration of all local taxes, including the adequacy of the tax base; and

WHEREAS, The influx of population into this State has made this investigation of particular importance at the present time and especially with respect to the increased burdens thereby put upon city governments in supplying needed services with revenues derived from the existing tax base; and

WHEREAS, It has come to the attention of this Assembly that the borough system of government for Los Angeles and other cities or where incorporation is proposed or contemplated might well provide for a solution of these tax problems; now, therefore, be it

Resolved by the Assembly of the State of California, That the Assembly Interim Committee on State and Local Taxation is hereby requested and directed to investigate and report upon the feasibility of the borough form of city government with respect to local taxation.

Resolution read, as amended, and adopted.

INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS

The following resolution was offered:

Assembly Concurrent Resolution No. 7: By Messrs. Maloney, Sam L. Collins, Dunn, Caldecott, Beck, Anderson, Babbage, Bennett, Brady, Brown, Burke, Burkhalter, Butters, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Mrs. Niehouse, Messrs. Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—Relative to Fred B. Wood, Legislative Counsel of California.

Request for Unanimous Consent

Mr. Maloney asked for, and was granted, unanimous consent to take up Assembly Concurrent Resolution No. 7, at this time, without reference to committee, print, or file, and that the same be considered engrossed.

CONSIDERATION OF ASSEMBLY CONCURRENT RESOLUTION NO. 7

Assembly Concurrent Resolution No. 7—Relative to Fred B. Wood, Legislative Counsel of California.

Resolution read.

Request for Unanimous Consent That Names of All Members Present Be Placed Upon Assembly Concurrent Resolution No. 7 As Co-Authors

Mr. Maloney asked for, and was granted, unanimous consent that the names of all members present be placed upon Assembly Concurrent Resolution No. 7 as co-authors.

Resolution read, and adopted unanimously.

Resolution ordered transmitted to the Senate.

APPOINTMENT OF SELECT COMMITTEE

Speaker Sam L. Collins announced the appointment of Messrs. Maloney and Beck as a Select Committee to escort to the rostrum the Honorable Fred B. Wood, Legislative Counsel, newly appointed Justice of the First District Court of Appeal, Division One.

RECESS

At 11.15 a.m., on motion of Mr. Maloney, the Assembly recessed until 11.20 a.m. to hear remarks from Mr. Fred B. Wood, Legislative Counsel, who is the newly appointed Justice of the First District Court of Appeal, Division One.

REASSEMBLED

At 11.20 a.m., the Assembly reconvened.

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

Chief Clerk Arthur A. Ohnimus at the desk.

RESOLUTIONS

The following resolution was offered:

By Mr. Hollibaugh:

House Resolution No. 26—Congratulating Elwyn S. and Esther Bennett upon the birth of a son.

Resolution read.

Request for Unanimous Consent That Names of All Members Present Be Placed Upon House Resolution No. 26

Mr. Hollibaugh asked for, and was granted, unanimous consent that the names of all members present be placed upon House Resolution No. 26, as co-authors.

By Messrs. Hollibaugh, Anderson, Babbage, Beck, 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, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Huyck, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Mrs. Niehouse, Messrs. Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty:

House Resolution No. 26

Congratulating Elwyn S. and Esther Bennett upon the birth of a son

WHEREAS, Since the last regular session of this Legislature, on August 16, 1949, our esteemed colleague Elwyn S. Bennett and his lovely wife, Esther, became the parents of their second child, a son, Roger Brent Bennett; and

WHEREAS, Roger Brent Bennett, at the tender age of seven months has already begun to exert profound influence upon the political life of the State as well as upon the career of his father, in that his arrival has persuaded his father, our esteemed colleague, to forsake these legislative halls in order that he may more continuously enjoy life with his family in his own community, and to become a candidate for Justice of the Peace for his township; now, therefore, be it

Resolved by the Assembly of the State of California, That the Members of this Assembly congratulate Assemblyman and Mrs. Bennett upon the birth of their son, Roger Brent, and extend to Assemblyman Bennett best wishes for continued success; and be it further

Resolved, That the Chief Clerk of the Assembly transmit a suitable copy of this resolution to Assemblyman and Mrs. Bennett.

Request for Unanimous Consent

Mr. Hollibaugh asked for, and was granted, unanimous consent to take up House Resolution No. 26, at this time, without reference to committee or file.

Resolution read, and adopted unanimously.

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

The following resolution was offered:

Assembly Concurrent Resolution No. 8: By Mr. Collier—Relative to forms for registering and reporting under the statute regulating legislative representation and adding Rule No. 40 to the Joint Rules of the Senate and Assembly for the 1950 Regular Session of the California Legislature.

Referred to Committee on Rules.

CONSIDERATION OF DAILY FILE (RESUMED)
THIRD READING OF ASSEMBLY BILLS (RESUMED)

Assembly Joint Resolution No. 4—Relative to memorializing the President and the Senate of the Congress of the United States in relation to H. R. 163, authorizing Sacramento Valley irrigation canals as part of the Central Valley Project in California.

Resolution read, and adopted unanimously.

Resolution ordered transmitted to the Senate.

COMMUNICATIONS

By Speaker Sam L. Collins:

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

ASSOCIATED STUDENTS
HASTINGS COLLEGE OF THE LAW
SAN FRANCISCO, CALIFORNIA, March 16, 1950

Hon. Sam L. Collins, Speaker of the Assembly
State Capitol, Room 224
Sacramento, California

DEAR SIR: Enclosed please find copy of the resolution passed by the Student Council of Hastings College of Law.

It is felt by the Student Council that no useful purpose will be served by the continuation of the present accreditation rule, and it strongly recommends that the Legislature use its influence upon the State Bar to secure the adoption of the report of the Simpson Committee on Legal Education as it pertains to accreditation.

Sincerely yours,

CLINTON MURPHY
Student Body President

Above mentioned resolution ordered referred to the Committee on Rules.

By Speaker Sam L. Collins:

A communication from the Department of the Army Corps of Engineers, Office of the District Engineer, Sacramento District, signed by Joseph S. Gorlinski, Colonel, Corps of Engineers, District Engineer,

relative to a notice of public hearing on Sacramento River from Chico Landing to Red Bluff, California, was received, and ordered referred to the Committee on Conservation, Planning, and Public Works.

REPORTS OF STANDING COMMITTEES

Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, March, 20, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Concurrent Resolution No. 5—Approving Charter Amendment No. 29 to the charter of the City of Palo Alto, County of Santa Clara, State of California, voted for and ratified by the qualified electors of the said City of Palo Alto at a special municipal election held therein for that purpose on the twenty-first day of February, 1950;

And reports that the same has been correctly enrolled, and presented to the Secretary of State on the twentieth day of March, 1950, at 11 a.m.

HUYCK, Chairman

ASSEMBLY CHAMBER, SACRAMENTO, March, 20, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Joint Resolution No. 1—Relative to the Central Arizona Project;

And reports that the same has been correctly enrolled, and presented to the Secretary of State on the twentieth day of March, 1950, at 11 a.m.

HUYCK, Chairman

GUESTS EXTENDED COURTESIES OF ASSEMBLY

On request of Mr. Dickey, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. William Holloman of Alameda.

On request of Mr. Burkhalter, the usual courtesies of the Assembly for this day were unanimously extended to L. P. Fuller of Encino.

On request of Messrs. Geddes, Burke, and Waters, the usual courtesies of the Assembly for this day were unanimously extended to Patrick J. Hillings of Los Angeles.

On request of Mr. Lindsay, the usual courtesies of the Assembly for this day were unanimously extended to B. L. Lindelof and Don Ziegler, teachers of the Placer Hills School, and the following pupils: Joan Ackerley, Lee Beam, Dana Blom, Emma Clark, Carolyn Fagerskog, LeRoy Fisk, Larry Forbes, Gayle Harper, Bret Hart, Lowell Heimbach, Dorothy Lish, Barbara Lloyd, Frank Matson, Beverly McPeak, Betty Lou Moeller, Patrick Plunkett, Doris Pogue, Harlene Pratt, Corrine Rafferty, Mary Thurmann, Barbara Tritten, Katheen Wegmann, Marion Mills, George Baird, Gene Young, Carrie Hirz, Kathleen Knight, David Lathrop, and Delores Jennings.

On request of Mr. Elliott, the usual courtesies of the Assembly for this day were unanimously extended to C. W. Hallowell of Los Angeles.

On request of Mr. Davis, the usual courtesies of the Assembly for this day were unanimously extended to Edwin Loudon and Jack Ferrari, teachers of the Yreka High School; Mrs. D. H. McCargar and Mrs. J. Franklin, P.-T. A. members, and the following pupils: Betty Southwood, Arlene Churchill, Teresa Rover, Helen Williams, Mae Clark, Peggy McCoy, Kenneth Blevins, Norman Cummins, Johnson Lou, Virginia Hardy, Donna Wright, Joan Stolz, Billie Whitlock, Estell McCall, Frances Crowe, Lorna Sprague, Faye Jolley, Joyce Foster, Sally Ryce,

Joan Marcy, Jeanette Kutzer, Lillian Clark, Cynthia Hittson, Mary-Ann McCarger, Nancy Newton, Jean Franklin, Freida Billingsley, Kay Davis, Howard Isom, Gerald Cox, Margret Lilly, Frank Pangburn, George Dailey, Paul Tinsley, Homer Haley, Lea Halcrow, and Charles White.

On request of Mr. Lewis, the usual courtesies of the Assembly for this day were unanimously extended to Miss Louella Mae Carney of Bakersfield, and Mrs. Joe C. Lewis of Buttonwillow.

On request of Mr. McMillan, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Elaine L. Snederman, Mrs. Rebecca Lotker, Mrs. Helen Landon, Joe Landon, Florence Sloat, Henry Lowenkron, Mrs. Ida Cohn, Herbert H. Jenkin, Esther Beeker, Rose Kapetoussof, Mrs. Mary Saks, Lena Werner, and Bert Baegeman of Los Angeles.

ADJOURNMENT

At 11 38 a.m , on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Tuesday, March 21, 1950.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

ELEVENTH LEGISLATIVE DAY

SIXTEENTH CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Tuesday, March 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, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—77.

Quorum present.

PRAYER

The following prayer was offered by the Chaplain, Dr. Torrance Phelps:

Infinite Wisdom: We pray this morning for all the people of this great State, for the young people with their soaring ambitions, for the many diverse groups and differing points of view.

We hear about us their many sectional desires and calls for action, and with the expectation of the immediate fulfillment of their dreams.

May the general public have the wisdom to see that it is impossible for every one to get every thing that he wants in a finite world.

Intelligence to see that personal and local proposals often conflict with public welfare or with the wisdom of the centuries.

We pray that all citizens, young and old, may constantly beware of the isms and panaceas which would dissipate our resources or threaten the stability of America.—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 member was granted leave of absence for the day, because of illness:

Mr. Crichton, on motion of Mr. Clarke.

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

Mr. Kilpatrick, on motion of Mr. Beck.

REPORTS OF STANDING COMMITTEES

Committee on Agriculture

ASSEMBLY CHAMBER, SACRAMENTO, March 21, 1950

MR. SPEAKER: Your Committee on Agriculture, to which was referred:

Assembly Bill No. 3

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.*

CLARKE, Chairman

Above reported bill ordered re-referred to Committee on Ways and Means.

ANNOUNCEMENT

Speaker Sam L. Collins announced an invitation, on behalf of the Sacramento Chamber of Commerce, that all members be present tonight at 6 p.m., at the Hotel Senator, as stag reception guests of said organization.

REQUEST FOR UNANIMOUS CONSENT THAT TEMPORARY RULES BE ADOPTED

Mr. Dickey asked for unanimous consent that the Standing Rules for the 1948 Regular Session and the 1949 Regular Session (as amended) as contained in the pamphlet entitled, "Joint Rules of the Senate and Assembly for the 1949 Regular Session (as amended) and Standing Rules of the Assembly for the 1948 Regular Session and 1949 Regular Session (as amended)" be and the same hereby be adopted as the Temporary Rules of the 1950 Regular (Budget) Session.

Mr. Waters withheld unanimous consent.

Objection Withdrawn

Mr. Waters withdrew his objection.

Temporary Rules Adopted By Unanimous Consent

By unanimous consent, granted Mr. Dickey, Temporary Rules for this session were adopted.

REQUEST FOR UNANIMOUS CONSENT THAT EXPERTS BE ACCORDED PRIVILEGE OF THE FLOOR

Mr. Sherwin asked for, and was granted, unanimous consent that experts from the Office of the State Department of Finance and from the Office of the Legislative Auditor be accorded the privilege of the floor, at this time, for the purpose of explaining proposed items in Assembly Bill No. 1, the Budget Bill.

CONSIDERATION OF SPECIAL ORDER

The hour having arrived, Assembly Bill No. 1 was taken up.

Assembly Bill No. 1—An act making appropriations for the support of the Government of the State of California and for several public purposes in accordance with the provisions of Section 34 of Article IV of the Constitution of the State of California, to take effect immediately.

Bill read third time.

Motion That Action On Assembly Bill No. 1 Be Temporarily Postponed

Mr. George D. Collins moved that action on Assembly Bill No. 1, the Budget Bill, be postponed until the Governor has complied with Section 34, of Article IV, of the Constitution of the State of California.

Mr. Hawkins seconded the motion.

Roll Call Demanded

Messrs. Lewis, Condon, and Cooke demanded a roll call.

The roll was called, and the motion lost by the following vote:

AYES—Anderson, Beck, Bennett, Burkhalter, George D. Collins, Condon, Cooke, Davis, Dills, Dunn, Elliott, Hagen, Hawkins, Lewis, Lowrey, McMillan, Meyers, Porter, Rosenthal, Rumford, Thomas, and Yorty—22.

NOES—Babbage, Berry, Burke, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, Connolly, Conrad, Dickey, Dolwig, Erwin, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hinckley, Hoffman, Hollibaugh, Huyck, Kirkwood, Levering, Lincoln, Lindsay, Lipscomb, Luckel, Maloney, McCollister, Morris, Moss, Niehouse, Price, Reagan, Sherwin, Silliman, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—48.

The question being on the passage of Assembly Bill No. 1.

Speaker Pro Tempore Presiding

At 10.31 a.m., Hon. Thomas A. Maloney, Speaker pro Tempore of the Assembly, presiding.

Request for Unanimous Consent That Rules Be Suspended

Mr. Sherwin asked for, and was granted, unanimous consent that the Rules be temporarily suspended for the purpose of considering all proposed amendments to Assembly Bill No. 1, now pending at the desk, prior to sending the bill to be reprinted.

The question being on the passage of Assembly Bill No. 1.

Motion to Amend

Mr. Dunn moved the adoption of the following amendment:

Amendment No. 1

On page 5 of the printed bill, between lines 39 and 40, insert

"35.5—For the establishment and operation of a records preservation laboratory in the Central Record Depository, Secretary of State.. $18.000".

Amendment read.

Motion for Committee of the Whole

Mr. Lowrey moved that the Assembly resolve itself into a Committee of the Whole for the purpose of considering the facts relating to Mr. Dunn's proposed amendment.

Motion Withdrawn

Mr. Lowrey withdrew his motion.

The question being on the adoption of the amendment offered by Mr. Dunn to Assembly Bill No. 1.

Amendment refused adoption.

Consideration of Further Amendments
Motion to Amend

Mr. Crowley moved the adoption of the following amendment:

Amendment No. 1

On page 25, line 49, of the printed bill, as amended in the Assembly on March 16, 1950, strike out "15,000", and insert "25,000".

Amendment read, and adopted.

Consideration of Further Amendments
Motion to Amend

Mr. Hawkins moved the adoption of the following amendments:

Amendment No. 1

On page 70, line 13, of the printed bill, as amended in the Assembly on March 16, 1950, strike out "400,000", and insert "50,000".

Amendment No. 2

On page 92 of said bill, strike out lines 12 to 31, inclusive.

Amendments read.

Division of Question

Mr. Hawkins asked for a division of the question.

Consideration of Amendment No. 1
Amendment No. 1

On page 70, line 13, of the printed bill, as amended in the Assembly on March 16, 1950, strike out "400,000", and insert "50,000".

Amendment read.

Demand for Previous Question

Messrs. Caldecott, Grant, Waters, Morris, and Geddes demanded the previous question.

The roll was called, and the demand for previous question sustained by the following vote:

AYES—Babbage, Beck, Berry, Brady, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, Connolly, Conrad, Dolwig, Evans, Fleury, Geddes, Grant, Grunsky, Hahn, Hoffman, Hollibaugh, Huyck, Kirkwood, Levering, Lincoln, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Reagan, Rosenthal, Sherwin, Silliman, Smith, Stanley, Stewart, Thompson, Waters, and Weber—45.

NOES—Anderson, Brown, Coats, George D. Collins, Condon, Cooke, Davis, Dills, Elliott, Fletcher, Gaffney, Hagen, Lewis, Lowrey, Thomas, and Yorty—16.

The question being on the adoption of Amendment No. 1 offered by Mr. Hawkins to Assembly Bill No. 1.

Roll Call Demanded

Messrs. Lewis, Beck, and Doyle demanded a roll call.

The roll was called, and the amendment refused adoption by the following vote:

AYES—Anderson, Beck, Burke, Burkhalter, George D. Collins, Condon, Cooke, Dills, Dolwig, Elliott, Evans, Geddes, Hagen, Hahn, Hawkins, Hollibaugh, Huyck, Levering, Lewis, Lowrey, Luckel, McMillan, Reagan, Rosenthal, Smith, Thomas, and Yorty—27.

NOES—Babbage, Berry, Brown, Butters, Caldecott, Clarke, Cloved, Coats, Collier, Connolly, Conrad, Crowley, Davis, Dickey, Doyle, Dunn, Erwin, Fletcher, Fleury, Gaffney, Grant, Grunsky, Hansen, Hoffman, Kirkwood, Lincoln, Lindsay, Lipscomb, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Price, Rumford, Sherwin, Stanley, Stewart, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—45.

Request for Unanimous Consent That Name Be Placed Upon Roll Call on Amendment No. 1

Mr. Lincoln asked for, and was granted, unanimous consent that his name be placed upon the roll call on Amendment No. 1, offered by Mr. Hawkins to Assembly Bill No. 1, and that he be recorded as voting "No."

Consideration of Amendment No. 2 By Mr. Hawkins

Amendment No. 2

On page 92 of said bill, strike out lines 12 to 31, inclusive.

Amendment read.

Demand for Previous Question

Messrs. Connolly, Lindsay, Silliman, Hoffman, and McCollister demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of Amendment No. 2 offered by Mr. Hawkins to Assembly Bill No. 1.

Roll Call Demanded

Messrs. Luckel, Thompson, and Dills demanded a roll call.

The roll was called, and the amendment refused adoption by the following vote:

AYES—Anderson, Beck, Bennett, Brady, George D. Collins, Cooke, Dills, Elliott, Evans, Hahn, Hawkins, Hollibaugh, Huyck, Levering, Lipscomb, Luckel, McCarthy, McMillan, Porter, Reagan, Rosenthal, Smith, Thomas, and Yorty—24.

NOES—Babbage, Berry, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, Connolly, Conrad, Crowley, Davis, Dickey, Dolwig, Doyle, Dunn, Erwin, Fleury, Gaffney, Grunsky, Hagen, Hansen, Hinckley, Hoffman, Kirkwood, Lincoln, Lindsay, Lowrey, Maloney, McCollister, Meyers, Morris, Moss, Niehouse, Price, Sherwin, Silliman, Stanley, Stewart, Thompson, Tomlinson, Waters, and Weber—45.

Further consideration of Assembly Bill No. 1 ordered temporarily passed on file.

ANNOUNCEMENT

Mr. Beck announced a Democratic luncheon, and Caucus, at the Hotel Sacramento, upon recess.

RECESS

At 11.51 a.m., on motion of Mr. Dickey, the Assembly recessed until 2.09 p.m.

REASSEMBLED

At 2.09 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, March 21, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Assembly Concurrent Resolution No. 7

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

Above resolution ordered enrolled.

RESOLUTIONS

The following resolution was offered:

By Messrs. Weber, Gaffney, Moss, Hagen, Yorty, Hansen, Lindsay, Lewis, and Lincoln:

House Resolution No. 27

Relating to augmenting the funds of the Assembly Interim Committee on Conservation, Planning and Public Works

Resolved by the Assembly of the State of California, That in addition to any money heretofore made available, the sum of twenty-five thousand dollars ($25,000) 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

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

Speaker Pro Tempore Presiding

At 2.10 p.m., Hon. Thomas A. Maloney, Speaker pro Tempore of the Assembly, presiding.

FURTHER CONSIDERATION OF SPECIAL ORDER

The hour having arrived, Assembly Bill No. 1 was taken up.

Assembly Bill No. 1—An act making appropriations for the support of the Government of the State of California and for several public purposes in accordance with the provisions of Section 34 of Article IV of the Constitution of the State of California, to take effect immediately.

Bill read third time.

Consideration of Further Amendments
Motion to Amend

Messrs. Hawkins, Elliott, and Anderson moved the adoption of the following amendment:

Amendment No. 1

On page 87 of the printed bill, as amended in Assembly on March 16, 1950, between lines 27 and 28, insert

"433.5—For construction and equipment of temporary accommodations for patients who are now required to share beds with other patients, Sonoma State Home, payable from Postwar Employment Reserve ..... 150,000".

Amendment read.

Demand for Previous Question

Messrs. Levering, Reagan, Luckel, Morris, and Lipscomb demanded the previous question.

Demand for previous question sustained.

The question being on the amendment offered by Messrs. Hawkins, Elliott, and Anderson.

Roll Call Demanded

Messrs. Beck, Bennett, and Anderson demanded a roll call.

The roll was called.

Call of the Assembly

Pending the announcement of the vote, Mr. Hawkins moved a call of the Assembly.

Motion carried. Time, 2.35 p.m.

The Speaker directed the Sergeant-at-Arms to close the doors, and to bring in the following absent members:

Messrs. Caldecott, Sam L. Collins, Dickey, Lindsay, Meyers, Silliman, and Waters—7.

PROCEEDINGS UNDER CALL OF THE ASSEMBLY BY UNANIMOUS CONSENT

TEMPORARY SUSPENSION OF ASSEMBLY RULE NO. 85

Mr. Stewart 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.

FURTHER CONSIDERATION OF ASSEMBLY BILL NO. 1

Hon. Richard H. McCollister Presiding

At 2.40 p.m., Hon. Richard H. McCollister, Member of the Assembly from the Seventh District, presiding.

Consideration of Further Amendments to Assembly Bill No. 1

Motion to Amend

Messrs. Yorty, Geddes, and Hawkins moved the adoption of the following amendment:

Amendment No. 1

On page 18 of the printed bill, as amended in the Assembly on March 16, 1950, between lines 14 and 15, insert

"79 5—For administration and support of child care centers, Department of Education, to be apportioned by the department directly to school districts maintaining child care centers pursuant to Chapter 11, Division 9 of the Education Code and to the governing authorities of state institutions maintaining child care centers, in the discretion of the department, upon the basis of demonstrated need ---------- 6,000,000".

Amendment read.

Speaker Pro Tempore Presiding

At 2.41 p.m., Hon. Thomas A. Maloney, Speaker pro Tempore of the Assembly, presiding.

Demand for Previous Question

Messrs. Caldecott, Levering, Doyle, Silliman, and Tomlinson demanded the previous question.

Demand for previous question sustained.

The question being on the amendment offered by Messrs. Yorty, Geddes, and Hawkins to Assembly Bill No. 1.

Point of Order

Mr. Silliman arose to the following point of order: That Mr. Yorty cannot yield his closing time to Mr. Geddes, and is not in order.

Ruling by Speaker

Speaker pro Tempore Maloney ruled the point of order well taken.

Roll Call Demanded

Messrs. Beck, Rosenthal, and Yorty demanded a roll call.

The roll was called, and the amendment offered by Messrs. Yorty, Geddes, and Hawkins to Assembly Bill No. 1 adopted by the following vote:

AYES—Anderson, Beck, Bennett, Berry, Brady, Brown, Burkhalter, Caldecott, Coats, George D. Collins, Condon, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Doyle, Dunn, Elliott, Evans, Fletcher, Geddes, Grant, Hahn, Hawkins, Hollibaugh, Lewis, Lincoln, Lowrey, Luckel, McCollister, McMillan, Morris, Niehouse, Porter, Rosenthal, Rumford, Thomas, and Yorty—40

NOES—Babbage, Burke, Butters, Clarke, Cloyed, Collier, Connolly, Dolwig, Erwin, Fleury, Gaffney, Grunsky, Hagen, Hansen, Hinckley, Hoffman, Huyck, Kirkwood, Levering, Lipscomb, Maloney, McCarthy, Meyers, Moss, Price, Reagan, Sherwin, Silliman, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—36.

The question being on the passage of Assembly Bill No. 1.

Consideration of Further Amendments

Motion to Amend

Mr. Hawkins moved the adoption of the following amendment:

Amendment No. 1

On page 107 of the printed bill, as amended in the Assembly on March 16, 1950, between lines 13 and 14, insert

"All passenger type motor vehicles purchased from any appropriation made by this act for the use of state employees and officers, except constitutional officers, heads of departments, and the California Highway Patrol, shall be of the light class, for example: Chevrolet; Ford 6 or 8 cylinder; Nash 600; Plymouth; and Studebaker Champion."

Amendment read.

Demand for Previous Question

Messrs. Evans, Waters, McMillan, Levering, and Geddes demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of the amendment offered by Mr. Hawkins to Assembly Bill No. 1.

Roll Call Demanded

Messrs. Beck, Lowrey, and Dills demanded a roll call.

The roll was called, and the amendment offered by Mr. Hawkins to Assembly Bill No. 1 adopted by the following vote:

AYES—Anderson, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Coats, George D. Collins, Condon, Connolly, Cooke, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Geddes, Grunsky, Hagen, Hahn, Hawkins, Hoffman, Hollibaugh, Huyck, Levering, Lewis, Lipscomb, Lowrey, Luckel, McCarthy, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Silliman, Smith, Stanley, Stewart, Thomas, Tomlinson, Waters, Weber, and Yorty—55.

NOES—Babbage, Butters, Caldecott, Clarke, Cloyed, Collier, Conrad, Crowley, Gaffney, Hansen, Hinckley, Kirkwood, Lincoln, Maloney, McCollister, McMillan, Sherwin, and Thompson—18.

FURTHER PROCEEDINGS UNDER CALL OF THE ASSEMBLY DISPENSED WITH ON AMENDMENT OFFERED BY MESSRS. HAWKINS, ELLIOTT, AND ANDERSON TO ASSEMBLY BILL NO. 1

At 3.15 p.m., on motion of Mr. Hawkins, further proceedings under the call of the Assembly were dispensed with.

The names of the absentees were called, and the amendment offered by Messrs. Hawkins, Elliott, and Anderson, to Assembly Bill No. 1, refused adoption by the following vote:

AYES—Anderson, Beck, Bennett, Berry, Brady, Brown, Burkhalter, Coats, George D. Collins, Condon, Cooke, Crowley, Davis, Dills, Doyle, Dunn, Elliott, Evans, Fletcher, Gaffney, Geddes, Hagen, Hahn, Hawkins, Lewis, Lowrey, McCollister, McMillan, Meyers, Niehouse, Porter, Rosenthal, Rumford, Thomas, and Yorty—35

NOES—Babbage, Burke, Butters, Caldecott, Clarke, Cloyed, Collier, Connolly, Conrad, Dolwig, Erwin, Fleury, Grant, Grunsky, Hansen, Hinckley, Hoffman, Holibaugh, Huyck, Kirkwood, Levering, Lincoln, Lipscomb, Luckel, Maloney, McCarthy, Morris, Moss, Price, Reagan, Sherwin, Silliman, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, and Weber—39.

FURTHER CONSIDERATION OF ASSEMBLY BILL NO. 1

Consideration of Further Amendments to Assembly Bill No. 1

Motion to Amend

Messrs. Lowrey, Davis, and Lindsay moved the adoption of the following amendments:

Amendment No. 1

On page 30, Item 113, line 29, of the printed bill, strike out "10,828,582", and insert "10,613,110".

Amendment No. 2

On page 30, line 36, of the printed bill, strike out "9,304,401", and insert "9,177,097".

Amendment No. 3

On page 30, line 37, of the printed bill, strike out "1,571,437", and insert "1,517,287".

Amendment No. 4

On page 30, line 39, of the printed bill, strike out "140,992", and insert "106,974".

Amendment No. 5

On page 30, line 42, of the printed bill, strike out "11,016,830", and insert "10,801,358".

Amendment No. 6

On page 30, line 52, of the printed bill, strike out "10,828,582", and insert "10,613,110".

Amendments read.

Demand for Previous Question

Messrs. Thompson, Grunsky, Silliman, Lincoln, and Waters demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of the amendments offered by Messrs. Lowrey, Davis, and Lindsay to Assembly Bill No. 1.

Roll Call Demanded

Messrs. Lowrey, Davis, and Butters demanded a roll call.

The roll was called, and the amendments refused adoption by the following vote:

AYES—Brady, Burke, Butters, Clarke, Cloyed, Coats, Crowley, Davis, Dolwig, Fletcher, Hagen, Hansen, Holibaugh, Lewis, Lindsay, Lowrey, Moss, Stanley, Stewart, and Thomas—20.

NOES—Anderson, Babbage, Beck, Berry, Burkhalter, Caldecott, Collier, George D. Collins, Condon, Connolly, Conrad, Dickey, Doyle, Dunn, Erwin, Fleury, Gaffney,

Geddes, Grunsky, Hawkins, Hinckley, Huyck, Kirkwood, Levering, Lincoln, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Thompson, Tomlinson, Waters, Weber, and Yorty—45.

Request for Unanimous Consent That Name Be Placed Upon Roll Call on Amendments Offered by Messrs. Lowrey, Davis, and Lindsay to Assembly Bill No. 1

Mr. Levering asked for, and was granted, unanimous consent that his name be placed upon the roll call on the amendments offered by Messrs. Lowrey, Davis, and Lindsay to Assembly Bill No. 1, and that he be recorded as voting, "No."

Consideration of Further Amendments to Assembly Bill No. 1
Motion to Amend

Messrs. Lindsay and Hagen moved the adoption of the following amendment:

Amendment No. 1

On page 28 of the printed bill, as amended in the Assembly on March 16, 1950, between lines 30 and 31, insert

"103.5—For research in the production of artificial rainfall or other precipitation by seeding of clouds with dry ice or any other methods, University of California, exempt from Section 14 of this act---- $10,000".

Amendment read.

Motion to Expunge Record and Rescind Action on Amendment to Assembly Bill No. 1

Mr. Lowrey moved to expunge the record, and rescind the action whereby the Assembly, on this day, refused adoption to the amendment offered by Messrs. Lindsay and Hagen to Assembly Bill No. 1.

Mr. Davis seconded the motion.

The roll was called, and the motion carried by the following vote:

AYES—Anderson, Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Coats, George D. Collins, Condon, Connolly, Cooke, Crowley, Davis, Dolwig, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Huyck, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Maloney, McCarthy, McCollister, Meyers, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, and Yorty—58.

NOES—Collier, Grant, Hollibaugh, Luckel, and Silliman—5.

The question being on the adoption of the amendment offered by Messrs. Lindsay and Hagen to Assembly Bill No. 1.

Further Consideration of Amendment Offered by Messrs. Lindsay and Hagen to Assembly Bill No. 1

Amendment No. 1

On page 28 of the printed bill, as amended in the Assembly on March 16, 1950, between lines 30 and 31, insert

"103.5—For research in the production of artificial rainfall or other precipitation by seeding of clouds with dry ice or any other methods, University of California, exempt from Section 14 of this act---- $10,000".

Amendment read.

The roll was called, and the amendment refused adoption by the following vote:

AYES—Anderson, Bennett, Berry, Brady, Brown, Burke, Butters, Clarke, Coats, Collier, George D. Collins, Cooke, Crowley, Davis, Erwin, Fletcher, Gaffney, Hagen,

Hahn, Hansen, Lewis, Lindsay, Lowrey, McCollister, Niehouse, Rumford, Stanley, Thompson, and Yorty—29.

NOES—Babbage, Beck, Burkhalter, Caldecott, Cloyed, Connolly, Conrad, Dolwig, Doyle, Dunn, Elliott, Fleury, Geddes, Grant, Grunsky, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kirkwood, Levering, Lincoln, Lipscomb, Luckel, Maloney, McCarthy, Meyers, Morris, Moss, Porter, Price, Reagan, Sherwin, Silliman, Smith, Stewart, Thomas, Waters, Weber, and Mr. Speaker—41.

Consideration of Further Amendments
Motion to Amend

Messrs. Elliott, Hawkins, Anderson, and Lewis moved the adoption of the following amendment:

Amendment No. 1

On page 86 of the printed bill, as amended in the Assembly on March 16, 1950, between lines 19 and 20, insert

"417.5—For construction and equipment of temporary accommodations for patients who are now required to sleep outside, Patton State Hospital, payable from Postwar Employment Reserve..... $250,000".

Amendment read.

Demand for Previous Question

Messrs. Hoffman, Grunsky, Geddes, Thompson, and Silliman demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of the amendment offered by Messrs. Elliott, Hawkins, Anderson, and Lewis to Assembly Bill No. 1.

Roll Call Demanded

Messrs. Lewis, Elliott, and Anderson demanded a roll call.

The roll was called.

Motion for Call of the Assembly

Pending the announcement of the vote, Mr. Elliott moved a call of the Assembly.

Motion lost.

The vote was announced, and the amendment refused adoption by the following vote:

AYES—Anderson, Beck, Bennett, Berry, Burkhalter, George D. Collins, Condon, Cooke, Crowley, Davis, Dills, Doyle, Dunn, Elliott, Fletcher, Gaffney, Geddes, Hahn, Hawkins, Lewis, Meyers, Niehouse, Porter, Rosenthal, Rumford, Thomas, and Yorty—27.

NOES—Babbage, Brady, Burke, Butters, Caldecott, Clarke, Cloyed, Collier, Connolly, Conrad, Dickey, Dolwig, Erwin, Fleury, Grant, Grunsky, Hagen, Hansen, Hinckley, Hoffman, Hollibaugh, Huyck, Kirkwood, Levering, Lincoln, Lipscomb, Luckel, Maloney, McCarthy, McCollister, Moss, Price, Reagan, Sherwin, Silliman, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, and Weber—42

Consideration of Further Amendments
Motion to Amend

Mr. Huyck moved the adoption of the following amendment:

Amendment No. 1

On page 108 of the printed bill, as amended in the Assembly on March 16, 1950, between lines 28 and 29, insert

"SEC. 17.5. Every appropriation made by this act that is available for expenditure for maintenance and operation of state-owned motor vehicles is subject to the limitations, restrictions and conditions set forth in this section. No money appropriated by this act shall be expended for the maintenance or operation of any motor vehicle unless the state department or agency and its employees who maintain or operate such

vehicle shall have complied with the following limitations, conditions and restrictions regarding the use and operation of such vehicle:

(a) The Director of Finance shall certify monthly to each state department or agency which operates state-owned motor vehicles, the number of spaces in state garage facilities allocated to each such department or agency, and the location thereof.

Each state department or agency so notified shall assign the garage storage spaces allocated to their use to the state-owned motor vehicles under their control to make maximum use of such facilities.

(b) Within the first 10 days of each month every state employee who during the preceding month has operated a state automobile shall file a sworn statement with the Director of Finance as provided in this article.

The statement of the operator shall certify:

1. To the proper identification of each automobile operated during the preceding month.

2. That each trip made during such period was necessary in the performance of the operator's specific assignment of state duties.

3. As to each automobile which was not placed in overnight storage in a state garage facility each night while under his custody.

(i) That the vehicle was en route on an official trip, or

(ii) That the operator was leaving upon or returning from a trip away from his headquarters before or after usual office hours, or

(iii) That the duties of the operator involve the operation of a car outside of regular office hours as evidenced by a permit issued by the Director of Finance, or

(iv) That the head of the department or agency has determined that no state garage facility is available for such automobile.

(c) The Director of Finance may issue permits to state officers and employees whose duties outside of regular office hours require the use of state automobiles.

(d) Statements filed by operators of state-owned motor vehicles pursuant to this article shall be retained by the Director of Finance for one year from the date of filing.

(e) The wilful certification to any false statement or knowingly to fail to disclose any fact in a statement filed pursuant to this article shall constitute an act incompatible and inimical to the public service under Section 19572 of the Government Code, and shall constitute cause for disciplinary action pursuant to the provisions of the State Civil Service Act.

(f) The provisions of this section shall not apply to the use by elected state officers of state-owned automobiles."

Amendment read.

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

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brady, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Condon, Connolly, Cooke, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Huyck, Kirkwood, Levering, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—65.

NOES—None.

ANNOUNCEMENT

Speaker pro Tempore Maloney announced, on behalf of Mrs. Niehouse, that the meeting of the Committee on Social Welfare scheduled for this afternoon has been postponed until Thursday afternoon, March 23d.

FURTHER CONSIDERATION OF ASSEMBLY BILL NO. 1

Assembly Bill No. 1—An act making appropriations for the support of the Government of the State of California and for several public purposes in accordance with the provisions of Section 34 of Article IV of the Constitution of the State of California, to take effect immediately.

Bill read third time.

Consideration of Further Amendments

Motion to Amend

Mr. George D. Collins moved the adoption of the following amendments:

Amendment No. 1

On page 39, line 24, of the printed bill, as amended in the Assembly on March 16, 1950, strike out "2,039,229", and insert "2,014,229".

Amendment No. 2

On page 39, line 36, of said bill, strike out "610,689", and insert "585,689".

Amendment No. 3

On page 39, line 41, of said bill, strike out "2,327,964", and insert "2,302,964".

Amendment No. 4

On page 40, line 14, of said bill, strike out "2,039,229", and insert "2,014,229".

Amendment No. 5

On page 40, of said bill, strike out lines 27 to 29, inclusive.

Amendments read.

Division of Question

Mr. George D. Collins asked for a division of the question.

Consideration of Amendments Nos. 1, 2, 3, and 4

Amendment No. 1

On page 39, line 24, of the printed bill, as amended in the Assembly on March 16, 1950, strike out "2,039,229" and insert "2,014,229".

Amendment No. 2

On page 39, line 36, of said bill, strike out "610,689", and insert "585,689".

Amendment No. 3

On page 39, line 41, of said bill, strike out "2,327,964", and insert "2,302,964".

Amendment No. 4

On page 40, line 14, of said bill, strike out "2,039,229", and insert "2,014,229".

Amendments read.

Roll Call Demanded

Messrs. George D. Collins, Condon, and Burkhalter demanded a roll call.

The roll was called, and Amendments Nos. 1, 2, 3, and 4, offered by Mr. George D. Collins to Assembly Bill No. 1, refused adoption by the following vote:

AYES—Berry, George D. Collins, Condon, Davis, Elliott, Hagen, Hollibaugh, Luckel, McCarthy, and McCollister—10.

NOES—Babbage, Beck, Bennett, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, Connolly, Conrad, Crowley, Dickey, Dolwig, Doyle, Dunn, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hinckley, Hoffman, Huyck, Levering, Lindsay, Lipscomb, Lowrey, Maloney, McMillan, Meyers, Morris, Moss, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—56.

Consideration of Amendment No. 5

Amendment No. 5

On page 40 of said bill, strike out lines 27 to 29, inclusive.

Amendment read.

Demand for Previous Question

Messrs. Hoffman, Silliman, McCollister, Connolly, and Evans demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of Amendment No. 5, offered by Mr. George D. Collins, to Assembly Bill No. 1.

The roll was called, and the amendment refused adoption by the following vote:

AYES—Anderson, Babbage, Berry, George D. Collins, Condon, Elliott, Hahn, Hollibaugh, Lowrey, Luckel, and Reagan—11.

NOES—Bennett, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Cloyed, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hansen, Hinckley, Hoffman, Huyck, Kirkwood, Lindsay, Lipscomb, Maloney, McCarthy, McCollister, McMillan, Morris, Moss, Niehouse, Porter, Price, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—55.

Consideration of Further Amendments

Motion to Amend

Mr. Butters moved the adoption of the following amendments:

Amendment No. 1

On page 6, line 18, of the printed bill, as amended in the Assembly on March 16, 1950, strike out "4,536,715", and insert "4,530,215".

Amendment No. 2

On page 6, line 24, of said bill, strike out "3,250,243", and insert "3,244,243".

Amendment No. 3

On page 6, line 25, of said bill, strike out "1,476,924", and insert "1,476,424".

Amendment No. 4

On page 6, line 28, of said bill, strike out "4,809,803", and insert "4,803,303".

Amendment No. 5

On page 6, line 40, of said bill, strike out "4,536,715", and insert "4,530,215".

Amendment No. 6

On page 7 of said bill, between lines 22 and 23, insert

'44.5—For support of the Department of Agriculture, seed testing and certification service, payable from the Department of Agriculture Fund in accordance with the following schedule 13,530
all or any part of which may be withdrawn for use as a revolving fund for the seed testing and certification service during the 1950-1951 Fiscal Year.

Schedule:

(a) Salaries and Wages	11,000
(b) Operating Expenses	1,650
(c) Equipment	880
Total of Schedule	13,530".

Amendments read.

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

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, George D. Collins, Condon, Connolly, Conrad, Cooke, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Huyck, Kirkwood, Levering, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stewart, Thomas, Thompson, Waters, and Weber—66.

NOES—None.

Consideration of Further Amendments
Motion to Amend

Mr. Lowrey moved the adoption of the following amendment:

Amendment No. 1

On page 104 of the printed bill, as amended March 16, 1950, following line 4, insert

"SEC. 5.1. In providing that certain appropriations made heretofore or made herein, in Section 2 of this act are to be expended in accordance with the projects set forth after each appropriation item for construction, improvements, repairs, and equipment, the unexpended amounts for each such project shall revert to the fund from which the appropriation for such project was made."

Amendment read.

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

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, 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, Huyck, Levering, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—67.

NOES—None.

Consideration of Further Amendments
Motion to Amend

Mr. Huyck moved the adoption of the following amendment:

Amendment No. 1

On page 108 of the printed bill, as amended in the Assembly on March 16, 1950, between lines 28 and 29, insert:

"SEC. 17.6 There is hereby appropriated from the General Fund the sum of thirty-two thousand three hundred eighty dollars ($32,380) to the Department of Finance to carry out the provisions of Section 17.5 of this act, relating to the use of state-owned motor vehicles. The Director of Finance may transfer any portion of this appropriation to any other state agency upon executive order in augmentation of the appropriation for support of such agency, and the State Controller shall make such transfer when the Director of Finance so authorizes."

Amendment read.

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

AYES—Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, 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, Huyck, Levering, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—67.

NOES—None.

Consideration of Further Amendments
Motion to Amend

Mr. Crowley moved the adoption of the following amendment:

Amendment No. 1

On page 91 of the printed bill, as amended in the Assembly on March 16, 1950, between lines 24 and 25, insert

"454.5—For major construction, improvements, and equipment, Old State Capitol Building at Benicia, Division of Beaches and Parks, payable from Postwar Employment Reserve 75,000

provided, that any moneys made available to the Division of Beaches and Parks, Department of Natural Resources, from this item shall be repaid to the General Fund out of any moneys impounded in the State Lands Act Fund under the decision and order of the United States Supreme Court which hereafter may be released by the Federal Government and subsequently paid into the State Beach Fund or the State Park Fund. The transfer to the General Fund from the respective funds shall be in such amounts as may be determined by the Department of Finance. Such transfers shall be made by the State Controller upon written order of the Department of Finance."

Amendment read.

The roll was called, and the amendment refused adoption by the following vote:

AYES—Anderson, Berry, Brady, Brown, Crowley, Davis, Doyle, Dunn, Geddes, McCarthy, Meyers, Rumford, Thomas, and Yorty—14.

NOES—Bennett, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, George D. Collins, Condon, Connolly, Conrad, Dickey, Dolwig, Erwin, Gaffney, Grant, Hagen, Hahn, Hansen, Hinckley, Huyck, Kirkwood, Levering, Lipscomb, Luckel, Maloney, McCollister, Porter, Price, Reagan, Sherwin, Silliman, Smith, Stewart, Thompson, Waters, and Weber—37.

Consideration of Further Amendments

Motion to Amend

Mr. Gaffney moved the adoption of the following amendments:

Amendment No. 1

On page 14, line 28, of the printed bill, as amended in the Assembly on March 16, 1950, strike out "268,137", and insert "269,637".

Amendment No. 2

On page 14, line 35, of said bill, strike out "189,785", and insert "191,285".

Amendment No. 3

On page 14, line 40, of said bill, strike out "278,117", and insert "279,617".

Amendment No. 4

On page 14, line 46, of said bill, strike out "268,137", and insert "269,637".

Amendments read.

Demand for Previous Question

Messrs. Waters, Luckel, Silliman, Burke, and Geddes demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of the amendments offered by Mr. Gaffney to Assembly Bill No. 1.

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

AYES—Anderson, Beck, Bennett, Berry, Brady, Burke, Burkhalter, Butters, Collier, George D. Collins, Connolly, Cooke, Crowley, Davis, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hawkins, Huyck, Lipscomb, Lowrey, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rosenthal, Rumford, Smith, Thomas, Thompson, Weber, and Yorty—47.

NOES—Babbage, Caldecott, Clarke, Conrad, Hansen, Hinckley, Kirkwood, Levering, Luckel, Sherwin, Silliman, Stewart, Waters, and Mr. Speaker—14.

RECESS

At 5.36 p.m., on motion of Mr. Dickey, the Assembly recessed until 8 p.m.

REASSEMBLED

At 8 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 bill was introduced, and read the first time:

Assembly Bill No. 4: By Mr. Morris—An act to amend Section 6359 of the Revenue and Taxation Code, relating to exemptions from the sales and use taxes.

Referred to Committee on Revenue and Taxation.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 21, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day passed:

Senate Bill No. 3

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

FIRST READING AND REFERENCE OF SENATE BILLS

The following bill was read the first time:

Senate Bill No. 3—An act to amend Section 19170 of the Business and Professions Code, relating to fees for the licensing and regulation of the upholstered furniture and bedding industries.

Referred to Committee on Revenue and Taxation.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 21, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Concurrent Resolution 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 resolution was read:

Senate Concurrent Resolution No. 7—Relative to commemorating the American Flag and the American way of life.

Referred to Committee on Rules.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 21, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day passed:

Senate Bill 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 bill was read the first time:

Senate Bill No. 1—An act making an appropriation for the support of the Government of the State of California and for several public

purposes in accordance with the provisions of Section 34 of Article IV of the Constitution of the State of California, to take effect immediately.

Referred to Committee on Ways and Means.

REQUEST FOR UNANIMOUS CONSENT THAT OPINION BE PRINTED IN JOURNAL

Mr. Rumford asked for, and was granted, unanimous consent that the following opinion of the Legislative Counsel, relative to loyalty oaths, be ordered printed in the Journal in 10-point type:

OPINION OF LEGISLATIVE COUNSEL

STATE OF CALIFORNIA
OFFICE OF LEGISLATIVE COUNSEL
SACRAMENTO 2, CALIFORNIA, March 20, 1950

Hon. William B. Rumford
Assembly Chamber

LOYALTY OATHS — No. 1225

DEAR MR. RUMFORD:

Question

You have asked the following question:

In view of Section 3, Article XX of our State Constitution, may the Regents of the University of California require a member of the faculty of the university to take a special oath to the effect that he is not a Communist?

Opinion

It is our opinion that the question is to be answered in the affirmative.

Analysis

Section 3, Article XX of the Constitution of California reads:

"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." (Emphasis added.)

Whether the last sentence of Section 3, Article XX, would prohibit the Regents from imposing an oath other than the constitutional oath would depend on whether a member of the faculty holds an "office" or "public trust" within the meaning of this section.

We are not aware of any decision directly on the point of whether a teacher holds an "office" or "public trust" within the meaning of this section.

The Supreme Court in *Ex Parte Gregory Yale* (1864), 24 Cal. 241, considered whether an attorney at law was an "officer" in the constitutional sense of the term, and stated:

> "The term 'office' and 'public trust,' as used in Section 3, Article XI, of the State Constitution, are nearly synonymous—at least the term 'public trust' is included in the more comprehensive term 'office.' Those duties and responsibilities of a public character that are temporarily or specially devolved upon persons, may be more appropriately denominated public trusts than offices; yet the persons discharging such duties or assuming those responsibilities are officers. The form of the oath prescribed by the Constitution, as the only oath to be taken by officers and persons executing public trusts, the last part of which is: 'That I will faithfully discharge the duties of the office of _____ according to the best of my ability,' clearly indicates, that the person who executes a public trust, was deemed by the Constitution to be an officer.
>
> "The terms 'office,' 'office and public trust,' as employed in the Constitution, have relation only to those persons and duties that are of a public nature." (24 Cal. 241, at 243.)

In *Lemyl* vs. *Johnson* (1930), 105 Cal. App. 694, the court considered whether a high school teacher holds an office "within this State" within the meaning of Section 19 of Article IV of the Constitution, which prohibits a Senator or Members of Assembly from holding any office in this State during his term of office. The court concluded:

> "It would seem, therefore, that one of the necessary characteristics of a public officer is that he perform a public function for the public benefit and that in so doing he be invested with the exercise of some of the sovereign powers of the State. No matter how highly we regard the profession of teaching, we cannot conclude that the teacher is exercising some of the sovereign powers of the State in performing the arduous duties of his profession." (105 Cal. App. 694, at 699.)

In view of the language of the above two cases, we are of the opinion that the court would hold that a faculty member of the University of California or of a state college does not hold an "office" or "public trust" within the meaning of the limitation expressed in Section 3, Article XX. It follows then that this constitutional limitation does not limit the power of the Legislature or of the Regents of the University of California to require a supplemental oath of faculty members.

Our conclusion is not altered by Section 9 of Article IX which provides:

> "The University of California shall constitute a *public trust,* to be administered by the existing corporation known as the 'Regents of the University of California' * * *." (Emphasis added.)

While the term "public trust" appears in both Section 9 of Article IX and Section 3 of Article XX, it seems clear from the context of Section 9 of Article IX that the term as there used, refers to the University of California as an entity as distinguished from a teaching position in that university. By the same token, it is equally clear from the context of

Section 3 of Article XX that the term "public trust" as there used is analogous to "office" in the nature of a position.

We are aware of no other constitutional or statutory provisions which would limit the power of the Legislature or of the Regents of the University of California to require a supplemental oath.

Very truly yours,

FRED B. WOOD, Legislative Counsel
By DELBERT E. WONG, Deputy

FURTHER CONSIDERATION OF SPECIAL ORDER

The hour having arrived, Assembly Bill No. 1 was taken up.

Assembly Bill No. 1—An act making appropriations for the support of the Government of the State of California and for several public purposes in accordance with the provisions of Section 34 of Article IV of the Constitution of the State of California, to take effect immediately.

Bill read third time.

Consideration of Further Amendments

Motion to Amend

Mr. Silliman moved the adoption of the following amendment:

Amendment No. 1

On page 24 of the printed bill, as amended in the Assembly on March 16, 1950, strike out all of lines 35 to 43, inclusive; and on page 25, strike out lines 2 to 25, inclusive.

Amendment read.

Absence of Quorum Suggested

Mr. Silliman suggested the absence of a quorum.

Quorum present.

Call of the Assembly

Mr. Silliman moved a call of the Assembly.

The Speaker directed the Sergeant-at-Arms to close the doors, and to bring in the following absent members:

Messrs. Anderson, Brady, Butters, Clarke, Coats, George D. Collins, Condon, Connolly, Dickey, Dills, Dolwig, Dunn, Elliott, Erwin, Fleury, Gaffney, Grant, Grunsky, Hagen, Hoffman, Hollibaugh, Huyck, Lewis, Lincoln, Lindsay, Lowrey, McCarthy, McCollister, Meyers, Moss, Mrs. Niehouse, Messrs. Price, Rumford, Smith, Stewart, Thomas, Tomlinson, Weber, and Yorty—39.

PROCEEDINGS UNDER CALL OF THE ASSEMBLY BY UNANIMOUS CONSENT

Speaker Pro Tempore Presiding

At 8.14 p.m., Hon. Thomas A. Maloney, Speaker pro Tempore of the Assembly, presiding.

TEMPORARY SUSPENSION OF ASSEMBLY RULE NO. 85

Mr. Silliman 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.

FURTHER CONSIDERATION OF ASSEMBLY BILL NO. 1

Further Consideration of Amendment Offered By Mr. Silliman to Assembly Bill No. 1

Motion to Amend

Mr. Silliman again moved the adoption of the following amendment:

Amendment No. 1

On page 24, of the printed bill, as amended in the Assembly on March 16, 1950, strike out all of lines 35 to 43, inclusive; and on page 25, strike out lines 2 to 25, inclusive.

Amendment read.

Demand for Previous Question

Messrs. Waters, McCarthy, Evans, Morris, and Levering demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of the amendment offered by Mr. Silliman to Assembly Bill No. 1.

Roll Call Demanded

Messrs. Gaffney, Silliman, and Butters demanded a roll call.

The roll was called, and the amendment offered by Mr. Silliman to Assembly Bill No. 1 refused adoption by the following vote:

AYES—Anderson, Berry, Brown, Connolly, Doyle, Fletcher, Geddes, Hansen, Huyck, Levering, Lipscomb, Luckel, McCarthy, McMillan, Porter, Reagan, Rosenthal, and Silliman—18

NOES—Babbage, Beck, Bennett, Burke, Burkhalter, Butters, Caldecott, Clarke, Collier, Conrad, Cooke, Crowley, Davis, Dills, Erwin, Evans, Fleury, Gaffney, Hahn, Kirkwood, Lewis, Lowrey, Maloney, McCollister, Morris, Moss, Niehouse, Rumford, Sherwin, Stanley, Stewart, Tomlinson, Waters, and Weber—34.

Consideration of Further Amendments

Motion to Amend

Mr. Sherwin moved the adoption of the following amendments:

Amendment No. 1

On page 49, line 11, of the printed bill, as amended in the Assembly on March 16, 1950, strike out "1,750,314", and insert "1,762,201".

Amendment No. 2

On page 49, line 33, of said bill, strike out "1,750,314", and insert "1,762,201".

Amendment No. 3

On page 88, line 44, of said bill, strike out "payable", and insert "available".

Amendments read, and adopted.

Consideration of Further Amendments

Motion to Amend

Mr. Reagan moved the adoption of the following amendment:

Amendment No. 1

On page 81 of the printed bill, as amended in the Assembly on March 16, 1950, strike out lines 49 to 52, inclusive.

Amendment read.

Demand for Previous Question

Messrs. Hinckley, Luckel, Waters, Morris, and McCarthy demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of the amendment offered by Mr. Reagan to Assembly Bill No. 1.

The roll was called, and the amendment refused adoption by the following vote:

AYES—Anderson, Beck, Bennett, Brady, Burke, Collier, George D. Collins, Cooke, Doyle, Dunn, Elliott, Fletcher, Geddes, Hahn, Hawkins, Hollibaugh, Huyck, Levering, Lowrey, Luckel, McMillan, Morris, Porter, Reagan, Rosenthal, Silliman, and Yorty—27.

NOES—Babbage, Berry, Brown, Butters, Caldecott, Clarke, Cloyed, Connolly, Conrad, Crowley, Davis, Dills, Dolwig, Erwin, Fleury, Gaffney, Grant, Hagen, Hinckley, Kirkwood, Lipscomb, Maloney, McCarthy, McCollister, Meyers, Moss, Rumford, Sherwin, Stanley, Thomas, Thompson, Tomlinson, Waters, and Weber—34.

Consideration of Further Amendments

Motion to Amend

Mr. Reagan moved the adoption of the following amendment:

Amendment No. 1

On page 101, line 46, of the printed bill, as amended in the Assembly on March 16, 1950, after "Reserve", insert "; provided further that any money heretofore allocated from said Postwar Employment Reserve for the State Agricultural Society, which money is not encumbered as of the effective date of this act, shall revert to the unappropriated balance of the Postwar Employment Reserve".

Amendment read.

Amendment Withdrawn

Mr. Reagan withdrew his amendment.

Consideration of Further Amendments

Motion to Amend

Messrs. Hawkins and Anderson moved the adoption of the following amendment:

Amendment No. 1

On page 37 of the printed bill, as amended in the Assembly on March 16, 1950, between lines 28 and 29, insert

"146.2—For additional support of Department of Industrial Relations, salaries and wages ---------- 27,664".

Amendment read.

Demand for Previous Question

Messrs. Kirkwood, Thompson, Connolly, Burke, and Morris demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of the amendment offered by Messrs. Hawkins and Anderson to Assembly Bill No. 1.

Point of Order

Mr. Hinckley arose to the following point of order: That Mr. Gaffney is not asking a question but is making a speech, and is out of order.

Ruling by Speaker

Speaker pro Tempore Maloney ruled the point of order well taken.

The question being on the adoption of the amendment offered by Messrs. Hawkins and Anderson to Assembly Bill No. 1.

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

AYES—Anderson, Beck, Bennett, Berry, Brady, Brown, Burkhalter, George D. Collins, Condon, Cooke, Crowley, Davis, Dills, Doyle, Dunn, Elliott, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Hagen, Hahn, Hawkins, Lewis, Lowrey, Luckel, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rosenthal, Rumford, Stanley, Thomas, and Yorty—40

NOES—Babbage, Burke, Butters, Caldecott, Clarke, Cloyed, Collier, Connolly, Conrad, Dickey, Dolwig, Erwin, Hansen, Hinckley, Huyck, Kirkwood, Levering, Lipscomb, Maloney, McCarthy, Reagan, Sherwin, Stewart, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—28.

Consideration of Further Amendments

Motion to Amend

Mr. Lowrey moved the adoption of the following amendment:

Amendment No. 1

On page 87 of the printed bill, as amended in the Assembly on March 16, 1950, between lines 41 and 42, insert

"436.1—For major construction, improvements, and equipment, sewer system, City of Woodland, pursuant to the Construction and Employment Act, payable from the Postwar Employment Reserve	60,000
436.2—For major construction, improvements, and equipment, sewer system, City of Corning, pursuant to the Construction and Employment Act, payable from the Postwar Employment Reserve	60,000
436.3—For major construction, improvements, and equipment, sewer system, City of Orland, pursuant to the Construction and Employment Act, payable from the Postwar Employment Reserve	60,000
436.4—For major construction, improvements, and equipment, sewer system, City of Colusa, pursuant to the Construction and Employment Act, payable from the Postwar Employment Reserve	60,000".

Amendment read.

Point of Order

Mr. McCollister arose to the following point of order: That Mr. Lowrey's time has expired.

Ruling by Speaker

Speaker pro Tempore Maloney ruled the point of order well taken.

The question being on the adoption of the amendment offered by Mr. Lowrey to Assembly Bill No. 1.

The roll was called, and the amendment refused adoption by the following vote:

AYES—Brady, Condon, Davis, Fletcher, Hagen, Lewis, Lowrey, McMillan, and Thomas—9.

NOES—Babbage, Bennett, Berry, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, Connolly, Conrad, Dickey, Dolwig, Doyle, Dunn, Elliott, Erwin, Fleury, Gaffney, Geddes, Grant, Hahn, Hansen, Hinckley, Hollibaugh, Huyck, Kirkwood, Levering, Lipscomb, Luckel, Maloney, McCarthy, McCollister, Meyers, Morris, Niehouse, Reagan, Rumford, Sherwin, Silliman, Stanley, Stewart, Thompson, Tomlinson, Waters, and Weber—47.

Consideration of Further Amendments

Motion to Amend

Mr. Lewis moved the adoption of the following amendments:

Amendment No. 1

On page 103 of the printed bill, as amended in the Assembly on March 16, 1950, between lines 7 and 8, insert "Delano".

Amendment No. 2

On page 79 of said bill, between lines 22 and 23, insert

"338.5—For the purchase of a site and construction of a building for a 4 year Kern State College in Kern County ---------- $3,625,000".

Amendments read.

Division of the Question

Mr. Lewis asked for a division of the question.

Consideration of Amendment No. 1

On page 103 of the printed bill, as amended in the Assembly on March 16, 1950, between lines 7 and 8, insert "Delano".

Amendment read.

Point of Order

Mr. Kirkwood arose to the following point of order: That Mr. Lewis has exceeded his time.

Ruling by Speaker

Speaker pro Tempore Maloney ruled the point of order well taken.

The question being on the adoption of Amendment No. 1, offered by Mr. Lewis, to Assembly Bill No. 1.

The roll was called, and the amendment refused adoption by the following vote:

AYES—Anderson, George D. Collins, Dunn, Elliott, Hagen, Hawkins, Lewis, McMillan, and Thomas—9.

NOES—Babbage, Bennett, Berry, Brady, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, Connolly, Conrad, Dickey, Dolwig, Doyle, Erwin, Gaffney, Geddes, Grant, Hahn, Hansen, Hinckley, Huyck, Kirkwood, Levering, Lipscomb, Luckel, Maloney, McCarthy, McCollister, Meyers, Reagan, Rumford, Sherwin, Silliman, Stanley, Stewart, Thompson, Tomlinson, Waters, Weber, and Yorty—43.

Consideration of Amendment No. 2

On page 79 of said bill, between lines 22 and 23, insert

"338.5—For the purchase of a site and construction of a building for a 4 year Kern State College in Kern County---------- $3,625,000.00".

Amendment read.

The roll was called, and the amendment refused adoption by the following vote:

AYES—Anderson, Burkhalter, George D Collins, Condon, Crowley, Dills, Elliott, Fletcher, Hawkins, Lewis, McMillan, Rosenthal, and Thomas—13

NOES—Babbage, Berry, Brady, Burke, Butters, Caldecott, Clarke, Cloyed, Collier, Connolly, Conrad, Davis, Dickey, Dolwig, Doyle, Erwin, Fleury, Gaffney, Geddes, Grant, Hagen, Hahn, Hansen, Hinckley, Hollibaugh, Huyck, Kirkwood, Levering, Lipscomb, Luckel, Maloney, McCarthy, McCollister, Meyers, Moss, Niehouse, Reagan, Sherwin, Silliman, Smith, Stanley, Stewart, Thompson, Tomlinson, and Weber—45.

Consideration of Further Amendments
Motion to Amend

Mr. Hawkins moved the adoption of the following amendment:

Amendment No. 1

On page 107 of the printed bill, as amended in the Assembly on March 16, 1950, between lines 13 and 14, insert

"SEC. 15.5. All passenger type motor vehicles purchased either from any appropriation made by this act or from any other appropriation available therefor for the use of the Department of Public Works, except the head of the department, shall be of the light class, for example: Chevrolet; Ford 6 or 8 cylinder; Nash 600; Plymouth; and Studebaker Champion."

Amendment read.

Roll Call Demanded

Messrs. Rosenthal, Morris, and Hawkins demanded a roll call.

The roll was called, and the amendment, offered by Mr. Hawkins to Assembly Bill No. 1, adopted by the following vote:

AYES—Anderson, Beck, Bennett, Berry, Brady, Brown, Burkhalter, Caldecott, Collier, George D. Collins, Condon, Connolly, Cooke, Davis, Dills, Dolwig, Doyle, Dunn, Elliott, Evans, Fletcher, Fleury, Geddes, Grant, Hagen, Hahn, Hawkins, Hollibaugh, Huyck, Lewis, Lipscomb, Lowrey, Luckel, McCarthy, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rosenthal, Rumford, Silliman, Smith, Stanley, Thomas, Weber, and Yorty—48

NOES—Babbage, Burke, Butters, Clarke, Cloyed, Conrad, Erwin, Gaffney, Hansen, Hinckley, Kirkwood, Levering, Maloney, McCollister, Reagan, Sherwin, Stewart, Thompson, Tomlinson, and Mr. Speaker—20.

Assembly Bill No 1 ordered reprinted, and re-engrossed.

FURTHER PROCEEDINGS UNDER CALL OF THE ASSEMBLY DISPENSED WITH

At 10.07 p.m., on motion of Mr. Silliman, further proceedings under the call of the Assembly were dispensed with.

APPRECIATION EXPRESSED

Speaker pro Tempore Maloney expressed appreciation on behalf of himself and Speaker Sam L. Collins, that all members had conscientiously expedited work on Assembly Bill No. 1, the Budget Bill, this day.

ANNOUNCEMENT OF COMMITTEE MEETINGS

It was announced that the following committees would hold meetings:

Tomorrow, Wednesday, March 22d—

At 9.30 a.m.—

Rules.

At 2 p.m.—

Ways and Means. Subject: The Senate Budget Bill.

REQUEST FOR UNANIMOUS CONSENT THAT LETTER OF TRANSMITTAL BE PRINTED

Mr. Geddes asked for, and was granted, unanimous consent that the letter of transmittal pertaining to the Preliminary Report on Workmen's Compensation Insurance be ordered printed in the Journal in 10-point type:

A PRELIMINARY REPORT ON WORKMEN'S COMPENSATION INSURANCE by the Assembly Interim Committee on Finance and Insurance H.R. 239

MR. SPEAKER: Pursuant to the mandate of House Resolution 239, Regular Session of the California Legislature 1949, material thus far submitted to the Interim Committee on Finance and Insurance is, in this preliminary report, herein classified and briefed for legislative consideration.

Public charges and countercharges concerning differences supposedly existing between the State Compensation Insurance Fund and a group of agents and brokers representing private insurers, immediately indicated the necessity for a clarified view of:

1. The formation, objectives, operation and conduct of the State Compensation Insurance Fund, and
2. The existent relationships between the State Compensation Insurance Fund, and
   (a) The Office of the Insurance Commissioner
   (b) The State Controller's Office, and
   (c) The Department of Finance

in order to properly evaluate the complaints being heard.

It further appeared that since no public scrutiny of this agency had been made for legislative consideration, since inception of the Boynton Act in 1913, a useful public service might be performed by a study of the methods of operation and the practices of the Fund

Appreciation is expressed for the splendid cooperation tendered the committee, both by the Fund and other related departments of the State Government. Their several presentations are most complete as well as fully expressive of a fine spirit of independent thinking conducive to better government.

Future hearings are scheduled for the development of agents and brokers complaints against the Fund, in which hearings the background studies presented on these pages should prove invaluable.

ERNEST R. GEDDES, Chairman
Assembly Interim Committee
on Finance and Insurance (H. R. 239)

REPORT ORDERED PRINTED IN THE JOURNAL BY UNANIMOUS CONSENT

Pursuant to unanimous consent previously granted to Mr. Geddes (see page 110 of the Assembly Journal of the 1950 Regular (Budget) Session for Friday, March 17, 1950) the Preliminary Report on Workmen's Compensation Insurance, by the Assembly Interim Committee on Finance and Insurance, was ordered printed in today's Journal as follows:

February 10, 1950

Hon. Ernest R. Geddes, Chairman
Assembly Interim Committee on Finance and Insurance
527 Investment Building, Pomona, California

DEAR MR. GEDDES: Please find enclosed herewith the statement requested in your letter of January 30, 1950. It discusses the "formation, objectives, operation and conduct" of the State Compensation Insurance Fund, though in slightly different order of presentation.

In the exceedingly limited time at my disposal, I have been unable to make as complete a presentation as I should have liked, with citations, exhibits and charts. Your forbearance, as well as your permission to submit supplemental documents when the specific complaints are known, will be much appreciated, and will doubtless conduce to the fair conclusion which your committee has in mind.

Yours very truly,

JOSEPH J. GALLAGHER, Manager

Statement on the Formation, Objectives, Operation and Conduct of the State Compensation Insurance Fund, Prepared at the Request on January 30, 1950 of Honorable Ernest R. Geddes, Chairman of the Assembly Interim Committee on Finance and Insurance.

February 10, 1950

FORMATION OF STATE COMPENSATION INSURANCE FUND

Since it does not appear that it will particularly serve the purpose of your inquiry, we will not attempt to preface this statement with any detailed account of the evolution of workmen's compensation liability on the continent of Europe in the last quarter of the nineteenth century, nor of the extension to the American continent in the first quarter of the twentieth century of the principle of liability of the employer for injuries to his employee arising out of and occurring in the course of the employment, irrespective of either party's fault. Suffice it to observe that widespread discontent existed because of the difficulties, frustrations and delays to which injured employees were subjected who sought to obtain damages for injuries sustained by them in the course of their employment, based on the alleged negligence of the employer.[1]

This evolutionary process was fermenting in California in the first decade of this century, and excited spirited discussions in such public minded bodies as the Commonwealth Club of California.[2]

In 1911, the Legislature of California enacted its first workmen's compensation statute (identified as the Roseberry Act [3]), and created an Industrial Accident Board for the administration of the new law. The act, although only elective in form, exerted a compelling influence toward its acceptance since the law abolished certain common law defenses of the employer who failed to come under its provisions.

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[1] Hobbs, "Workmen's Compensation Insurance" 2d Edition, pg. 61. Dodd, "Administration of Workmen's Compensation", p. 1. Campbell, "Workmen's Compensation", p. 31.

[2] Commonwealth Club of California, Vol VII, No. 5 (1912), Vol. VIII, No. 3 (1913).

[3] Chapter 399, Statutes of 1911.

On January 6, 1913, Hiram W. Johnson, while serving midway in his first term as Governor of California and then well embarked on his long career of distinguished public service, addressed the California Legislature in these words:

> "* * * The policy adopted by the State two years ago that the burden of accident should not fall wholly upon him who is least able to bear it, but should be wisely distributed, has now come to be the policy in many states of the Union, and the Federal Government itself. Neither the desirability nor the righteousness of this policy is longer questioned, and while, in specific instances, it is difficult thoroughly to work out the purpose and design of such acts, they are now accepted by every modern and humane state.
>
> "One of the chief difficulties that has arisen in California has been because of the rapacity of insurance companies. The rates of insurance seem to have been extortionate, and in many instances, prohibitive. In this sort of greed, however, insurance companies have over-reached themselves because, if we are to continue the policy that we have adopted in respect to industrial accidents, it will be necessary for the State itself to provide the necessary insurance. The Industrial Accident Board reports to me that the Washington scheme of insurance is not approved by them, but that they do approve the creation of a state insurance fund, in order that the State may furnish insurance to those who desire it for their protection. I strongly urge upon you, if the industrial accident law is to continue to be a part of the policy of the State of California, that you take the necessary means for providing for a state insurance fund.* * *"

Subsequently (January 28, 1913) Honorable Albert E. Boynton, President pro tem of the California Senate, introduced Senate Bill 905, the title of which read:

> "An act to promote the general welfare of the people of this State by creating and enforcing a liability on the part of employers to compensate their employees, and the dependents of such employees, for accidental injury or death in the course of the employment, irrespective of the fault of either party and to provide for the settlement of disputes by the Industrial Accident Commission; by creating a 'state compensation insurance fund' to insure employers against such liability, and providing for its administration; by requiring safety in all employments and places of employment in this State to be safe, and providing the means and methods of enforcing such safety; to require reports of industrial accidents; to provide penalties for offenses by employers, their officers, agents, and by employees and other persons and corporations; to change the name of the Industrial Accident Board to Industrial Accident Commission; to provide for its organization, define its powers and duties * * *"

This act, which will be adverted to again (pp. 161 and 162, infra), was passed by both houses of the Legislature and, on May 26, 1913, was approved by the Governor, to become effective January 1, 1914.

The Boynton Act (by which name this law was identified) created and established a fund to be known as the "State Compensation Insurance Fund" to be administered by the Industrial Accident Commission "without liability on the part of the State beyond the amount of said Fund." It was placed initially under the management of Claude W. Fellows, an experienced insurance executive, who resigned in December 1922 to organize the Associated Indemnity Company of California of which he became president.

Under the provisions of the Boynton Act, the State Compensation Insurance Fund, through its administering board, was directed to fix and determine the rates which it would charge for compensation insurance coverage, a discretion enjoyed equally by other insurers. However, the threatened insolvency of several workmen's compensation insurance carriers induced the Legislature in 1915 to enact a minimum premium rate law, binding on all insurers, including the State Compensation Insurance Fund.[4] Since then no compensation insurance carrier may charge rates that are less than the rates previously approved by the Insurance Commissioner.[5]

In some other jurisdictions having competitive state funds, the law authorizes the fund to offer insurance at premium rates below those required to be charged by other insurance carriers.

Until 1945, the Legislature had entrusted the administration of the State Compensation Insurance Fund to the Industrial Accident Commission. In that year, the Legislature transferred the administration of the fund to a board of directors consisting of the Director of the Department of Industrial Relations as chairman and four other members appointed by the Governor. These other four members must be policyholders or employees of policyholders of the fund. The individuals presently comprising the board are:

Paul Scharrenberg, Director of Industrial Relations, Chairman.
Alfred H. Campion, Chief Administrative Office of San Diego County.
Ernest Ingold, President, Ernest Ingold Company.
Lloyd A. Mashburn, Secretary-Treasurer, Los Angeles Building and Construction Trades Council.
Ray B. Wiser, President, California Farm Bureau Federation.

The manager of the State Compensation Insurance Fund is Joseph J. Gallagher, who has been identified with the fund since its establishment in January, 1914. He was appointed Secretary in 1923 and Manager in 1944.

OBJECTIVES OF THE STATE COMPENSATION INSURANCE FUND

By the Boynton Act, the Legislature created the fund "for the purpose of insuring employers against liability for compensation under this act, and insuring to employees and other persons the compensation fixed by this act for employees and their dependents." (Section 36).

[4] Reports of Industrial Accident Commission 1914-15, p. 28; 1915-16, p. 26. See footnotes Nos 17 and 18, pp. 163 and 164, infra.
[5] Insurance Code, Section 11736.

The fund believes that employers want their injured workers to receive their full measure of fair treatment. Therefore its *first objective,* conformably to the intention of the Legislature, is to adjust the claims of the injured workers and of their dependents in a humane rather than in a self-serving or profit-seeking manner, guided by the moralities no less than by the legalities of a situation, insuring to such claimants all of the benefits to which they are lawfully entitled, without subtraction and without delay. In this sense, the adjustment of claims not only includes both medical and hospital treatment on the one hand and compensation payments on the other, but broadly the purpose of rehabilitation of the injured worker to enable him to resume at the earliest moment his rightful place in productive society. In these respects, the Legislature required the fund to set, and it does set,[6] a standard of right conduct which, consciously or otherwise, other insurers must endeavor to meet.

Its *second objective* is to relieve human hardship and protect lives by reducing the incidence and severity of accidents among the employees of its insureds.

Its *third objective,* in compliance with the Legislature's instruction, is to operate in full, free and fair competition with other insurance carriers, to carry out the terms of its insurance contract without profit and, after establishment of prudent reserves, to return its surplus to its insureds,[7] thus reducing to its lowest cost the insurance tax which the Legislature has made compulsory upon all insuring employers.

That the fund has succeeded in its first objective is discoverable from statistics. That it has succeeded in its second objective, is ascertainable from a legion of California employers. That it has succeeded in its third objective, is determinable from many sources including, we believe, a frustration which prompts an envious group in the insurance industry to cry "wolf" to this committee in an attempt to soften competition.

Thus as early as 1917, Mr. A. J. Pillsbury, who for so many years was intimately and constructively identified with the establishment and administration of workmen's compensation laws in California, declared:

> "The purpose of the fund was to furnish a standard of fair treatment toward employers and employees, both as to the charging of reasonable rates for insurance and the prompt making of payments that deserved to be made, which other insurance carriers must follow on pain of seeing the business go to the state fund instead of to themselves. It has fulfilled this requirement admirably and bids fair to do so in the future * * *."[8]

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[6] For instance, during the six-year period 1944 through 1949, out of 822,847 total injuries reported, only 1.93 percent were rejected; for the latest year (1949), only 1.63 percent were rejected. Of the claims initially rejected many were subsequently found to be compensable and were then accepted.

[7] Boynton Act, Section 37c; Insurance Code, Section 11776.

[8] "Changes in the Compensation Law", by A. J. Pillsbury, 1917.

In its biennial report for 1919-20, the Industrial Accident Commission states:

"* * * The purposes for which the State Compensation Insurance Fund exists may be given briefly as:

"Providing a ready means for California employers to insure their compensation liability at minimum cost and with the element of profit removed from the transaction;

"Stabilizing compensation insurance practices and encouraging economies on the part of other carriers by eliminating discrimination and operating at low overhead cost;

"Insuring its employees and their dependents the compensation provided by law without resort to technical defenses."

CONDUCT OF THE STATE COMPENSATION INSURANCE FUND

Almost all of the existing state funds, both exclusive and competitive, have been faced by constant and vigorous opposition from private casualty insurance interests. Whenever legislation has been proposed to create new insurance funds, private carriers directly and through influential allies have brought strong pressure to bear upon lawmakers in order to defeat such moves Through printed circulars, articles, public addresses, and pamphleteering these opposing interest have endeavored to belittle the achievements and to emphasize the shortcomings of existing state funds. While criticisms from this source cannot be classed as unbiased or impartial, nevertheless, they should be carefully considered and evaluated in the light of experience. Some of the criticisms most commonly voiced against the California State Compensation Insurance Fund are here discussed.

COMPETITION

Some critics of the State Compensation Insurance Fund are heard to say that it was never intended that the state fund should compete actively with other insurers.

This is the reverse of fact.

The State Compensation Insurance Fund solicits workmen's compensation insurance coverage and does so in compliance with the will of the Legislature,[9] and also with the express will of the people.[10] It does so as a service to employers and employees. In order to accomplish the purposes for which it is created it is necessary, indeed indispensable, that it engage in solicitation.

In substantiation of these statements we present the following points for your consideration:

The original Boynton Act, as presented by Senate Bill 905 to the Legislature in January, 1913, and also as enacted, provided:

"Said fund shall, after a reasonable time during which it may establish a business, be fairly competitive with other insurance carriers; * * *[11]

"The commission is hereby vested with full power, authority and jurisdiction over the state compensation insurance fund and may do and perform any and all things whether herein specifically

[9] Boynton Act, 1913; Workmen's Compensation Insurance and Safety Act, 1917.
[10] Constitution, Art XX, Sec 21, adopted by referendum November 5, 1918.
[11] Boynton Act, Section 37(c).

designated, or in addition thereto, which are necessary or convenient in the exercise of any power, authority, or jurisdiction over said fund in the administration thereof, or in connection with the insurance business to be carried on by it under the provisions of this act, *as fully and completely as the governing body of a private insurance carrier might or could do.*[12] (Emphasis added.)

"The commission * * * may: * * * Conduct all business and affairs, relating to the state compensation insurance fund, whether herein specifically designated or in addition thereto." [13]

Section 38(a) of the Boynton Act gives the commission authority, and Section 37(c) gives it a mandate, to so administer the fund that it shall be competitive with other insurance carriers.[14]

It is interesting to note that this very point as to whether the fund should be competitive was at issue on the floor of both the Senate and the Assembly in the consideration of the Boynton Act (Senate Bill 905). The opponents of a competitive state fund proposed on the floor of both Senate and Assembly amendments to eliminate a competitive state fund. These amendments were defeated in the Senate by a vote of six ayes and 20 noes, and in the Assembly by a vote of 13 ayes and 48 noes. Only one member then in the Legislature is now there. He is Assemblyman George A. Clarke. He voted against the amendment and for the bill.

During the consideration of Senate Bill 905, the title of the bill, as quoted heretofore (p. 161) was amended, so far as it concerned the State Compensation Insurance Fund, by adding the words in italics in the following quotation:

"An act to promote the general welfare of the people of this state * * * by * * * creating a 'state compensation insurance fund' to insure employers against such liability and providing for its administration *and regulating such insurance by other insurance carriers;* * * *."

We believe it is important to know the thinking of the administrators of the workmen's compensation law during its early formative years

[12] Boynton Act, Section 38(a).
[13] Boynton Act, Section 38(b4).
[14] Certain critics interpret the word "fairly" in Section 37 of the Boynton Act (providing "said fund shall, after a reasonable time during which it may establish a business, be fairly competitive") to prohibit "deceptive" or "misleading" practices. The fund abhors deception and misrepresentations and urges that all insurers, including the fund and all agents and brokers, should follow a high standard of competitive conduct. The fund has never knowingly done otherwise. It points out, however, that the critics misinterpret the word "fairly" as used in Section 37(c), for otherwise the preceding clause "after a reasonable time during which it may establish a business" becomes ridiculous Surely the Legislature did not intend to encourage or require the fund to be deceptive during such reasonable time as it might need in which to establish a business And just as surely the Legislature assumed that compliance with the act, whether by the fund or by other insurers, would be honest compliance In interpreting this language, 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. In fact from the first it cooperated with the company members of the Workmen's Compensation Service Bureau in the matter of initial rates (See Report of Industrial Accident Commission, 1914-15, p. 28). 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 nor less than self-supporting."

in respect to the competitive character of the State Compensation Insurance Fund and for that reason we quote several excerpts from the Industrial Accident Commission's biennial reports:

"Many different plans have been adopted by the various states, some providing for the establishment of a fund with complete control and monoply of the compensation insurance business by the state; others for state supervised companies; and in several states, as in California, a state insurance fund *to compete* with other licensed insurance carriers. This latter plan was adopted in this State with the idea that corporate insurance carriers, when properly *regulated,* might perform a useful social service. The State Compensation Insurance Fund was created for the purpose of *assisting in this regulation* by the injection of a competition which would tend to make necessary a reduction in operating cost by other insurance carriers with the natural reduction in rates which must ultimately follow. *The Commission believes that a healthy competition is as good for the State as for its competitors,* a monoply by either being likely to result in an assurance which might tend to the furnishing of only fair service at high rates. * * *

"When the Workmen's Compensation, Insurance and Safety Act was being considered by the Legislature, it was freely predicted by the representatives of corporate insurance companies that if the measure became a law the compensation rates would, of necessity, be materially increased. The establishing of a competing state "fund" resulted, however, in the standard compensation rates published for use under the Roseberry law being reduced to an extent averaging 25 percent. The commission, therefore, feels justified in stating that this is the first advantage accruing to California employers through the intervention of state insurance.

"In the absence of statistics to indicate the result of compensation in California, it was decided, in order to be on the side of safety, that the State Compensation Insurance Fund should, at the outset,[15] adopt the California rates published by the Workmen's Compensation Service Bureau of New York and followed by the companies holding membership in that 'bureau'. But as the law provides that the State Compensation Insurance Fund shall be ultimately no more or less than self-supporting, and that the rates shall be only sufficient to carry out the specific purposes stated in the act, the policy form issued by the 'fund' provides for return to policyholders of any excess premium collected. This makes of the 'fund' a purely mutual insurance institution for employers, which, through competition, is expected finally to force compensation insurance rates charged by all insurance carriers to a minimum."[16]

"The 'fund' was able to maintain standard rates despite its competition with many other insurance carriers and with several which were writing business at material cuts under such rates."[17]

[15] This report covers the first six months of the operation of the fund, January 1, to June 30, 1914.
[16] Report of the Industrial Accident Commission, 1913-14, page 21.
[17] Report of the Industrial Accident Commission, 1914-15, page 28.

"That the State Compensation Insurance Fund of California has proved a pronounced success is now generally conceded by all who have been in a position to watch its progress. Since the end of its first year, when its volume of compensation premiums exceeded that of any other insurance carrier operating in the State, its commanding lead over competitors has steadily increased and its assets have grown to an amount exceeding $1,000,000."[18]

"In other states, where competitive state insurance funds are operated, notably New York and Pennsylvania, the state insurance institutions are permitted to write business at less initial rates than charged by the corporate companies because of the lower operating costs of these state institutions In California the overhead expense of the State Compensation Insurance Fund has been less than one-half that of the corporate companies and the Commission believes that the policyholders of the fund should not be required to pay rates which are loaded for expense so much in excess of the fund's overhead cost of conducting the business. This was brought forcibly to the attention of the commission when, early in this year, corporate insurance representatives proposed an increase in compensation insurance rates which represented an average added cost to California employers of approximately 37 percent. This was opposed by the commission and an attempt was made to secure an amendment to the law which would permit the State Compensation Insurance Fund to make independent rates based upon its lower operating cost. Insurance agents appeared in opposition and the amendment was defeated in the Insurance Committee of the Assembly."[19]

Thus the State Compensation Insurance Fund embarked early upon an active competitive life. This policy came before the Legislature for review when the Legislature rewrote the workmen's compensation laws in 1917, effective January 1, 1918.[20] The attitude of the Legislature is discoverable in the following language of the new act:

"* * * A complete system of workmen's compensation includes * * * full provision for regulating such insurance coverage in all its aspects including the establishment and management of a State Compensation Insurance Fund, * * *." (Section 1.)

"The State Compensation Insurance Fund may insure against any liability fixed under this act to the same extent as any insurance carrier." (Section 30(g).)

"Nothing contained in this act shall be taken or construed to limit, interfere with, disturb, or render ineffective in any degree, the creation, existence, organization, control, management, contracts, rights, powers, duties and liabilities of the State Compensation Insurance Fund, but all such matters and things are hereby expressly confirmed, saved and continued." (Section 32.)

[18] Report of the Industrial Accident Commission, 1915-16, page 27
[19] Report of Industrial Accident Commission, 1916-17, page 23.
[20] Chapter 586, Statutes of 1917.

You, of course, are aware of the fact that the Legislature had no express constitutional authorization for the establishment of the State Compensation Insurance Fund in 1913, or for its confirmation and continuance in 1917. This circumstance, among other reasons, led the Legislature in 1917 to propose to the people of California the addition of a new section to Article XX of the Constitution.[21]

The people adopted this new section (21), and by their vote incorporated the following language into our State Constitution:

> "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 of the functions vested in them, are hereby ratified and confirmed."

The continuity of the competitive pattern in the conduct of the state fund is shown from the following excerpt from the report of the Industrial Accident Commission for 1918-19, P. 33:

> "* * * From these (financial and statistical) statements it will be seen that steady progress has been shown each year since the beginning of operations in 1914. The premium income for the first half of 1919 exceeded $1,500,000, indicating the likelihood of a total volume considerably in excess of $3,000,000 for the full year. As the total premium income for all carriers was estimated at $8,000,000, the fund is now doing about 40 percent of the entire compensation insurance business of California *in competition with* a large number of insurance companies and interinsurance exchanges." (Emphasis added.)

However, the actual percentage for the year turned out to be 33.39 percent, as indicated in the following excerpt from the annual report for 1919-20, p. 44:

> "* * * The net premium writings (by all carriers in California in the year 1919) amounted to $9,739,617.15, of which the State Compensation Insurance Fund wrote $3,251,974.25, or 33.39 percent, in competition with about 30 carriers. As the greater part of the premiums of competing insurance carriers included a surcharge of 5 percent, the payroll exposure actually covered by the fund exceeded the percentage of the total reported premiums above indicated. The surcharge mentioned was removed by the companies in the latter part of the year 1919 and there is every reason to believe that the competition of the fund was the most important factor in bringing about the reduction."

In its report for 1920-21, the Industrial Accident Commission declares as follows: (Page 54)

> "* * * The net writings of the State Compensation Insurance Fund amounted to * * * nearly four times the business of its nearest competitor.

[21] S C A. No 30, Chapter 60 of Concurrent and Joint Resolutions and Constitutional Amendments, 1917.

"* * * We think it can reasonably be stated that this steady progress of the fund in the face of the severest competition, is indicative of the satisfactory service rendered and the economical manner in which the premiums entrusted to the fund by California employers have been handled. * * *

"* * * The latest session of the Legislature witnessed a repetition of previous attacks upon the fund through legislation sought by its competitors in an effort to cripple its efficiency. One of these took the form of a bill to limit the surplus of the fund to a definite amount, regardless of the volume of business and amount at risk. Such a restriction is contrary to all sound insurance theory and to the practices of conservative insurance corporations. Another was a bill to prevent the fund from continuing in its dividend disbursement plan the very principles underlying the theory of experience rating, which form of rating has been so stoutly and consistently defended by the fund's competitors. Both of these bills were defeated.

"At the same legislative session the Industrial Accident Commission, with the full concurrence of the manager of the fund, proposed bills providing for the return to the State of the original appropriation of $100,000 as a capital for the fund and for an increase in the fund's tax upon premiums to an amount equivalent to the tax upon insurance companies under the King tax measure. These proposals were presented in order that the fund might more strictly carry out the 'fairly competitive' intent of the law. The first mentioned of these measures was adopted by the Legislature and enacted into law. The second was presented too late for consideration, but sufficient authority for the increased tax was found in the existing statute and it is being paid into the Accident Prevention Fund of the State."

Possibly the foremost authority on workmen's compensation in California is Douglas Campbell, whose work on "workmen's compensation" is accepted as authoritative by all the courts of California. Writing in 1935, he had this to say about the state fund and its place in the insurance industry:

"Experience in California has indicated the wisdom of controlled competition in workmen's compensation insurance. Monopoly, whether in public or private industry, tends to become bureaucratic and burdened with routine to the loss of efficiency. That it may be truly competitive, the California state fund pays the same taxes as do private carriers. * * *

"The real function of the state fund is to fix compensation rates; to make compensation insurance available to the employers of the State at a minimum of premium consistent both with good insurance practices and the acceptance of all lawful liabilities in the spirit contemplated by the act. The consensus of opinion, based upon the experience of many jurisdictions, is that the fund should not be monopolistic, but vigorously competitive. This insures the degree of competition so highly desirable for the maintenance of real protection and service to the insuring public.* * *

"(The fund) was intended to be, and is, vigorously competitive with private insurers. It has fulfilled the intent of the Legislature by becoming, and remaining, neither more nor less than self-supporting.* * *

"As the agency created by the act specifically designed to carry out its objects and purpose, the state fund stands as a competitive equal of private insurers." [22]

The purpose of the above citations and quotations is to establish beyond any possibility of dispute that the State Compensation Insurance Fund was intended to be, and from the first it actually was actively competitive, contrary to the contentions of some that the Legislature never intended the fund to be competitive and that it became so only in later years.

Critics also suggest that if the competitive activities of the state fund are not restricted, private insurance and private enterprise will be driven from the workmen's compensation insurance field. The absurdity of this comment is shown by the following tabulation of state fund premiums in relation to total California workmen's compensation insurance premiums, annually from 1914 through 1948.

Year	Percent of fund premium to total California workmen's compensation insurance premiums	Year	Percent of fund premium to total California workmen's compensation insurance premiums
1914	11.8	1931	29.4
1915	15.4	1932	30.3
1916	20.2	1933	30.4
1917	24.0	1934	30.8
1918	28.7	1935	29.7
1919	33.4	1936	29.6
1920	34.1	1937	29.8
1921	36.9	1938	31.1
1922	33.7	1939	32 5
1923	30.8	1940	31 8
1924	30.2	1941	26.9
1925	30.1	1942	20.8
1926	29.7	1943	18 2
1927	30.5	1944 [23]	20.6
1928	32.1	1945	21.2
1929	31.7	1946	24.5
1930	31.3	1947	24.6
		1948	25.6

In connection with the soliciting of business in a competitive market, we are reminded of a recent full-page advertisement of a well-known insurance carrier operating on a nation-wide basis. The advertisement appeared in an insurance trade journal and carries the following caption: "IT IS UNETHICAL FOR US *NOT* TO SOLICIT BUSINESS." The advertisement concludes with the statement: "Selling is an important part of the insurance man's profession." [24]

[22] Campbell, Workmen's Compensation, p 1414, et seq.

[23] Prior to 1944, premiums are on net (less reinsurance) basis. For 1944 and thereafter, they are on direct basis. This results from change in Insurance Commissioner's mode of reporting.

[24] Underwriter's Report, May 5, 1949, back cover.

THE NEED FOR ACTIVE COMPETITION

The business of every insurer is made up of good, medium and poor risks, but in different degrees. It would appear to be an elementary and manifest observation, requiring only the bare statement in support, that by their very nature good risks are sought by insurers and poor risks gravitate to those insurers which will accept them. An insurer which wants to comply fully with the workmen's compensation requirements and also to make a saving either for its stockholders or its insureds must actively solicit business or receive less than a proper share of good risks and more than its proper share of bad risks. A passive attitude on the part of the State Compensation Insurance Fund would necessarily reduce it step by step to the insuring only of an "assigned risk" class of employer, which of course is primarily what its critics want. It would become powerless to avoid "adverse selection" and become a victim of the violation of this most fundamental principle of insurance. It would forego desirable new business, would find its percentage of undesirable business increased and would lose the better renewals. This vicious circle would certainly destroy the fund's direct and indirect influence in favor of liberal claim adjustments and lowered costs, and would leads towards financial impairment.

To what end?

Not to reduce the cost of insurance, for no one can believe that putting the fund in a straight jacket will *reduce* the cost of insurance to California's 300,000 insured employers. Nor can anyone believe that it will improve the lot of the injured worker.

Then to what end?

Actually, to serve the wishes of certain brokers under the pretext of adherence to "private enterprise."

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, on penalty of criminal misdemeanor and of exceptionally high civil liability for violation, imposed and still imposes on every employer (with certain limited exceptions) 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 governmental 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.

Governor Hiram Johnson declared in his message to the Legislature on January 6, 1913 (supra, p. 158) that:

> "* * * One of the chief difficulties that has arisen in California has been because of the rapacity of the insurance companies. The rates of insurance seem to have been extortionate, and, in many instances, prohibitive. In this sort of greed, however, insurance companies have overreached themselves because, if we are to continue the policy that we have adopted in respect to industrial accidents, it will be necessary for the State itself to provide the necessary insurance * * *."

The sequel of this remark is found in the report of the Industrial Accident Commission for 1913-14, at page 22, quoted supra at page 15, in which the commission declares that representatives of corporate insurance companies were freely predicting, during the time the Workmen's Compensation Act was under consideration in the Legislature, that the enactment of the law would inevitably cause a material increase in rates, but that on the contrary the establishment of a competing state fund resulted in an average reduction in rates of 25 percent, which the commission felt justified in stating was the first advantage accruing to California employers through the establishment of a state fund.

It will be recalled that California standard rates are minimum, but not maximum. Until January 1, 1918, the State Compensation Insurance Fund charged the same rates as the corporate companies affiliated with the National Workmen's Compensation Service Bureau, as of which date the bureau arbitrarily increase the rates 5 percent. The California Insurance Commissioner refused to approve an increase in the minimum rate, and the State Compensation Insurance Fund did not adopt the increased schedule but continued to charge the legally approved California minimum rates. This surcharge continued until the latter part of 1919 and there is every reason to believe that the competition of the fund was the most important factor in bringing about its elimination.

The fact that an employer buys his insurance from another carrier at a particular cost, does not mean that his cost would be the same if the State Compensation Insurance Fund were not today in active competition. Many tangible *reductions* in California workmen's compensation insurance costs are traceable directly to the state fund's active participation in the workmen's compensation insurance field. Among these are the participating dividend. Not until the state fund had pioneered this method of reducing cost and shown its practicability, did other California insurers fall into line.

Few employers are aware that every hundred dollars of premium they pay to their insurance carrier includes $17.50 for "acquisition," paid upon initial purchase of the policy and again upon renewal. This charge is included in what is known in the trade as "expense loading" and is paid to every insurer, including the State Compensation Insurance Fund. However, the state fund charges this loading only because the minimum rate law *requires* it to do so, and from this loading is largely derived the surplus premiums which it distributes to its insureds as "dividends," i.e., a return of the unused portion of premiums received.

Similarly, few employers are aware that the 17½ percent loading for acquisition is the same regardless of the premium rate of the classification into which his principal pay roll falls. Thus, out of each $100.000 of pay roll developed by various employers there is a wide difference in the amount each is charged for acquisition (selling) expense. For example, the following tabulation illustrates the amount of premium per $100,000 of pay roll at basic rates for selected industries, and the amounts charged for acquisition.

Code	*Class*	*Basic rate per $100*	*Basic premium per $100,000*	*Acquisition (17½%)*
9540	Rigging	$18.15	$18,150	$3,176.25
6251	Tunneling	10 68	10,680	1,869.00
2702	Logging and lumber	8 36	8,360	1,463.00
5403	Carpentry	3 93	3,930	687.75
3632	Machine shops	1.57	1,570	274.75
8006	Grocery stores	74	740	129.50

An employer might find it hard to see why a broker's mere selection of a workingmen's compensation insurer is more costly as applied to one line of business than for another. True, a commercial salesman might receive the same percentage of commission on a high priced article as upon a low priced article, but the buyer is not required to purchase the high priced article; indeed, he does not have to buy either.

Not all carriers pay the broker (who theoretically represents the insured but receives his commission from the carrier) this 17½ percent. Some carriers pay more, some less, some none. At least one large company advertises that it pays 17½ percent on *nonparticipating* policies and 10 percent on *participating* policies. Just what is the distinction? Is not the protection and the service the same? What reason does the broker give the employer to whom he sells a nonparticipating policy? Can it be that the commission to the broker is the all-important factor determining the selection and the cost to the employer is based on whatever the traffic will bear? [25] Or can it be that state fund competition creates the demand for participating policies and without the fund much of the business would revert to nonparticipating? The answer to the latter question must be "Yes"—else why should certain carriers now discriminate by paying larger commissions for the sale of nonparticipating policies which exclude the employer from sharing in premium savings?

Similarly, few employers are aware that their premium dollar contains a total *expense* loading of 40 35 percent for insurance carrier overhead, allocated 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
	40.35%

[25] A full length advertisement appearing in Pacific Insurance Magazine for February, 1950, p 24, advises "How to get HIGHER commissions on MORE compensation business" It says, "you'll earn higher commissions—we pay 17½ percent on nonparticipating policies—a rate that steps up commission income as much as 75 percent". The same carrier advertises a participating policy, but at a 10 percent rate of commission to the broker.

This overhead expense loading is determined by the Insurance Commissioner, and is keyed to the expense demands of the most expensive type of stock carrier. The low administration costs of the State Fund (average 15 percent) are not used in arriving at the 40.35 percent loading which must be charged to all employers.

The 40.35 percent expense loading is the explanation for the statement, frequently made, that an insurance company must collect $1.68 to pay out $1 in benefits. (1.00 ÷ [1.00 — .4035] = 1.68.) This is the expense basis underlying all workmen's compensation insurance rates promulgated by the Insurance Commissioner and which all carriers, including the State Compensation Insurance Fund, must use. As the administration or overhead expense of the fund will average less than 15 percent, the surplus premiums collected through charging required rates, are returned to fund policyholders. This excess premium is the principal source from which the fund dividends are obtained.

The state fund has tried, both in the Legislature and before the Insurance Commissioner, to reduce the expense loading, but with no success.

In this presentation, we have attempted to show that the solicitation of business by the State Compensation Insurance Fund brings a salutary influence into the California workmen's compensation insurance industry, because such solicitation tends to hold down the employer's insurance cost or tax, no matter from whom the employer buys his insurance.

But a more important reason for the fund's solicitation of workmen's compensation insurance risks has to do with the furnishing of insurance benefits (money payments, medical and hospital treatment) to injured workers. The fund should, and does, set a standard of right conduct toward injured workers which other carriers cannot ignore An example illustrating this statement is found in the fact that a lower percentage of injured workers protected by fund policies find it advisable or necessary to take legal action through the Industrial Accident Commission for a determination of their rights than is true of injured workers protected under policies of other carriers.[26] In the long run the fund's claims adjustment policy is advantageous to employers and to their injured workers. But the broad beneficial effect of the state fund adjustments is lost unless the fund is free to reach the maximum number of workers, which it can do only by solicitation of their employers. On the contrary, its adjustments must suffer and deteriorate in quality as well as in number if its insurance coverage is limited, in large effect, to adverse risks.

This brings us back to the comment that it is the Legislature which has authorized both private insurers and the State Compensation Insurance Fund to engage in a public enterprise (workmen's compensation insurance) in order to serve the employer and his workers, and not to serve the insurance industry as such, nor its brokers who do not create this business (as in other lines) but seek to direct it here and divert it there, largely in accordance with the commissions obtainable.

[26] In the last available year (1948), the fund had approximately 25 percent of the workmen's compensation premium volume but was named in only 19 6 percent of original decisions rendered by the Industrial Accident Commission involving all insurance carriers

No matter what decorative language the broker uses, his basic objection to the state fund's active solicitation of business is that such solicitation deprives him of commissions.[27]

Having in mind that the usual broker writes many lines of business, the following figures should prove enlightening. They show the percentage of state fund business to the total volume of insurance business in California. These figures (except for 1948) are taken from the Insurance Commissioner's report for the year ending December 31, 1947, page XIV, showing the California net premiums written for the years 1938 to 1943 inclusive and direct premiums written from 1944 to 1947 inclusive. Column 3 shows the fund premiums and column 4 the percentage of fund business to total California premiums on all lines of insurance:

	California total premiums	*Fund premiums*	*Percent col. 2 to col. 3*
1938	386,865,210.53	9,603,381.03	2.48
1939	390,470,991.80	9,860,575 51	2.52
1949	407,708,635 50	9,868,343 56	2.42
1941	445.697,970.15	10,789,956.12	2 36
1942	482,558,505 31	12.348,602.14	2.55
1943	549,493,069 96	13,380,324 49	2.43
1944	638,629,723 81	16,483,575.12	2 58
1945	694,268,914 85	15,230,101.55	2.19
1946	830,856,169 78	18,133,348.10	2.18
1947	993,029,469.42	22,921,044.94	2.30
1948	1,121,830,562 67	26,402,009.22	2.35

The increase in total business done from 386 millions in 1938 to 1,121 millions in 1948 certainly does not look like the volume of insurance written by the fund is "driving the agents and brokers out of business."

TAXES

Heretofore (pp. 166 and 167) we quoted Douglas Campbell as saying: "That it may be truly competitive, the California State Fund pays the same taxes as do private carriers." Literally and narrowly, this statement is short of the whole truth; broadly and substantially, having in mind that the fund, like mutuals and reciprocals, is a participating carrier, it is true.

Originally, the state fund had no liability for taxes on premiums but it undertook to pay them voluntarily, and itself caused the law to be amended to make the payment of such taxes mandatory.

This development is discussed in the early reports of the Industrial Accident Commission. In its report for 1917-18, at page 28, the commission says:

> "Heretofore, competitors have complained that the fund was not fairly competitive because it was not required to pay taxes on premiums. The last Legislature amended the law in this respect and the fund is now required to pay the same tax on net premiums (i.e., 2 percent as is paid to the State by other insurance carriers * * *. This tax * * * is paid into the Accident Prevention Fund of the Industrial Accident Commission. * * *"[28]

[27] The employees of the State Compensation Insurance Fund are under state civil service but are not paid out of state moneys, either currently or for retirement. All of their remuneration comes from the insurance income of the fund.

[28] Chapter 586, Section 51, Statutes of 1917.

In its 1920-21 annual report, at page 54, the commission says:

"At the same (i.e., latest) legislative session the Industrial Accident Commission with the full concurrence of the manager of the fund, proposed bills providing for the return to the State of the original appropriation of $100,000 as capital for the fund and for an increase in the fund's tax upon premiums to an amount equivalent to the tax upon insurance companies under the King tax measure.[29]

"These proposals were presented in order that the fund might more strictly carry out the 'fairly competitive' intent of the law. The first mentioned of these measures was adopted by the Legislature and enacted into law. The second was presented too late for consideration, but sufficient authority for the increased tax was found in the existing statute and it is being paid into the accident prevention fund of the State."

Constitutional amendments affecting taxes of insurance corporations were adopted in 1938 and 1942.

In 1943, with the active concurrence and collaboration of the state fund, and with intent to fully equalize the tax obligation of the fund with the obligation of other workmen's compensation insurers, the Legislature enacted Section 12264 of the Revenue Laws of California, reading:

"12264. The State Compensation Insurance Fund shall annually pay a sum computed on the same bases, at the same rates, and subject to the same deductions specified in this article, which payment is intended to be the equivalent to the taxes imposed upon private insurers."

In 1949, the fund paid the State $431,773 in premium taxes.

Some critics, without pointing to the fact that the premium tax of a mutual insurer is substantially the entire tax, declare the fund pays no federal tax on "profits," or that other insurers pay "real estate" taxes which the fund does not pay.

That the fund does not pay federal income taxes is quite true, but anyone raising the tax question should also point out that the fund is the only California carrier required by law to return all of its profits to its policyholders and that therefore it has no profit except possibly an investment profit upon which it could pay a federal tax.

Our competitors would like to have an employer believe that the federal income tax paid by other insurers is some huge sum which gives the fund a tremendous competitive advantage. The fund's method of operation can be best compared with the operation of a mutual or reciprocal carrier. According to figures published in "Best's" for 1948, the 13 mutual and reciprocal carriers licensed for workmen's compensation insurance in California had incurred federal income taxes on 1948 business (country-wide) amounting to less than 1 percent (exactly 0.82 percent) of premiums written. The reader can judge for himself how competitively unimportant this small percentage really is.

[29] 2.60 percent. See Chapter 22, Section 2, Statutes of 1921. In 1927 the 2.60 percent tax was made explicit and was required to be paid into the State Treasury to the credit of the General Fund. (See Chapter 761, Statutes of 1927.)

In respect to real estate taxes, the fund's critics insinuate that these taxes are a special burden on other insurers in addition to the 2.35 percent premium tax paid to the State. Such critics are either grossly deceitful or ignorant of the facts. Because of the restrictions placed by the Insurance Code on owned real estate, and subject to certain minor exceptions, neither the fund nor other workmen's compensation insurers own real estate except that which is requisite for their accommodation in the transaction of their business. The state fund pays no real estate tax, while other insurers deduct their taxes on home or principal office properties from their state premium taxes. If the fund were required to pay principal office real estate taxes, it would be entitled to deduct them from the premium tax. So the end result is usually identical.

The entire "tax" controversy was raised by our critics because of their objection to our statements, such as: "The fund pays the same taxes to the State as other insurers"; "it pays taxes at exactly the same rates as any other insurer," etc. Your attention is called to the fact that some brokers and agents have been making "deliberate misrepresentations" and "misleading statements" regularly and frequently ever since the fund was established, to the effect that "the fund does *not pay taxes*" or "the fund *is exempt from* taxation." Such positive misstatements are vicious and untruthful, and the fund would not have had to discuss with employers the taxes it pays had it not been forced to do so in defense against the unfair tactics used by such brokers and agents.

The critics neglect to point out that there are some offsetting factors. For example, the fund pays 8 percent of all fund salaries into the State Retirement System, as against a possible maximum of 4.2 percent on the first $3,000 only of annual salaries which other insurance carriers are required to pay into the Federal Social Security and State Unemployment systems.

INSURANCE CARRIERS' SOLVENCY

Some critics object to the fund's stressing the importance of the financial solvency of an insurance carrier. This curious objection finds expression in one letter (see Exhibit 1) as follows:

> "As to the second quote" (concerning numerous failures of insurance carriers in the 1930's) "private insurance is belittled and only the state fund can survive!
>
> "We think what the state fund is trying to infer is that it is quite possible a private carrier would go broke and the employer would end up paying the claim out of his own pocket. The boys that wrote the letter for the state fund knew the Labor Code specifically substitutes the carrier for the employer and that the employer is dismissed from liability. This is a good example of the tricky thinking of the state fund. * * * "

This objection assumes that the insurance contract is made only for the employer's protection, an intimate little arrangement in which the employee has no stake; and that since the employer is relieved of

liability on taking out a policy, the financial stability of his insurance carrier is of no concern (at least to the broker and the employer). To this contention the fund takes vigorous exception, believing that every employer is interested in the financial ability of his insurance carrier to fulfill its obligations to his employees.

A brief review of this situation may be helpful. Although plainly promising the injured worker immediate medical attention and compensation for the period of disability, in return for his surrender of his common law rights, the California law is rather unique because it seems to have made the fulfillment of this promise entirely dependent on the solvency of the insurance carrier. In many states the insured employer is primarily liable for the furnishing of compensation benefits to his employee and is relieved of his liability only to the extent of the payments actually made by the insurance carrier, while under the California workmen's compensation law it is probably true that the employer has no legal responsibility if he is insured.[30]

To safeguard the full and prompt payment of compensation benefits to injured workers and their dependents, California attempts, through supervision and regulation of the insurance carrier, to do indirectly what some states do directly—to guarantee the payment of benefits to injured workmen. It was for this reason that, because of the threatened insolvency of several workmen's compensation insurance carriers, the Legislature in 1915 passed a law which provides that no compensation insurance carrier may charge rates that are less than the premium rates previously approved by the Insurance Commissioner.[31]

In any discussion of workmen's compensation insurance, one must recall that under a compensation policy there is no limit in the sum insured. The amount recoverable by the injured worker is limited only by the provisions of the workmen's compensation laws. The employer expects the carrier to have all the resources necessary to assume the liability imposed by law, irrespective of cost to the carrier. Not only is there no restriction as to the sum insured, but the liability of the carrier for such payments may extend over many years, as, for instance, in the case of death benefits payable in installments, or the payment of life pensions. Thus insurance, and the solvency of the insurance carrier, are both parts of the very foundation of our compensation laws.

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[30] The opinion in the Weiser case (*Weiser* v. *I A C*, 172 Cal. 538) calls attention to the provision of Section 34 of the Boynton Act requiring the commission to dismiss the employer from liability if the employer has served on the injured worker and on the insurance carrier a notice that the carrier has in its policy contract or otherwise assumed and agreed to pay the compensation for which the employer is liable and has filed a copy of such notice with the commission. The court points out that the employer had in fact complied with this provision. One may assume that a contrary decision would have been reached if, as is usual in present day proceedings, the employer had not served the notice required by Section 34. (Now Labor Code Sections 3755-3757.)

[31] Chapter 642, Statutes of 1915. Insurance Code Section 11736.

Failures of California workmen's compensation insurance carriers antedating 1920 are: Commonwealth Bonding and Insurance Company of Texas, Pacific Coast Casualty Company, and Guardian Casualty and Guaranty Company of Utah. In 1924 the Interstate Casualty Company was placed in receivership.

The Weiser case, referred to above, grew out of the failure of the Commonwealth Bonding and Insurance Company. The failure of the Pacific Coast Casualty Company caused no loss to injured workers, whose claims were accepted on a preferred basis. (See Bulletin of the United States Bureau of Labor Statistics No. 301 for April, 1922, pp. 18-19, and report of Industrial Accident Commission for 1918-19, p. 9.)

Although certain critics look askance at any suggestion by the fund that the employer should examine the financial stability and permanency of any prospective insurer, with a view to judging whether the insurer will be able to meet fully, and over a long period of time, its workmen's compensation obligations, we have not had our attention called to any statement from these critics pointing to the act of the Legislature in appropriating some $70,000 of public money to pay the larger claims of injured employees, and their dependents, following the insolvency of the Commonwealth Bonding and Casualty Company in 1915.

There were many insolvencies of workmen's compensation insurance carriers in the 1930's Records of the Industrial Accident Commission disclose that among those companies which suffered impaired solvency in those years, or which transferred their assets and obligations to companies which shortly thereafter became insolvent, are the following:

Union Indemnity Company
New York Indemnity Company
Independence Indemnity Company
Public Indemnity Company
Georgia Casualty Company
International Reinsurance Corporation
Alliance Casualty Company
American Mine Owners Casualty Corporation
Central West Casualty Company
Constitution Indemnity Company
Lloyds Casualty Company
Lloyds Insurance Company of America
Benjamin Franklin Bond and Indemnity Corpn. (Surety only)
Commonwealth Casualty Company
Federal Surety Company
International Indemnity Company
Northwestern Casualty and Surety Company
Southern Surety Company

In 1940, in connection with a request which the State Compensation Insurance Fund had made to the Insurance Commissioner for a reduction in the expense loading (see supra, p 169), the California Attorney General had occasion to stress the importance of solvency. The opinion discusses the Weiser case (supra, p. 175) and then adds:

> "The *solvency* of workmen's compensation insurers * * * is, therefore, absolutely vital to effectuate the primary object and purpose of the Workmen's Compensation Insurance and Safety Act (now embodied in our Labor Code), and certainly vital if the *laborers* of California *are to be assured the benefits provided* by the act." (The emphasis is the author's.) (Opinion Attorney General No. NS-2283, January 17, 1940.)

Somewhat earlier, Mr. Carl G. Brown, President of California Casualty Indemnity Exchange, addressed his policyholders on the occasion of the issuance of the 20th Annual Statement of the Exchange, for 1933. In part he said:

"* * * Starting business on January 1, 1914, it (the Exchange) has successfully weathered the World War period, the post-war inflation, the depression of 1921, the subsequent period of speculation, and lastly the recent four years of depression * * *. *During the last three years many banks and insurance organizations have failed. During the same period many insurance carriers have valued their securities on a fictitious basis, evidencing a financial condition which, in many cases, was far from the truth.* This Exchange has never departed from its practice of valuing all its securities at market value * * *." (Emphasis added.)

In its issue of September 3, 1936, the Underwriters Report contained an article which sums up the tragic consequences of insolvency as applied to the worker who, deprived of his common law rights and denied any primary or ultimate recourse against his employer, must look to his workmen's compensation insurance carrier alone. The article refers to the insolvent Union Indemnity Company and says:

"Commenting on its compensation department, in its report to the Governor's Council, the California Department of Industrial Relations makes specific reference to the status of the Union Indemnity of New Orleans, saying: 'At the time of its insolvency, there were outstanding claims for workmen's compensation in the State of California which resulted in ultimate judgments of $179,936.73. California claimants are now receiving checks from the receiver paying on the basis of 3-27/100 cents on the dollar.

Final Payment?

"Word from the Union Indemnity Company would indicate that in all probability this will be the final payment, and it concludes the affairs of this company.'

"The Union Indemnity was placed in receivership in its home State of Louisiana on January 6, 1933.

"Continuing its report, the Department of Industrial Relations says: 'California has passed laws fixing the minimum of insurance premiums that may be accepted in California, in order to keep companies solvent, but this law does not fully protect in a case where a company is doing business in other states and proceeds to lose money in other jurisdictions or in phases of insurance not so regulated. The preference given workmen's compensation claims in the State of California is also of little value in a receivership under other laws.' "

In its issue for May, 1938, the California Mining Journal publishes an article which it states is briefed from a copyrighted data sheet published by Industrial Indemnity Exchange. This article discusses the effect of service to the insured on the reduction of costs, and says, in part:

"* * * although it is almost too obvious to need mention, it is highly important, particularly in these times, for the careful employer to examine the financial condition of any company he is

considering in order that he may determine whether it is *possessed of assets of sufficient amount and in a sufficiently liquid form to permit it to pay all claims and dividends promptly when due.*"

"It is only on the basis of such facts" (financial condition being one) "that the employer can be sure that an insurance company is not only *willing,* but also *able,* to serve." (Emphasis in the original text.)

Referring to the New York State experience, Charles J. Haugh of the National Bureau of Casualty and Surety Underwriters stated on February 4, 1935:

"A study of the number of claims on which compensation payments were in default in New York because of the failure of certain carriers and the total amount of money involved in such defaults, disclosed that there were 1,621 claims involving approximately $2,600,000 which are unpaid at the present time. Funds are available to pay 452 of these cases, which will leave a net number of 1,169 claims, involving a net loss of $1,727,000." [32]

Is it strange then that, as recently as January, 1950, Mr. Eugene Dougherty, insurance manager of Anheuser-Busch, stated in an address before the general management meeting of American Management Association at San Francisco, that a guiding factor in making an appraisal of company policy as to insurance should include the financial soundness of the insurance company, and whether it is capably managed, remarking that size alone is not the yardstick. He further stated that the insurance buyer should ascertain the investment policy of the company, the ratio of premium to surplus and the underwriting results in growth of premium volume.[33] Another guiding factor which Mr. Dougherty advises the insurance buyer to consider, and which our critical brokers should take to heart, is: "Has the business been placed with a broker on the basis of competency and ability to serve, or has it been handed out for other reasons to some individual whose desire for commissions is exceeded only by his manifest ignorance of even fundamental principles of insurance?"

Attention has already been called to the qualifying language in the Weiser case, 172 Cal. 538. In a new appeal, the same qualifying facts might be absent but in any event the viewpoint of the court has been known to change. Regardless of whether another appeal should be taken to the Supreme Court on the question whether the *mere* fact of insurance entirely relieves the employer of liability to the extent of the insurance, we still have to face the predicament of the injured worker and his dependents.

We believe that every employer, who is genuinely interested in the safety and welfare of his employees, is also vitally concerned with the possibility that his insurance carrier may not fulfill its legal obligations to his employee, thus leaving these unfortunate workers or their dependents without compensation benefits during their periods of distress, and dependent upon charity for their survival.

[32] Taken from Bulletin No. 30, United States Department of Labor, 1939.
[33] See "The National Underwriter" for January 26, 1950.

On the subject of free enterprise, competition, solvency and management, the Journal of American Insurance published what appears to be an editorial, which, as copied in Taylor Insurance Digest for August 21, 1943, reads as follows:

"'Reader's Digest' Survey of Insurance Companies Suggested

"The magazine public has been more amused than excited over the recent conflicting claims made by certain cigarettes and tooth-pastes as reported in the 'Reader's Digest.' We suggest that if the 'Digest' wants to set off some real fireworks, it could find plenty to touch a match to in current insurance publicity. As a specific instance it may be pointed out that after a relatively quiet period the stocks have broken out anew with the old hoax about free enterprise being in danger of dissolution presumably because of mutual competition. This is explained with bland pomposity even on the radio. It seems according to the new version that the divine right of stockholders is the key to good insurance practices. As if every time there is a loss, the stockholders rise up en masse and stand at the side of the assured to see that the adjuster is generous and that the check is forthcoming without delay. The real fact is, of course, that neither the name nor the system of insurance is the test. Good management is the only guarantee of good service.

"Service? The stock agents have become so concerned about the accumulated poor impression they have made on the public that they are assembling a fund of something like $200,000 to advertise what great fellows they are, a part of the campaign being an effort to impress the agents themselves with the necessity of being better prepared. Stability? Any company must be financially reliable to be continuingly successful The mutuals in general, since 1752, have a survival record of over 50 percent while the stocks in a similar period of history check in with only about 25 percent So, if it isn't superior service or stability that the stocks can legitimately advertise, what is there left to boast about?"

As pointed out, carriers have failed in the past and it is reasonable to assume that others will fail in the future. But is there any assurance that the Legislature again will come to the rescue of the unfortunate worker or his family. In California, under the Weiser decision, the injured employee receives his benefits only to the extent that the insurance carrier is ready and able to meet the payments. We believe this fact is important and we can see nothing wrong in advising the employer to look well into the financial stability and permanency of the carrier he selects. On the contrary, we believe this is the duty of every insurance advisor.

IS THE STATE FUND SUBSIDIZED?

From time to time representatives of the state fund have said that the fund is not subsidized, and to this statement some critics have taken exception. We do not believe that any criticism is justified.

It is true that the Legislature appropriated $100,000 to the State Compensation Insurance Fund in 1913 to assist it in establishing itself in the insurance business. However, no part of this $100,000 was ever needed or ever used, and the fund paid interest on it at 4 percent until it returned the money to the State.[34] No other appropriation has ever been made to the state fund, which has been wholly self-supporting from the beginning.

The original Boynton Act provided that the state fund should be administered "without liability on the part of the State beyond the amount of said fund," and this language was repeated in the Act of 1917, and continues to this date, appearing now in Insurance Code Section 11771 in the words "the State shall not be liable beyond the assets of the State Compensation Insurance Fund for any obligations in connection therewith."

[34] Reports of Industrial Accident Commission, 1919-20, p. 44; 1920-21, p. 54.

The only alleged advantage which the State gives the fund over other insurers, which has any substantiation in fact, is the right to insure public agencies, if they insure. This right does not fit into our understanding of the definition of a "subsidy," but we shall discuss the merits of the charge without quarreling about the misuse of the word.

Often it is said that public agencies *must* insure with the fund, although every informed person knows that public agencies may assume their own risks without insurance without securing a self-insurer's permit.

The workmen's compensation insurance business of public agencies is referred to as "cream," completely disregarding the fact that all workmen's compensation insurance premium rates, including those for public agencies, are computed exactly alike, upon the basis of general and individual loss experience.

Several efforts have already been made to induce the Legislature to open public agencies to private insurance coverage. Such efforts, on their face apparently fair and unbiased, purporting to allow the State Compensation Insurance Fund and private carriers alike to strive for public business, do not deceive the politically astute. If successful, they would throw the workmen's compensation insurance business of public agencies into the political arena, sometimes causing it to be placed from local political considerations and effectively excluding state fund participation. We do not believe that this would serve the public interest, or the interests of injured workers. For the State to create a no-profit carrier to insure workmen's compensation benefits and then not use that carrier for its own public agencies would certainly be unsound and illogical.

The right granted to the state fund to insure public agencies which wish to be insured, grants to the fund only a partial offset to a much greater volume of premiums exclusively reserved to other insurers, including premiums controlled by employers operating their own insurance companies, large stockholders of insurers, reciprocal and family relationships, business pressure, and also including premiums obtained on account of the difficulty encountered by some employers in securing other lines of insurance unless accompanied by workmen's compensation insurance business. On the other hand, as to adverse risks, every insurer except the fund may lawfully refuse to insure any employer for any reason, or for no reason. The fund, however, is required to insure every employer who applies for insurance and tenders the premium therefor, unless he fails to comply with the safety requirements of the commission or his operations are beyond the safe carrying of the fund.

DIVIDENDS

In a recent letter, (see Exhibit 1) the state fund is charged with using a tricky device in claiming that the fund pays a larger dividend than the private carrier pays, while failing to point out to the prospect that, since its organization, the state fund has shown a loss ratio of 63.77 percent, and that some of its leading competitors have had lower loss ratios, one as low as 57 percent. It is contended that the fund overlooks entirely the fact that since its loss ratio is higher, "conversely" the employer's loss ratio will go higher proportionately.

Inaccurate reference to the fund's loss ratio is not new. Frequently it is used to mislead the unsuspecting. The quoted loss ratio of 63.77 is absolutely false and prompts one to inquire just who is guilty of deliberate misrepresentations and of deceptive statements. In addition to losses actually paid and a reserve for future payments on claims already incurred, the cited figure includes claim adjustment *expenses* paid as well as reserves for incurred unreported claims. Its primary purpose, therefore, is for the development of statutory reserves which are based not alone on losses but also on claims *expense*. It is *not* the figure used in rate making nor, contrary to the misinformation conveyed, does it have anything whatsoever to do with the loss figure used in determining the amount of dividend received by the policyholder. Furthermore, the fund's long experience extends back over several depressions, one having been the worst depression in the Country's history. On the other hand, several private carriers commenced business since the last depression. Their experience is, therefore, made up principally of wartime and postwar inflated pay rolls.

A low loss ratio does not guarantee financial strength. While the boast of a low loss ratio does not necessarily mean a weak financial structure, nevertheless it is not uncommon to find impaired carriers issuing statements claiming extremely low loss ratios right up to the moment the receiver takes over. We have yet to hear anyone contend that a carrier maintaining adequate reserves is inefficiently managed.

This entire loss ratio discussion recalls an article appearing in the "Underwriter's Report" in the latter part of 1915. A copy of the article and of the reply of the State Compensation Insurance Fund accompany this report, marked Exhibit 2.

The same letter previously referred to declares that "all of the private competitors print, (their dividend schedules) and spread them all over the street" and that the fund does not publish its dividend schedule. Some private competitors also make special side deals, such as "guaranteed overhead" schemes, etc., that are hand-tailored to meet competitive expediency. Do they similarly spread these special deals over the street? The fund has but one dividend plan for each year's business. This plan is applied uniformly to all policyholders. It does not have any optional plan, or special competitive plan, designed solely for the favored employer.

The publication of dividend schedules has often misled employers. While a dividend schedule should, and properly does, reflect only the carrier's plan of dividend distribution on policies already expired, it is frequently interpreted by the employer—and not infrequently by the broker—as the plan of dividend distribution that will apply on currently placed business. We see examples of this misunderstanding almost daily, despite the fact that California law forbids any guarantee of dividends, declaring that they must be paid out of surplus *earned* in this State. In order to avoid misinterpretation, therefore, the fund does not distribute its dividend schedule, but gladly furnishes any employer, as a guide and not as a guarantee, an illustration of the dividends the fund is now paying on expired policies of his premium size.

MONOPOLISTIC STATE FUND

The letter already several times adverted to (see Exhibit 1) is a monumental example of half-truths, deliberate misrepresentation, misleading statements and deception. Its paragraphs on monopoly follow the same pattern.

One may reasonably assume that if the Industrial Accident Board in 1913 had wanted a monopolistic state fund, that the Governor would have requested the Legislature to establish one. This seems clear from the words already quoted from the message of the Governor to the California Legislature on January 6, 1913, (supra, p. 158) that "the Industrial Accident Board reports to me that the Washington scheme of insurance is not approved by them, but that they do approve the creation of a state insurance fund, in order that the State may furnish insurance to those who desire it for their protection". We also call attention to a previous quotation taken from the report of the Industrial Accident Commission, 1913-14, page 21 (supra, pp. 163 and 164) stating that the purpose of the fund is to assist in the regulation of corporate insurance carriers by the injection of competition which ultimately must result in a reduction of rates; and expressing disapproval of monopoly and encouraging healthy competition.

Whether the 1913 Legislature would have established a monopolistic state fund, if the Governor had proposed it, we do not know, and neither do our critics. Nevertheless, in some measure, the insurance companies and insurance brokers are indebted to the original Industrial Accident Board of California (which became also the administrative board of the fund) for the fact that this issue was not presented to the Legislature at a time when, possibly, it would have been adopted.

Nor do we suppose that the members of the interim committee believe that the employers of California need entertain any real anxiety that the Legislature will create an exclusive state fund. We are sure the committee recognizes that this contention is advanced deliberately to prejudice and confuse.

Furthermore, the arguments used are purposely twisted. For instance, the writer of the letter points to Nevada as a monopolistic state fund jurisdiction and remarks that "it is interesting to look into the rates which would apply in the contracting business, presumably in California, if, as in Nevada, the California Fund were monopolistic." The letter presents a table which shows that Nevada rates, for certain classifications, are higher than California rates.

There are several things about the Nevada statistics that the letter should, but does not disclose. The Argus Casualty and Surety Chart indicates that the total workmen's compensation premium income of the Nevada State Fund for 1947 was $1,803,402, while the premium income for all California workmen's compensation insurance carriers for the same year was $93,197,995. Because of its very meager amount of pay roll exposure, except in mining and agriculture, Nevada has an entirely different rating problem from California. The fact that Nevada has but a small volume of premiums may be the reason why its experience warrants a different treatment as to rate from that indicated for a state with a premium volume of approximately $100,000,000.

Even if the Nevada comparison were valid, its use would be tricky, deceptive and misleading because it would present a fractional picture as being characteristic of the whole, when in fact it is wholly and basically dissimilar. This sort of presentation could be expected to confuse the laymen to whom it was addressed, though any insurance man should know that a comparison of minimum premium rates in various states is of doubtful value. Following the same method of argument, but conceding its weakness, we offer a few comparisons between California and states where private carriers have a monopoly, using the same classifications as those given in the letter referred to:

	California	*Illinois*	*Texas*	*New Jersey*	*Missouri*
Carpentry-5403	3.93	4.09	3.30	3.20	2.79
Concrete-5213	3.11	3.10	3 30	5.20	4.46
Street-5507	5.21	2.62	4.65	7.50	3.96
Sewer-6306	3.84	3 38	4.92	5.20	6.16
Plumbing-5183	1.45	1.55	1.86	1.60	1.35

The latest available figures in our possession indicate that the *maximum* compensation rate in each of the above foreign jurisdictions is less than the $30 maximum rate in California. In all states but Illinois, the medical benefits provided are substantially less than they are in California; and while the medical is unlimited in Illinois, an additional premium charge is made for occupational disease coverage.

It can be safely stated, therefore, that in each of the foreign jurisdictions listed, the rates collected are higher than in California, having in mind the variance in benefits. In fact, in most cases the rates cited are higher than those charged in California, *disregarding* the variance in benefits. Indeed, without wishing to cause our critics too much embarassment, in many instances they are higher than the Nevada rates.

The tabulation below shows the comparative rates for the same classifications in a group of states which have competitive state funds:

	California	*Colorado*	*Maryland*	*Michigan*	*New York*
Carpentry-5403	3.93	2.52	3.08	2.41	5.47
Concrete-5213	3.11	3.10	2.53	2.55	5.93
Street-5507	5.21	2.63	2.82	3.98	6.41
Sewer-6306	3.84	3.56	3.72	5.39	6.65
Plumbing-5183	1.45	1.17	1.47	1.49	3 51

With the exception of New York where the rate level reflects exceptionally high benefit levels, particularly with respect to permanent total disability, it can be seen from a comparison of the two preceding tabulations that the rates in states having competitive funds are generally less than the rates in those states where there are no state funds.

Will our critics now contend that the higher rates shown for the jurisdictions in which private carriers have a monopoly are attributable to higher benefit levels, or to the lack of state fund competition?

THE STATE FUND POLICY FORM

The same letter (see Exhibit 1) points to the statement which appears on the face of every state fund policy that "As a condition precedent, this policy is null and void unless the total initial premium is paid on or before the stipulated date. Read carefully." This letter implies that this "conditional" policy should convince the employer of the

fallacy of insurance with the State Compensation Insurance Fund. Our critics make no mention, however, of the "not taken" and "canceled flat" practices of certain other insurers which constitute one of the costly abuses in the business. In fact, to overcome this abuse, several compensation insurance carriers themselves adopted the idea of a conditional policy, but abandoned it because it did not fit the practices prevalent under the agency system. Some even carried it so far as to provide for a conditional payment period of 30 to 60 days, whereas the period established by the fund is 10 days.

The following quotation presents a different interpretation of the value of the fund's conditional policy form. The quotation is taken from the report of the Examination of the State Compensation Insurance Fund by the nationally known actuarial firm of S. H and Lee J. Wolfe for the Department of Insurance, State of California, dated October 22, 1925.

> "The policy contracts issued by the fund contain a clause printed in red: 'As a condition precedent this policy is null and void unless the total initial premium stated herein is paid to the State Compensation Insurance fund at its office in San Francisco, on or before _____ 19___, at noon standard time.' The blanks are filled by inserting a date 10 days after the issuance of the policy and in consequence *the fund has few outstanding initial premiums, a condition which might well be emulated by other carriers and which is conducive to sound underwriting and business practice.*" (Emphasis added.)

Another statement in the same letter (Exhibit 1) declares that all the principal private carriers of workmen's compensation insurance use identical language in their insurance agreements to define workmen's compensation and employer's liability. This is contrary to the fact. Furthermore, no fund policyholder has ever found himself inadequately protected from the standpoint of either workmen's compensation or employer's liability.

RELATIONS BETWEEN THE STATE FUND AND THE INDUSTRIAL ACCIDENT COMMISSION

This letter (Exhibit 1) follows the practice common with some competitors of standing on both sides of the same question, as suits their momentary advantage, but it is seldom they are on both sides at the same instant, as in the said letter.

The critic observes, somewhat indirectly, that both the fund and the Industrial Accident Commission are divisions in the Department of Industrial Relations, whose head is also chairman of the Board of Directors of the State Compensation Insurance Fund. In this situation, the letter suggests abstrusely, the fund and its insureds must get the worst of the bargain in any controversy before the commission because the fund really is in no position to put up a fight. On the other hand, since findings by the Industrial Accident Commission on matters of fact are final, and cannot be reviewed,[35] the critics don't like the Director of Industrial Relations having his finger in this insurance. The whole statement is vague and unintelligible but seems to mean that in *this* respect

[35] What steps have the critics taken to change this law?

the fund gets the best of it. To informed persons these representations are childish, but to uninformed persons their prejudice may carry conviction.[36]

To support the "dual head" idea, the letter mentions an instance in which the fund and its insured are supposed to have gotten the worst of it. The letter states categorically that the claim referred to was filed after the statutory period and that nevertheless the fund arbitrarily accepted the claim. Both statements are false In the particular case which the letter cites as an example, the applicant's period of employment ran from June 9, to September 15, 1938, during which time he contracted amoebic dysentery which he alleged came from drinking water furnished by the employer. As an occupational disease, the statute would commence to run on the date the injured had *knowledge* that the disability was caused by his employment. He filed his application with the Industrial Accident Commission on April 27, 1939. The fund did not accept the claim, but contested it at several hearings. On September 16, 1939, Referee Douglas A. Campbell on behalf of the Industrial Accident Commission issued an award. In respect to the Statute of Limitations he ruled as follows:

> "Said disease first caused disability on January 19, 1939, at which time said employee first learned of the casual connection between said disease and his employment, which date, therefore, constitutes the date of injury within the meaning of the foresaid laws. *The herein case is not barred by the Statute of Limitations,* as prescribed by the aforesaid laws " (Emphasis added.)

The case referred to was a claim in two chapters. The second chapter was an application against the employer for additional compensation on account of serious and wilful misconduct. This claim the Industrial Accident Commission denied, but the Supreme Court reversed the commission and annulled its award which had denied addition compensation. (20 Cal. 2d 826, 832.)

Is there no significance in the fact that the fund's detractors must go back 10 full years to find a case which they wish to publish as an example of the evil of the "dual boss" idea?

Before concluding the discussion of alleged misrepresentation and deception by representatives of the state fund, we believe we are justified in pointing out that the writer of the letter heretofore referred to (Exhibit No. 1) sent the original under the letterhead of Miller and Ames of San Francisco to Mr. Robert McCarthy of the same city and sent copies thereof, under the same letterhead, to many individuals in Northern California Copies of the same letter under the letterhead of Miller, Ames and Mason, signed by Mason, were sent to many individuals in Southern California We have been informed and believe that no original under the letterhead of Miller, Ames and Mason was ever sent to the addressee The author of the letter neglected to convey to the individuals to whom he sent copies, that the addressee of the letter not only then was an insured of the State Compensation Insurance Fund, but thereafter renewed his insurance and continues to be a fund policyholder.

[36] Presently the Director of the Department of Industrial Relations is Hon Paul Scharrenberg. His views relating to the organization and purposes of the fund are shown in Exhibit 3.

In evaluating any criticism it is proper to consider whether the given reason (alleged encroachment on private enterprise) is the true reason. The fund's annual premium volume of $25,000,000 would, in the hands of certain insurers, justify the payment of $2,500,000 to $3,000,000 in commissions to brokers, whereas the fund insists on paying this sum to its policyholders in reduction of their cost of insurance. Time after time individual brokers have informed the fund that they will be glad to direct all workmen's compensation insurance business to the fund if only the fund will pay them commissions on these premiums. Indeed, some brokers direct the business to the fund, anyway, informing their clients that this best serves their clients' interests.

We suggest that free enterprise is used as a smoke screen to conceal the real purpose sought. The basic question presented is whether the complainants can, *not* by *competition* but by *law*, divert premium savings from employers to themselves in the form of commissions.

OPERATIONS OF THE STATE COMPENSATION INSURANCE FUND

The State Compensation Insurance Fund is administered by a board of directors composed of the Director of Industrial Relations and four members appointed by the Governor for overlapping terms of four years. Each member, other than the director, must also be a fund policyholder. (Insurance Code, Section 11770.)

The board is vested with full power, authority and jurisdiction over the fund. It may perform all acts necessary or convenient, either in the administration of the fund or in connection with the insurance business to be carried on by it as fully and completely as the governing body of any other insurance company (Insurance Code, Section 11781.)

The manager is appointed by the board of directors to manage and conduct the business and affairs of the fund under the general direction of the board. The board may delegate to the manager, and the manager may exercise any power, function or duty conferred by law on the board in connection with the administration, management and conduct of the business and affairs of the fund with the same force and effect as the board but subject to its approval. (Insurance Code, Sections 11785, 11787.)

The fund has its principal office in San Francisco, a major branch office in Los Angeles and district offices in Chico, Fresno, Long Beach, Oakland, Sacramento, San Diego, San Jose, and Stockton.

As of December 31, 1949, the fund had 697 employees.

Administratively, the fund is divided into departments as follows:

Accounting-Statistical (which also includes the Cashier)—This department records all financial transactions and prepares the financial statements of the fund. It pays operating expenses, bills insureds for premium due and prepares premium and dividend checks. It records the amounts paid on account of individual claims, audits each completed claim file, closes the claim and posts final costs. In its I.B.M. Tabulating Division, the records of premiums and claims costs are brought together and tabulated to secure information from which reserves, total premiums, losses, rate-making data and other figures are compiled into reports as required by the State Insurance Department, rate-making bodies, or the funds' administrative officers.

The cashier receives all incoming moneys and credits them to the proper accounts, deposits the moneys and makes reports thereof. He also follows up overdue premium accounts and takes necessary steps to eliminate the abuse of credit privileges.

Claims—It is the responsibility of the Claims Department to see that employees injured while in the service of fund policyholders are restored to full earning power through immediate medical, surgical and hospital treatment, and that indemnity payments for time lost through industrial accidents reach the injured workman and his family promptly.

This department receives all reports of injury, determines the employer's liability, pays proper compensation and, under supervision of the medical director, arranges the medical treatment which will lead to complete or maximum rehabilitation. To expedite claims adjustments this division is organized into geographical sections for the adjustment of claims arising within its corresponding areas. Injury claims originating in Northern California are adjusted at San Francisco and claims originating in Southern California are adjusted by divisions in our Los Angeles and San Diego offices. The Claims Department estimates the probable disability resulting from an injury for the purpose of establishing adequate reserves, and checks the percentage of permanent disability included in Industrial Accident Commission awards. This department also audits all medical bills and compensation payments made on claim cases and prepares the checks in payment thereof.

Claims-Field Adjustment—This division is charged with responsibility of investigating all serious injuries and death claims, all claims of doubtful merit, all claims involving "third party" liability, and other claims which may be referred to it by the claims or legal departments. The field adjusters call upon the employer, the injured, dependents, doctors, hospitals, record-keeping agencies or others who can impart information pertinent to a claim.

Field Services—This is our policyholders service department and has the responsibility of providing personalized service in the field, retaining the business of employers already insured with the fund and acquiring new business. The State Compensation Insurance Fund is a "direct writing" insurance company, which means that all relations with the employer are handled directly by salaried representatives of the fund. Through the medium of regular service calls the field representative is able to advise the policyholder concerning all phases of workmen's compensation and to inform the underwriter promptly of any change in operations, ownership or other factors which may affect the coverage of the policy. The field representative is literally the eyes and ears of the fund. He coordinates all of the fund's services in the communities, thus assuring prompt and responsible consideration to every compensation insurance problem.

General Service—These internal divisions operate for the general service of all fund departments.

The *Index Division* prepares records of all policies for the use of the various departments.

The *Policy File Division* keeps the files containing the applications for insurance, a copy of the issued policies and all correspondence, memoranda, reports, premium bills, etc., pertaining to the contract between the fund and the employer.

The *Mail Division* receives and dispatches all mail and telegrams for the fund. Incoming mail is opened, date-stamped, sorted and delivered to the proper department. Outgoing mail is collected periodically during the day and dispatched at frequent intervals.

The *Supply Division* maintains a stock of forms and stationery. Department requisitions are filled once each week.

The *Printing Division* prints and mimeographs routine and emergency forms and stationery used by the fund. Large quantity orders are handled by the State Printing Office in Sacramento.

Legal—This department is engaged chiefly in preparing for hearings and in appearances before the Industrial Accident Commission in respect to the adjustment of claims of industrial injury. It also is engaged in the enforcement of third party liability and in the collection of delinquent premium accounts through suit, creditors agreements, etc. The department also represents the employer with respect to all phases of workmen's compensation or employers liability.

Medical—The fund maintains a full-time staff of doctors in the San Francisco and Los Angeles offices. The doctors do not engage in the actual treatment of cases but direct the medical treatment, particularly in serious or unusual cases. It exercises active control and supervision over medical treatment in order to furnish the best medical, nursing, first aid and hospital care possible in each case. The medical staff examines claimants who are called to the office for purposes of review, recommendation or confirmation as to procedures and the selection of the most competent specialists when indicated. It is also the function of the Medical Department to administer the fund's general relations with hospitals and doctors who treat injured employees of fund insured employers.

Personnel—The Personnel Department has the responsibility for recruiting and training of new employees, counseling and advising on employee problems and coordinating the efforts of the staff in all employee activities. This department works in close cooperation with the State Personnel Board in promotional and open competitive examinations and in suggesting improvements in civil service rules and procedures affecting fund employees. Other services include the administration of training courses in the various phases of the fund's work, encouraging of university extension and evening school courses of interest to fund employees, and the operation of a free lending library containing volumes on a variety of subjects such as insurance, finance, office management, stenography, letter-writing, etc.

Pay Roll Auditing—The premium an employer pays for compensation insurance is based on the amount of the employer's pay roll and the segregation of that pay roll according to the various classifications of the Rate Manual. It is the purpose of the Pay Roll Department to see that these pay roll figures are properly segregated according to manual classifications. A staff of field auditors is maintained in San Francisco and Los Angeles and at the various district offices. It is their duty to call on employers and audit their written records of wage expenditures to make sure that the policyholder pays no more nor less than his proper share of premium. Pay roll reports and audits when received are assigned to the internal auditing staff where they are checked for proper pay roll classifications and rates and then forwarded to the Accounting Department for billing of the earned premium.

Safety—The Safety Department maintains a staff of full-time safety representatives headquartered at San Francisco and Los Angeles. In addition safety representatives are assigned to, and work out of, the several district offices. It is the responsibility of the Safety Department to analyze accident causes, frequency and severity, to introduce and organize safety programs among supervisors and workmen and to assist the policyholder in accident prevention work. Their service to the policyholder is threefold: (1) Help him to anticipate accident causes, prevent accidents and thus ward off human suffering; (2) help him to reduce accident cost and thus cut his overhead; (3) show him what to do in order to qualify for rate reductions under the merit rating plans in effect in this State. In order to keep the employer informed as to the progress of accident prevention the department furnishes him periodically with a tabulation which includes the cost of each claim, describes each injury in relation to its cause and, by timely advice, seeks to eliminate any possible repetition

Underwriting—The foundation of an employer's relations with the fund is his policy contract. It is the duty of the Underwriting Department to prepare and issue the policy defining the obligations of both the fund and the employer under the insurance contract. Essentially it is the objective of the fund to completely insure the liability imposed upon the employer in the event of an injury to one of his employees, in return for a commensurate premium payment by the employer. It is the responsibility of the underwriter to watch accident trends in order to institute any corrective safety action that may be indicated; also to determine if the classifications and rates are proper to secure for the employer the most economical coverage obtainable.

CONCLUSION

Bereft of "window dressing," the complaints of the Insurance Brokers Exchange of California amount to this:

1. The state fund is taking business away from the private interests because it engages in salesmanship and thus is "unfair."

2. The state fund is depriving the producers of lucrative commissions, to which they are entitled.

3. The state fund should not take profits away from private enterprise.

4. The state fund is able to effect savings for employers because it does not pay commissions and has other competitive advantages which enable it to have lower administrative costs.

5. Therefore, state fund competition should be restricted by law.

To such arguments, the state fund replies.

1. The workmen's compensation laws were enacted solely for the benefit of injured employees and their dependents

2 Workmen's compensation insurance is not a creature of private enterprise, thus, the state fund is not a challenge to free enterprise.

3 The State requires industry to carry workmen's compensation insurance or qualify as a self-insured employer.

4. Workmen's compensation is in the nature of a tax on industry.

5 The tax is ultimately borne by the public in the form of higher prices.

6. The burden upon industry and the public should not be made heavier than necessary to afford adequate benefits to employees, and insurance protection to employers at reasonable cost.

7. The competition of the state fund serves as a "yardstick" in the determination and reguation of the premium rates necessary to accomplish the purposes of the workmen's compensation laws.

Exhibit No. 1

MILLER & AMES
INSURANCE-SURETY BONDS
206 Sansome Street
San Francisco 4

December 27, 1949

Re: State Compensation Insurance Fund

GENTLEMEN: We are enclosing a copy of a letter sent to Robert McCarthy, Past President of the Central California Chapter of the Associated General Contractors of America, Inc.

Mr. McCarthy felt that the contents of the letter to him were of sufficient import and timely that he felt others should be apprised of the situation described in that letter.

We would appreciate it if you would review the letter carefully and would be happy to have any comment you wish to make

Very truly yours,

MILLER & AMES

(Signed) J. H. MILLER

(COPY)

MILLER & AMES
INSURANCE-SURETY BONDS
206 Sansome Street
San Francisco 4

December 2, 1949

Mr. Robert McCarthy, President
Robert McCarthy Company
1050 Kirkham Street, San Francisco 22, California

DEAR BOB: The last time we talked about the "state in business," I told you that I would like to bring out, particularly to the Board of Directors of the Central Chapter of the Associated General Contractors of America, some of the facts on the state fund which I believe they should consider before they endorse a state sponsored Group Workmen's Compensation Policy.

Clear thinking people resent the state fund's deliberate misrepresentation in the soliciting of compensation insurance To give you an example of their disregard for the facts, I quote from a letter written by the state fund to another contracting organization. The state fund's letter says—

> " * * * It operates under the same legal requirements and pays taxes at exactly the same rates as any other insurance carrier It, therefore, operates on a strictly competitive basis and relies entirely upon efficient management and quality of service to attract employers to use its facilities."

A further quote is—

> " * * * The numerous insurance failures, particularly during the severe depression of the 1930's, and the fact that during the same period many leaders in private insurance enterprise refused to write workmen's compensation insurance at all, while others would write it only as an accommodation line, are but a few examples "

First, let us consider the statement that the state fund operates on the same basis as a private carrier. This is a deliberate misstatement as the state fund enjoys a very important advantage over private carriers, simply because it pays no *federal taxes* on income from securities or from underwriting, or, in other words, on its profit

When we further consider the statement that the fund operates on the same basis as a private carrier, I wonder what its answer is to the fact that all political subdivisions of the State, every county, city, school district, and irrigation district, if they insure, *must* insure with the State Compensation Insurance Fund, and not with any other insurance carrier, unless the fund refuses to accept the risk when the application for insurance is made That type of compensation insurance is "cream" business, but the private carrier is prohibited by state law from handling that good class. So figure out how that puts the state fund on the same basis as the private carrier.

As to the second quote (there are several others along the same line) private business is belittled and only the state fund can survive!

We think what the state fund is trying to infer is that it is quite possible a private carrier would go broke and the employer would end up paying the claims out of his own pocket. The boys that wrote the letter for the state fund knew the Labor Code specifically substitutes the carrier for the employer and that the employer is dismissed from liability. This is a good example of the tricky thinking of the state fund. As far back as 1916 the Supreme Court of this State in the case of *J. H. Weiser v. Industrial Accident Commission*, 172 Cal. 538, upheld the employer's right to be dismissed from a proceeding even though the insurance carrier was insolvent. The law is well established that where an employer carries insurance he is free of all liability.

The general tenor of the State's letter, of course, is to belittle the private carrier I am sure the state fund would not want its dirty linen exposed to the public, nor have the people, from whom insurance is solicited, check back into the records to find out how the state fund at one time was a political football—and by political appointments demoralized the morale of the employees of the fund and seriously affected their efficiency. Doctors were selected for political reasons until it became a major state scandal, and newspapers pointed out that in one year just one favored doctor received fees close to $150,000. The state fund became panicky and twice in the past tried desperately to make California a monopolistic state, which means that all private competition would be destroyed and only the state fund would handle the compensation business When you consider that the total compensation premiums written in California in 1948 amounted to $100,969,294. I don't have to ask you to think very much about what would happen when the politicians really got going.

Do you not believe that a monopolistic state fund would injure your industry and cause you endless grief? Consider that our sister State of Nevada is a monopolistic state and, although in California a weekly indemnity of $30 is paid to an injured employee, Nevada pays a maximum of $17 30. Further, in California, there is no limit to the amount of money expended for medical care of an injured employee—it could run into many thousands of dollars. In Nevada, the medical coverage is limited to six months, but there is a provision giving the Industrial Commission of Nevada the right to extend the medical payments an additional year. There is no competition in Nevada, therefore, it is interesting to look into the rates which would apply in the contracting business, and keep in mind that on the basis of payments to injured workmen, the rates should be roughly 50 percent less than in California. Here they are—

	California	*Nevada*
Carpentry, Code 5403	$3 93	$4 00
Concrete, Code 5213	3 11	4 00
Street, Code 5507	5 21	4 80
Sewer, Code 6306	3 84	4 00
Plumbing, Code 5183	1.45	4 00

It is interesting to note that Nevada puts the burden of everything on the employer's shoulders, and their official letter of instructions states that the employer automatically rejects the provisions of the Nevada Industrial Insurance Act, for any of the following reasons:

"Failure to pay premiums in advance on an estimated pay roll for a period of two months."

"Failure to submit actual pay roll, together with premium thereon, on or before the twenty-fifth day of each month for the previous month."

"Notice to Contributors: It is your duty to see that your actual pay rolls are submitted monthly, and that the proper advance deposit is maintained, as the law places no obligation upon this commission to notify contributors of their delinquency, and unless monthly pay roll reports are received we have no method of determining whether or not you have discontinued operations. Your failure to submit pay roll reports results in an automatic rejection of the act."

Consider what you would be up against in California if you had to go through that rigmarole. Of course, the State Compensation Insurance Fund is the only insurer that we know of that provides that your policy automatically become null and void if the initial premium is not paid within 10 days of the effective date of the policy. That ties in with the monopolistic idea of Nevada, where the insured is always wrong and the spirit of cooperation is nil.

Talking about monopoly, we think the prize package comes out of the State of Washington, which is also a state that does not permit private insurance companies to handle compensation insurance. In a recent letter, in connection with a large job in the State of Washington, we asked the Department of Labor and Industries just how often we should check with them to be up to date on any revision in the rate set up on their workmen's compensation insurance in the State of Washington, and we quote a part of their answer.

"* * * In answer to your question how often your firm should check with this office for revisions in the rate set up for Workmen's Compensation Insurance for the State of Washington, we believe that you should ask for confirmation from this department before advising your clients the industrial insurance and medical aid rate as the director of this department has the power to change and revise such rates according to the condition of the accident and medical aid funds and to establish rates for industries declared to be extrahazardous subsequent to the taking effect of this act."

I can see you operating in California, when you want to bid two or three different types of jobs, and having to go through the red tape of trying to find out in advance what your insurance costs might be

A point which I have never seen the state fund publicize is the fact that all of the principal private carriers of workmen's compensation insurance in California use identical language in their insurance agreements to define workmen's compensation and employer's liability. Only the State Compensation Insurance Fund restricts coverage on employer's liability, to indemnify the employer against damages *under the laws of the State of California;* whereas an important exposure, and thus the need for insurance, is the liability imposed by federal statutes and laws of other states.

The state fund in its solicitation uses a very tricky device to point out that it pays a larger dividend, generally 10 percent higher, than the dividend paid by the private carrier They ask the employer for his loss ratio, then show the state dividend scale, and try to convince him that he is losing a chance at a higher dividend by not doing business with the State. But they never tell you, for example, that since organization the state fund has shown a loss ratio of 63.77 percent, while five of their leading private carrier competitors have had lower loss ratios, one as low as 57 percent. These figures are cumulative for many years, while the fund will frequently use one year's figures to show itself to advantage Now, isn't it logical that you must assume if you are in the state fund your loss ratio will be that much higher, and, therefore, this offer of a higher dividend on your loss ratio should be compared with the higher bracket loss ratio? What they are doing, in effect, is stating that if they could run your business like the private carrier and keep your losses down, then they could give you a bigger dividend; overlooking entirely the fact that their loss ratio being higher, conversely, the employer's loss ratio would go higher proportionately

Did you ever ask the state fund to leave a copy of their dividend scale You will note that it seems to be a document that is closely guarded in the brief case of the special agent, and I am wondering what all the mystery is about and why they do not hand you one. All of their private competitors print them and spread them all over the street

The state fund's letter of solicitation generally contains words as follows

"As you are probably aware, all rates applicable to compensation coverage by all companies are set by law, so that the *only way* your cost can be lowered is through the services obtainable here and the State Compensation Insurance Fund's dividend plan."

In a particular letter sent to an employer containing that statement, the State overlooked the fact that there are several ways to reduce insurance costs, other than through dividends Naturally you know that through proper engineering, proper checking of loss ratios, and checking of reserves, you will end up with a credit or an experience rating. In the particular letter I refer to, the state fund presents an exhibit of four companies insured with them, and unusual as it seems, the modification rating of one was 114 percent and another 118 percent Somebody missed the boat when they wrote the letter, or maybe they were embarrassed at the debit ratings and forgot to mention them.

Something that should be food for thought is the fact that a Mr. Paul Scharrenberg, Director of the Department of Industrial Relations operates through eight divisions, which include both the state fund and the Industrial Accident Commission He is chairman of the fund's board of directors and has control of the budget and personnel of the Industrial Accident Commission This must be a peculiar spot to be in when the Industrial Accident Commission makes an award and the state fund steps up to contest it I am wondering if the boys really put up a fight for the employer when the boss, wearing one hat, has made the award, and then puts on the other hat to decide whether to argue with himself This is no reflection on Mr Paul Scharrenberg, as I understand he is a high class gentleman, but it is the old story Suppose it wasn't Paul Scharrenberg, but John L Lewis or Harry Bridges

Something else that has always struck me as odd is the fact that you have no right of appeal to a regular court on an award of the Industrial Accident Commission in matters of fact They are final and cannot be appealed Naturally, matters of law may be appealed to the District Court of Appeal; but as I see it, that only involves the commission's jurisdiction or its interpretation of the Compensation Act. The finding of the facts regarding circumstances surrounding an injury or extent of disability cannot be appealed. Maybe that's why I don't like the Director of the Department of Industrial Relations also having his finger in the insurance end of it, or the state fund.

The state fund never mentions, in its letter of solicitation, this "dual boss" idea, because, I assume, it might have thrown up to it the famous Philip Murphy case. Phil Murphy was insured in the state fund. The state fund policy, of course, stated that it should defend him against any claim. But, lo and behold, an employee filed a claim after the statutory period of six months. Instead of the claim being refused, and the state fund defending its insured, it arbitrarily accepted the claim even though the period of filing had expired. The next time you see Phil I suggest you ask him how it happened that the State allowed the employee to file a claim after the statutory period had expired, and ask Phil about the letter that one of the directors sent to Governor Olson stating that although the period for filing claims had expired, they were allowing this gentlemen to go ahead which, of course, meant that Phil got the full treatment.

You are an experienced contractor and I think you will admit that you are not too familiar with all of the ins and outs of compensation insurance, which brings out the point—without a representative agent or broker, who will help you with rate and classification matters?

Who is going to carry the ball for you and advise you in case of a difference of opinion with the carrier?

Does the paid employee of the state fund read every policy to see that all of the endorsements necessary are on the policy, and that no vital ones have been omitted?

Do they question you about your out-of-state activities and advise you that the state fund cannot properly cover those employees?

What paid employee of the state fund argues with his boss about the reserve being too high?

What employee of the state fund tries to coordinate your compensation with other insurance coverages?

Where would you expect a higher degree of cooperation between the employer and his compensation carrier, than that brought about by the services of an insurance broker? After all, he not only handles your business but he is a mass purchaser of insurance, so that he can at least expect a higher degree of cooperation from the private carrier.

We were very alarmed over information received that the Central Chapter had even considered a group plan in the state fund, in light of the fact that the chapter as a whole seems to be one of the greatest exponents of private enterprise. I assume that to some of the members private enterprise is all right up to a point; but believing the promises of the state fund, they thought perhaps there would be a few dollars in their pockets so weren't too sure of their stand.

It is interesting to note that at the last national meeting of the Associated General Contractors of America, it is reported in their official publication, and I quote:

> "* * * Confronted with growing trends in some states toward construction by day labor, highway contractors at their round table discussions at the A. G. C. mid-year board meeting in French Lick last month, centered their attention on the protection of free, competitive enterprise in the construction industry. Contractors left the meeting in a mood to not only support national action on the problem, but also to pursue more vigorously the effective local approach in their various states. A lengthy discussion on threats to contracting markets was touched off by the story of how the North Carolina State Highway Department apparently is launching a large-scale day labor program with the purchase of $5,000,000 worth of equipment. The 80 present 'agreed that the North Carolina activity was a severe blow to free enterprise in that state, and that this fact should be stressed by all chapters and A. G. C. members in reporting to other groups on the development.' It was decided to prepare a report on the entire situation for distribution by highway chapter and branch secretaries—'to put the construction industry on guard against other departments starting construction programs by day labor methods.'".

In all of the literature received from the Central Chapter, we note the general trend of thinking is—keep the State and government out of business. We noticed there was quite an article against the very idea of "socialized housing," and in the Bulletin of May, 1949, we note the board of directors were against such housing bills, and I quote from the publication—"Let's hope that neither national nor state housing bills prevail. Give private enterprise a chance."

I assume you know the Associated General Contractors of America, Southern California Chapter, decided that their members would be better off standing on their own feet; having them enjoy the good or the bad of their own loss ratio, and not having them thrown into a group where they would have to guarantee the premiums of a fellow they probably don't even know and ride along on everybody's losses. You probably also know that the California State Builders Exchange, as well as the Builders Exchange of Long Beach, came out in the open and stated that they were in favor of private enterprise, and put it in their minutes that they requested their members to get out of the state fund should any of them be in it individually.

It was also pointed out that the State American Federation of Labor has called a boycott on private carriers writing Unemployment Disability Insurance, which would indicate there is a tendency which will inevitably result in labor domination of state funds.

The thing I can't figure out is, if the State does solicit the business on the basis of their misstatements, do you expect them to change their spots when they have your business? In other words, if they honestly solicited your business and told a true story, you might be more inclined to figure they would give you a fair shake if you did go into the state group deal.

A great many leaders in the contracting industry feel that this is the time definite steps should be taken, either to approve the State in business 100 percent, meaning the legal business, the medical profession, the insurance business, and the contracting business; or, on the other hand to take a stand and decide, once and for all, that they are in favor of private enterprice and stop coddling the State and building them up to an end that they may take over other segments of business

Yours very truly,

MILLER & AMES
By J. H. MILLER

Exhibit No. 2

COMPENSATION NEWS BULLETIN (QUARTERLY)

Safety Number, November, 1915

The Compensation Law and the Contsitution; A Mystery Solved for Employers

[SEAL]

State Compensation Insurance Fund (Operated by the State of California)

A "Mystery" and Its Solution

Extract from article published in the *Underwriters' Report*. (Devoted to the interests of Insurance Corporations and Agents.)

The California State Compensation Fund is holding out some alluring promises of dividends or refunds under its policies. In a bulletin issued recently the fund calls the attention of employers to the 15 percent refund under its 1914 policies, which it is paying as the policies expire this year. In addition, it states that "a further saving of approximately 28 percent has been made on 1914 business and will be paid policyholders as soon as the statutory reserves are released." The 15 percent already paid and the 28 percent promised make a total refund of 43 percent which policyholders in the state fund are led to expect. How the fund is to pay this is known only to the management. According to its annual statement, filed with the California Insurance Department, its ratio of incurred losses to premiums earned in 1914 was 68 28 percent. Expenses were 14.84 percent of earned premiums, making a total of 83 12 percent of the earned premiums consumed by losses and expenses. This leaves a saving of 16 88 percent which might be returned to policyholders, but the source of the balance of the 43 percent refund *is a mystery*.

Reply by the State Compensation Insurance Fund Management

The statement that the annual report filed with the Insurance Department showed a ratio of incurred losses to premiums earned in 1914 of 68 28 percent is erroneous and misleading. On the contrary, the fund set aside the legal claim reserve—72 percent of the earned premium, less losses and loss expenses paid—and on that basis showed a net accumulated surplus (exclusive of appropriation) of $105,860 62, or 21 34 percent of earned premiums. On the basis of the incurred losses and loss expenses (50.3 percent, *including extremely liberal estimates for outstandings*) the actual earned surplus amounted to $213,544.14, or an indicated profit of 43 04 percent of earned premiums. The difference between this percentage and the 15 percent actually refunded is a real, and not an imaginary, saving to be returned, but it can not be immediately allowed because of the stringent reserve law If that law continues in force the deferred retund may necessarily be held for five years, but meantime is invested in California municipal securities, approved by the Attorney General, and drawing interest for the further benefit and protection of policyholders. The present investments bring an annual income of approximately $30,000, which alone provides a substantial sum for unforeseen contingencies.

The critic fails to tell the *real* story to be learned from the fund's sworn report on file with the Insurance Department of the State and audited by the State Board of Control.

It is most interesting that in the same issue of the *Underwriters' Report* the expenses (not losses) of the corporate companies operating in Massachusetts in 1914 are given. From it we learn that the lowest expense ratio of any company is 31.63 percent, the highest 63.22 percent, or an average of about 46 percent.

With an expense ratio of less than one-fourth that average, is it strange that the State Compensation Insurance Fund of California can pay dividends to policyholders and that the companies find competition with the State a difficult problem?

The fund anticipates that the first refund to be paid on 1915 earned premiums will average no less than 15 percent. As the amended Compensation Act provides, the divisible surplus will be ascertained immediately after January 1st and will then be refunded on expired policies and on others as they expire.

The fund will welcome any investigation as to the truth of its assertions. Why then should there be any mystery?

Another Lesson in Foresight

In our last issue we took occasion to say a few words on the subject of "cheap" insurance and to point out the dangers in what might appear at first blush to be real "bargains" in that line. A shining (?) example is now before us, in the announcement that the Commonwealth Bonding and Casualty Insurance Company of Fort Worth, Texas, has been placed in the hands of a receiver upon the application of a majority of the stockholders.

The particular company referred to was one of the few operating in this State which allowed its agents to issue policies at material cuts under the standard rates, and with that leverage to assist them the agents of the company were extremely active.

We sympathize, of course, with those who will suffer from the failure, but the men who bought "cheap" insurance with their eyes open are not entitled to the same degree of sympathy as are the innocent workmen and their dependents who had nothing to do with selecting the insurance medium, and who, on the whole, are far less able to stand the loss.

It is somewhat early to predict what possible percentage on the dollar the defunct concern will ultimately pay, but judging by past history in similar cases both the policyholders and the injured workers will have a long and tiresome wait for a very small part of what is rightfully due. There might be some suffering even among the stockholders themselves, but in the absence of information to indicate who is guiltless we hesitate for fear of misplacing any of our condolences.

Here the idea of SAFETY FIRST takes on a new meaning. With the wise employer the taking of insurance antedates the accident. The FIRST SAFETY effort, therefore, should be applied in the selection of the insurance medium in order that "slips 'twixt the accident and compensation" may be avoided.

Exhibit No. 3

WHY THE STATE COMPENSATION INSURANCE FUND

By PAUL SCHARRENBERG, Director
State Department of Industrial Relations and Chairman,
Industrial Accident Commission

When the idea of a compulsory workmen's compensation law was advanced in 1912 and 1913, one of the strongest arguments raised against the proposed legislation was that its enactment would leave employers, particularly the small employer and all employers engaged in the so-called hazardous industries, at the mercy of the casualty insurance companies.

It was the contention of employers that insurance would be essential if they were obliged to assume responsibility for every employee injured in the course of his work, regardless of fault. On the other hand, it was feared that premium rates for such insurance would be so high as to seriously endanger business. Particularly would this be true in competing with employers from other states engaged in manufacturing the same or similar articles.

As for the small employer, it was admitted that he would face serious difficulties in obtaining workmen's compensation insurance; in fact, insurance carriers writing employers liability insurance had already adopted the practice of refusing to issue policies when only a small pay roll or premium was involved

To meet these objections, a state-operated, self-supporting, nonprofit insurance company, the State Compensation Insurance Fund, was proposed This fund was to operate in competition with all other carriers and provide insurance protection at fair insurance rates for employers and, by its practice and example, fair treatment for the injured employee Accordingly, by an act of the Legislature of 1913, the California State Compensation Insurance Fund became effective on January 1, 1914 The fund offers insurance protection under the State Workmen's Compensation Law and is also authorized to write insurance under United States Longshoremen and Harbor Workers Compensation Law. The objectives of the fund are:

1. To offer employers insurance protection at lowest possible cost

2. To operate in free and fair competition with other insurance carriers acting as a yardstick for the securing of fair premium rates for employers and fair treatment for injured employees

3 To pursue the policy of being a warm-blooded institution rather than a cold-blooded one and to be influenced by the moralities involved in each situation rather than by the legalities alone.

4. To relieve human hardship and to protect human lives through safety education designed to guard against the hazards of industrial injury.

At present the fund operates under the jurisdiction of the Industrial Accident Commission as the board of directors or governing body. The commission determines the general policy of the fund and leaves to the manager the administration and general supervision. After September 15, when the reorganization of the Department of Industrial Relations becomes effective, the State Compensation Insurance Fund will become a separate division in the department with a board of directors of five members consisting of the department's director and four others to be appointed by the Governor for overlapping four-year terms.

Fund Is Self-Supporting. The fund is required to use the same rates and classifications established by the State Insurance Commissioner for insurers generally Under the system used by the Insurance Commission in the calculation of these rates, a loading of 40.6 percent is included for operating expenses or overhead. The law provides, however, that the fund shall be merely self-supporting and that the rates shall be only sufficient to carry out the specific purposes stated in the law. Consequently, all excess premiums collected by the fund are returned to policyholders. These profits, returned as dividends, are paid in full nine months after policy expiration.

The overhead, or administration expenses of the fund, including taxes and every other expense, average less than 15 percent of the premiums. With a loading of 40 6 percent for overhead expenses, the collection of the rates approved by the Insurance Commissioner simply means than an extra 25.6 percent (assuming that 59 4 percent will be required for benefits) is collected by the fund and then returned to policyholders, plus approximately 3 percent derived from interest earned on invested assets. Reinsurance is carried to cover all losses which exceed $45,000.

Accident Prevention Pays. Accident prevention is the most important service which can be rendered. The elimination of accidents not only preserves lives and bodies of workers, it also results in lower rates for the employer. The fund's safety engineering department makes a careful study of each individual risk and assists its 40,000 policyholders in forming permanent safety organizations among employees and aids in keeping the interest in such organizations alive and active.

A full-time medical staff is employed at both the San Francisco and Los Angeles offices and the medical department, through a system of close cooperation with the claim department, is in constant touch with the medical treatment and hospitalization being received by injured employees and with the specialized service extended in the more serious cases.

A legal staff, specializing in insurance law, is available to safeguard the interests of the policyholders and the fund, and to advise the insured concerning any special or unprecedented problems arising out of his liability under workmen's compensation insurance and safety laws

California Fund Must Compete. State compensation insurance funds are given special privileges in several states In seven they have outright monopolies of the compensation business but in California, the reverse is true. Here the fund is placed upon a basis of strict business competition. The fund is not subsidized in any way; it pays the same taxes as private carriers, and is subject to the same legal requirements with respect to all phases of the business.

Thus from the first, if the fund was to succeed, it had to attract policyholders and offer them outstanding protection and efficient service. And if it was to offer a saving, it could not do so by the easy method of cutting rates. On the contrary, the fund had to earn its savings by strict economy of operation and sound investment of reserves In this respect it has been signally successful, dividends having been earned and paid every year, in good times and bad, since the fund was established. The basic premium rates charged by the fund must be the same as those charged by all other carriers; however, inasmuch as the fund is merely self-supporting and has no profit motive, all surplus is returned to policyholders. Employers have received refunds totaling in excess of $51,000,000 during the 31 years of the fund's existence. Such returns reflect savings by the fund in overhead charges and in no way represent savings made through curtailment of service to injured employees; in fact, workers are receiving greater benefits than ever before Over 300 employees injured between January 1, 1914 and December 31, 1939, are still drawing compensation and receiving hospital and medical benefits. One case, that of an employee injured in 1931, has already received over $50,000 in compensation and medical payments. Before this claim is closed, it is now estimated that the total benefits will exceed $100,000.

The record for 1944. Premiums written in 1944 exceeded those of the previous year by more than $3,000,000 On December 31, 1944, assets totaled $29,451,526 32, the largest in the fund's history. Of this amount $18,277,284.11 has been set aside to pay compensation benefits as they become due in the future on injuries which occurred in 1944 and prior years. During 1944 alone the record-breaking amount of $8,581,379.84 was paid out, or set aside for future payments of compensation to injured workmen, for their medical treatment and for benefits to dependents.

Once termed "an adventure in insurance" the State Compensation Insurance Fund of California holds a high place throughout the Nation as a successful and outstanding example of an insurance carrier not in business for profit but for service to the victims of industrial accidents.

Exhibit No. 4

THE INSURANSCOOP

November 29, 1949

Investigation of the California State Compensation Insurance Fund is now under way by the Assembly Committee on Finance and Insurance. Its chairman, Assemblyman Ernest R. Geddes, of Pomona, in an interview exclusively with Insuranscoop, declared, "We will investigate the ever-increasing evidence that the State Compensation Insurance Fund is soliciting business improperly and unfairly."

California insurance producers and company officials accuse the state fund of deliberate misrepresentation in its efforts to divert workmen's compensation insurance away from private insurance companies Insurance agents and brokers declare that when the fund's misleading arguments are brought into the open and an opportunity is given to present the viewpoint of the private insurance companies, the prospect usually chooses free enterprise rather than statism

A case in point is that of the Central Chapter of the Associated General Contractors which declined to insure with the state fund.

An example of the fund's half-truths is that " * * * it pays taxes at the same rates and does business under the same legal requirements as any other insurance carrier and therefore operates on a strictly competitive basis." The truth, says insurance producers, is that the fund need pay no federal income taxes on its profits and it receives an unfair state subsidy because California law requires all state political subdivisions, every county, city, school and irrigation district to insure with it.

The fund, it is charged by its critics, continually knocks and belittles private insurance companies, neglecting to mention its own turbulent history and the fact that in the past it was a political football and the source of a major state scandal.

Businessmen who favor the fund are helping the State to invade their business whenever it gets ready to do so, says one of the fund's numerous critics. "The fund and its friends have for their goal the creation of a monopoly in California on compensation insurance. Nevada, our neighbor, has such a monopoly, and when a workman is injured in Nevada he can collect $17 30 a week and his medical coverage is limited to six months. In California, under our present competitive system, the weekly payments are $30 and there is no time limit to medical coverage It's bad enough for the taxpayers of California to have the State competing with them but when the State uses half-truths and untruths, it's time to call a halt," he added

Exhibit No. 5

INSURANCE BROKERS EXCHANGE OF CALIFORNIA
580 Washington Street, San Francisco 11, California

December 28, 1949

Confidential—For Immediate Action—Confidential

DEAR MEMBER: It is vitally important that you keep the contents of this letter *absolutely confidential!*

If you have *any* evidence of any nature that would help us to prove that the State Compensation Insurance Fund is misrepresenting, making false statements, or in any other way is soliciting compensation business in any manner that you consider contrary to the best interests of the public, the insurance business, or the principles of free enterprise, we want you to mail it or deliver it immediately to the exchange office at the above address. This information must reach us no later than 10 a.m., Wednesday, January 4, 1950.

We *must* have *original* documents, whether they be letters, quotations, dividend scales, affidavits, or what have you We will return them to you as quickly as possible.

At the moment we have documentary evidence which will help us to prove that the state fund is competing unfairly. However, we need *volumes* of affidavits, original or photostatic copies of letters, etc, and we need them fast

Your immediate cooperation is essential—do it now!

Remember—the contents of this bulletin *must* be kept secret.

No one outside of exchange members can be told about this at this time Within 10 days we expect to give you more information about this matter, but in the meantime please send us whatever material you may have

If there is any doubt in your mind as to the usefulness of any material you may have, send it to us and let us be the judges. In any event it will be returned at the earliest possible time.

Very truly yours,

JOHN H. DERROUGH, Executive Secretary

Exhibit No. 6

INSURANCE BROKERS EXCHANGE OF CALIFORNIA
580 Washington Street, San Francisco 11, California

Future Press Release
(Caution: Please Do Not Release Before 9 a.m. Thursday, January 5, 1950)

STATE FUND VS. PRIVATE ENTERPRISE

For some time the Insurance Brokers Exchange of California has watched, with increasing alarm, the practices of the State Compensation Insurance Fund In its study of the operations of the state fund, the Exchange has collected indisputable evidence and now, on the basis of that evidence, openly accuses the fund of "deliberate misrepresentation in the soliciting of compensation insurance."

The Exchange is well aware of the seriousness of its charges, and is prepared to offer undeniable proof that the state fund is not only actively soliciting compensation insurance business, but that they are doing so in such a deceptive and misleading manner as to give private enterprise a black eye

It is difficult for us to reconcile the activities of the state fund with the provisions of the Insurance Code of the State of California where, in Section 11775, the code states "The fund shall * * * be *fairly* competitive (italics our) with other insurers * * *."

It is equally difficult for us to comprehend a situation where a state agency such as the fund, which was created by the California Legislature, is permitted to go to extremes to take business away from private enterprise Perhaps this could be better understood if you were to imagine that you were the corner grocer, and that one day the State opened its own grocery store right across the street from you. At first you didn't mind, because you believed that it was good business to have competition, and you assumed that the competition would be conducted on an ethical basis However, it wasn't long before you discovered that all employees of the city, the county and the State *were required by law* to buy their groceries from the State's store! A few days later one of your customers walks in and shows you a letter he received from the State's store, in which the State says that they can sell him the same thing for less money, and actually compares their price with yours! You become a little bit alarmed that the State would go to such lengths to get business, and then you get to thinking, "If this sort of thing keeps up, it won't be long before the State is going to run me right out of business." Then another customer walks in and shows you a letter he received from the State in which the State says that they operate under the same laws and pay taxes at exactly the same rates as you do! Now you begin to get hopping mad—you know that the State doesn't have to pay all of the different taxes you are required to pay, but the way the State says it in their letter leads your customer to believe that they do!

We can prove that this example parallels the activities of the state fund, and the Exchange is planning to offer this proof as evidence to the hearings to be conducted during 1950 by the interim committee of the standing Assembly Committee on Finance and Insurance

Recently the Exchange invited J. J. Gallagher, manager of the state fund, to provide two of his representatives to participate in a panel discussion with two Exchange members on the subject, "Workmen's Compensation Insurance—State Fund vs Private Enterprise" A spokesman for Gallagher, in a telephone reply to H. E. Sharpe, President of the Exchange, stated that he considered the proposed discussion "untimely," and that the state fund wouldn't consider participating. We are not surprised that the fund considers such a discussion to be untimely, but we are disappointed that they will not take advantage of this opportunity to present *their* points of view Be that as it may, the fund, nevertheless, has certainly received fair treatment from the Exchange—they have been given the opportunity to defend their practices in a fair and open panel discussion, and they have refused the opportunity. So now the Exchange officers, considering it their public duty to expose the dangerous practices of the state fund in its competition with private enterprise, plans to lay the facts before the public—the taxpayers and wage earners whose pocketbooks are directly affected by such practices In conformity with this decision, arrangements have been made for a discussion of "Workmen's Compensation Insurance—State Fund vs Private Enterprise" at the annual luncheon meeting of Exchange members in the Peacock Court of Hotel Mark Hopkins on Thursday, January 19, 1950. Because of the tremendous ramifications of the subject, Exchange members will be permitted to bring guests, whether they be buyers or sellers of insurance.

Obviously, it wouldn't be good business to give the state fund "advance notice" of our plans, but it is safe to say that speakers at the meeting will establish that the fund, in its solicitation of business, makes false and misleading statements; that they

defame private enterprise and, more specifically, private insurance companies, insurance brokers and insurance agents; that on several occasions the state fund sought to eliminate competition by private insurance companies, which companies were and are owned by thousands of stockholders, many of whom are residents of the State of California, that if the state fund is not prohibited, by law, from engaging in many of the practices of which they are guilty, the 101 million dollar Workmen's Compensation Insurance business in California may become a "political plum," operated under monopolistic conditions, and finally, that under such conditions California wage earners and taxpayers will pay dearly for the follies of the state fund.

Exhibit No. 7

THE INSURANSCOOP

January 5, 1950

Insurance Brokers Exchange of California *has declared war on the California State Compensation Insurance Fund* which it accuses of illegal, unethical and misleading sales practices. After Manager *J. J. Gallagher* of the state fund declined to accept an invitation to provide two fund representatives to participate in a panel discussion with two representatives of the Brokers Exchange on the subject "Workmen's Compensation Insurance—State Fund vs Private Enterprise," the Exchange announced the discussion as main feature at a luncheon to be held at Hotel Mark Hopkins January 19th. The insurance industry and public is invited. Details of the Exchange's attack on the state fund appear in today's issue of the *Broker*, house magazine of the Exchange.

Unless the National Association of Insurance Commissioners get together and very shortly makes a decision in the Rhode Island Insurance Company convention examination matter the *Attorney General of Rhode Island* will place the matter before U S Attorney General with recommendation that the U S Justice Department immediately launch an investigation of the present system of state supervision of insurance.

Nine states recently completed a convention report of the Rhode Island Insurance Company. Two states, Rhode Island and Florida, issued a statement December 21st saying the report shows the company to be in good financial shape with policyholders surplus of nearly 2 million dollars.

Following this, Commissioner Forbes of Michigan, President of National Association of Insurance Commissioners, wrote a letter to each of the 48 commissioners declaring that Rhode Island Commissioner Bisson's announcement of the good condition of the Rhode Island Insurance Company was premature and that "the report of the seven other examiners, which is in a pre-draft stage, shows that the capital of the company is impaired." President Jesse White of the company, says: "Criticism by some of the states is based not upon any claim that its reinsurers are unsound or any other assets lacking in value but rather that they may not be admissable under the varying technical laws of said State." A meeting of all interested parties, at which it is hoped the matter will be straightened out was scheduled for January 4th at Providence. (Results of this meeting were unavailable at press time—Ed.)

The controversy over the Rhode Island Insurance Company was started in May, 1949, when the California Insurance Department took over California assets and operations of the company, holding that it was "technically insolvent." The company claims that there is nothing wrong with it and that the California Insurance Department acted arbitrarily because of personal dislike of Chairman Stu Hopps by Insurance Commissioner Downey. Court action in California by the company to recover its property has thus far been unsuccessful.

Exhibit No. 8

DEPARTMENT OF INDUSTRIAL RELATIONS
STATE COMPENSATION INSURANCE FUND
Release Date: January 23, 1950

MR J J. GALLAGHER
470 McAllister Street
San Francisco 1, California

State Insurance Fund Denies Charges

TO THE EDITOR:

Assemblyman Ernest R Geddes, Chairman of the Assembly Committee on Finance and Insurance, has informed Joseph J Gallagher, Manager of the State Compensation Insurance Fund, that the committee has scheduled a series of hearings on insurance practices, to be held in various cities in the State. The first session will start in Sacramento on February 6th A part of each hearing will be devoted to complaints received by the committee from various insurance agents and brokers charging the state fund with use of "misleading statements" and other "unfair practices" in the solicitation of workmen's compensation insurance. Gallagher has informed Mr. Geddes that the fund welcomes any such investigation and offered the committee full cooperation. He denies that the fund has engaged in unfair competitive practices and declares that the same groups have been making similar complaints against the fund periodically ever since the fund was established in 1914

In answering the charges Gallagher stated, "While the fund is the largest workmen's compensation insurance carrier in California, it does not dominate the industry since it writes about 25 percent of premiums in this field, including its premiums from public agencies. The fund writes approximately $25,000,000 in insurance premiums annually, most of this representing renewal and 'over the counter' business and it solicits new business through a salaried staff of civil service insurance men."

The fund manager declared that the present attack on the fund is not in truth upon its competitive practices (all carriers, including the fund, are required to charge the same premium rates) but is a flank attack which has as a primary objective the distribution among insurance brokers and agents of commissions on $25,000,000 of premiums received annually by the fund, which commissions or their equivalent are now refunded to its insured employers.

Gallagher said the workmen's compensation insurance and safety laws provide in effect that the State Compensation Insurance Fund shall be operated as a mutual insurance carrier, required to return to its policyholders all profits resulting from its operation. This has been the principle followed, he stated, and as a result the fund has demonstrated what an efficiently managed mutual insurance carrier can accomplish.

"Just because other carriers spend from 17½ percent to 40 percent or more of their premiums on overhead costs," he added, "the State Compensation Insurance Fund is criticized because, in spending less than 15 percent for administration expense, including taxes, it returns all savings to its policyholders. Since 1914 the refunds paid by the fund have saved California employers more than $85,000,000

"It is the return of these surplus premiums that causes additional complaint from insurance carriers, their agents and brokers. It is apparently their contention that fund management should violate or ignore the law by withholding excess premiums from its policyholders.

"There has been no statement that the fund's treatment of workmen's compensation claims is not liberal, but only that the fund competes for business too actively, meaning too successfully, to please some individuals who are interested in whipping up a straw case.

"The critics also object to the fund stressing the importance of the financial solvency of the insurance carrier, claiming that such reference gives the insurance industry a 'black eye,' but they fail to mention the unfortunate predicament of injured workmen should the insurance carrier selected by the employer be unable to meet its payments, leaving the worker or his widow and orphans without medical treatment or weekly benefits.

"The fund will produce evidence to the Geddes Committee that it pays the same premium tax ($431,773 in 1949) as other workmen's compensation insurers, that it has no edge on other insurers not produced by the merits of its business policies except, possibly, the right to insure public bodies, and scarcely any informed person asserts that the public interest would be promoted by throwing the workmen's compensation insurance business of public agencies into the political arena, particularly when the rights of injured employees are at stake.

"Anomalously," said Gallagher, "the individuals who usually charge that the State cannot operate a business efficiently are now crying that the efficiency of the State Compensation Insurance Fund is depriving them of commissions which, instead of being ear-marked for them, are returned to employers as dividends. Unlike its competitors who are continuously crying 'Unfair! Unfair!' the State Compensation Insurance Fund has earned its place as the leading workmen's compensation insurance carrier the 'hard way'—by giving outstanding service at minimum cost."

He concluded by saying, "There are more than 40,000 brokers and agents in California (not counting life and disability agents) compared with literally a handful of fund representatives. I agree with Mr. Walter P. Simi, recently elected President of the Insurance Brokers Exchange, who is reported as saying, 'It is our belief that the fund serves as a balance wheel in the industry. Good, clean competition from the fund would serve the very useful purpose for keeping private insurance companies on their toes.'"

Exhibit No. 9

Editorial from *San Francisco News* of January 23, 1950.

Talk About Unfair Tactics!

The private insurance industry, through the Insurance Brokers Exchange of California, has launched an all-out publicity assault upon the State Compensation Insurance Fund, accusing it of competing "unfairly" with the private insurance carriers for industrial accident business. In press releases and speeches, private insurance spokesmen are making all kinds of accusations. They claim they are backed up by documentary evidence; but to date they have not made the documents available for public scrutiny.

Without at this time attempting to pass on the justice of the charges (it is impossible to do so, since the supporting "evidence" has not been made public), we submit that this technique of whipping up public sentiment against the state fund, which has been operating since the Hiram Johnson Administration for the protection and benefit of workers and employers alike, constitutes grossly "unfair" tactics on the part of the private insurance industry.

The insurance brokers invited the state fund's manager to send representatives to their annual luncheon meeting last week to answer the charges and allegations. He declined, and we don't blame him; a packed, biased audience is no proper forum for a fair hearing on such a matter.

If the insurance people have some hard facts to present, let them present them before the proper state body, where their validity may be properly weighed and both sides heard in impartial surroundings. A legislative interim committee is preparing to look into the matter, the public will expect it to conduct its hearings in a fair and unbiased manner, with full opportunity for testimony and cross-examination by the state fund officials and attorneys.

Meanwhile, the attempt to get the matter prejudged through a one-sided propaganda campaign of character assassination against the state fund smacks of dirty pool.

Exhibit No. 10

(COPY)

BERNARD R. BRADY, Vice Chairman
San Francisco City and County Delegation
ASSEMBLY, CALIFORNIA LEGISLATURE
Sacramento 14, California

January 17, 1950

Hon. Ernest R. Geddes, Chairman
Assembly Committee on Finance and Insurance
1445 Alameda Street, Pomona, California

MY DEAR ERNEST: Private enterprise is not being competed with fairly if the statutes regulating the private mutual insurance carriers do not apply in essence to the State Compensation Insurance Fund.

My attention has been called to the extreme probability of this situation by charges levied against the state fund last week.

Our Interim Committee on Finance and Insurance should meet as soon as possible, I recommend, so that we might be able to study this problem with a view to bringing the state agency more into compliance with the provisions regulating the private carriers.

No public audit has ever been made of the fund since its inception, I understand. The State Department of Finance has some jurisdiction, as has the Controller—but unless the books and records of the state fund indicate upon investigation that competition with private enterprise is fair and square, we again have a situation where the all-powerful State is crushing private business. And, after all, the state fund was not instituted to compete but rather to complement private carriers.

Information has come to me also that one of the unfair weapons used by the state fund in striking at the private carriers is the improper handling of dividends paid to the employers who insure with the fund.

The Insurance Code provides that the State, any agency, department and any commission, and each city, county, city and county and any governmental subdivision shall insure with the state fund. Now, when the loss experience and the expense of the fund is ascertained in January of each year and there is an excess of assets over liabilities, reserves, and surplus, a cash dividend may be declared or a credit given on the renewal premium.

But such dividend or credit is to be an amount which the commission in its discretion considers to be the employer's proportion of the divisible surplus.

The pertinent question I should like to have explored officially is—is it true that private employers receive a greater percentage than they are entitled to? Or, rephrasing—do the governmental subdivisions receive identically the same percentage back, according to their loss experience as the private employers.

Ernest, this is serious. I understand that as much as 40 percent or 50 percent too much is returned to the private employer in order to attract his business and keep it with the state fund. Conversely—the municipalities and other governmental subdivisions do not receive the dividends, or credits to which they are entitled.

The problem is very intricate and should get a great deal of study by our committee. Should we meet in the next 10 days or two weeks we could have a partial report ready for the Budget Session on March 6th of this year.

Such a preliminary report may easily cause our confreres in the State Legislature to demand that our appropriation be increased by $50,000 or $60,000 so that these matters might be explored thoroughly; for I think all will agree that the laws governing the State Compensation Insurance Fund should certainly be made to square very closely with the statutes governing the private mutual carriers.

My best to you, Ernest—please say "hello" to Mrs. Geddes for me.

Very respectfully yours,

BERNARD R. BRADY
Assemblyman Nineteenth District

Exhibit No. 11

(COPY)

STATE COMPENSATION INSURANCE FUND
450 McAllister Street
San Francisco 1, California

January 20, 1950

Hon. Ernest R. Geddes, Chairman
Interim Committee on Finance and Insurance
550 Investment Building, Pomona, California

DEAR MR. GEDDES: I have just obtained, from one of the daily newspapers, a copy of Assemblyman Bernard R. Brady's letter of January 17th to you. His letter may be summarized in three parts: (1) No "public audit" has been made of the state fund, (2) Improper handling of dividends, particularly discrimination against public agencies, and (3) the state fund was not instituted to compete. It is regretted that Mr. Brady did not check with this office as to the actual facts before writing his communication.

Contrary to the ridiculous information given to Mr. Brady, the fund refund plan is uniformly applied to *all* policyholders. A public agency which pays the same premium and has the same accident cost receives the identical dividend that is paid by the fund to private employers, *in every instance*.

Insurance men are well aware there is no distinction in the fund dividend plan as between public agencies and private employers, and many of them would never dream of making the reported accusation, but as a part of their competitive efforts you will occasionally find some self-serving representatives of the industry maliciously spreading this sort of deliberate lie in an effort to belittle or injure the fund. Not infrequently, when it suits their purpose, the charge is made in the opposite direction, that public agencies are favored at the expense of private policyholders, which of course is equally false.

As to a "public audit" I do not know exactly what Mr. Brady means. The fund, like all insurance carriers, is regularly audited by the State Insurance Department. If this is what is meant by a "public audit" then I have the assurance of the Insurance Commissioner's office that the audit made of the fund is identical and as thorough as those made on all other insurance carriers, not only with respect to the fund's financial status but also concerning the fairness of its treatment of injured workmen, the uniformity of its dividend payments to insured employers, etc.

In addition, the Auditing Division of the State Department of Finance continually audits the books and financial affairs of the State Compensation Insurance Fund on exactly the same basis as a private certified public accountant.

As to the third point, whoever informed Mr. Brady that the state fund was not instituted as a competitive carrier is either telling a falsehood or is not familiar with the workmen's compensation law, for the law not only says the fund must compete, but the record will disclose that the competitive nature of the State Compensation Insurance Fund was stressed before, during and after the 1914 legislative enactment.

The statements made to Mr. Brady contain a perfect illustration of why many employers prefer to insure with the fund. Just as long as our competitors are willing to put out false propaganda which can be disproved so readily, thus lending unreliability to all their statements, the fund cannot help but be a success.

You may rest assured that we will be glad to furnish the committee with whatever proof you may deem necessary, both as to the public agencies and the auditing of the State Compensation Insurance Fund.

Very truly yours,

(Signed) J. J. GALLAGHER, Manager

Exhibit No. 12

ASSEMBLY, CALIFORNIA LEGISLATURE
ERNEST R. GEDDES
Member of Assembly, Forty-ninth District
Chairman, Committee on Finance and Insurance
and
Assembly Interim Committee on Highways, Streets and Bridges (H. R 221)

January 24, 1950

J. J. Gallagher, Manager
State Compensation Insurance Fund
450 McAllister Street, San Francisco 1, California

DEAR MR. GALLAGHER I am sending Assemblyman Bernard R Brady a copy of this letter since it is in answer to yours of January 20th commenting on his letter to me of January 17th of which you say you obtained a copy from the press.

Since your call at the office of this committee when you pledged your cooperation and willingness to have a thorough and impartial investigation made of charges which as yet are only in the hearsay stage as far as this committee is concerned I have had two conferences with representatives of insurance agents and brokers In each of these I have explained, as I explained to you, the objectivity sought by the committee, the necessity for the preparation of briefs and the manner of hearing witnesses—and each time I have requested no publicity in order that this matter be not tried in the newspapers

Assemblyman Brady's letter of the 17th was written by him and solely at his own responsibility and I am the last to deny him the right, not only to write it, but to insist that the charges be investigated However, I was not pleased that he did write it since it has put me in the position of having announcement of date and place of committee hearings come from you rather than from me as chairman of the Assembly Interim Committee on Finance and Insurance

You may believe, and rightly I think, that it will be best to stop the interchange of letters on the subject of charges and rebuttal until the representations are made formally before the committee and publicity await until the proper time Naturally I do not blame you for endeavoring to defend your position when publicly attacked but I trust all participants will let the committee speak for itself.

As to meeting dates for the discussion of these subjects. As already announced in an Insurance Journal we have tentatively agreed to hold two-day hearings in five or six locations in California The dates have not yet been set as I wish to consult the committee members as to their convenience but they will be in April and May and not starting in February before the Budget Session.

I had planned to hold an executive session of the committee in San Francisco on February 6th at which time you might have appeared to make a formal statement as to the desire of the fund to cooperate and willingness to answer charges but, more particularly, to furnish the committee with testimony relating to the organization and conduct of the fund and other technical data. Certainly there was nothing said by me which by inference would have precipitated hearings on this very controversial subject Because of other matters intervening it will not be possible to hold the February 6th meeting but I plan to hold an executive session of the committee in Sacramento, or San Francisco, or Los Angeles on February 20th. However, no meeting date is official until regular and public notice is given by this office Due notice will be sent you but, unless a majority of the committee otherwise directs, our consideration of the problem on that date will be limited to hearing the recommendations of the chairman for an orderly study of the problem, proposed agenda and fixing of dates and other matters relating to the conduct of the committee

I will follow this letter with another in which I shall specify what information the committee wishes to receive in advance of conducting more extensive hearings based on allegations made by various persons and organizations What I am now trying to do is eliminate as much prehearing publicity from all parties as is possible.

Tomorrow night I shall address the Insurance Forum of Los Angeles on the subject * * * *The Conduct and Objectives of the Assembly Interim Committee*—and shall make my own newspaper release of which I shall send you a copy.

I trust that this will serve to keep the relations between your office and this committee on the same plane of respect and cooperation as they were begun.

Very truly yours,

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

Exhibit No. 13

(COPY)

STATE COMPENSATION INSURANCE FUND
450 McAllister Street,
San Francisco, California

January 26, 1950

Hon. Ernest R. Geddes, Chairman
Interim Committee on Finance and Insurance
550 Investment Building, Pomona, California

DEAR MR. GEDDES: Thank you for your letter of January 24th.

We are wholeheartedly in accord with your objection to the practice of using your committee as a basis for filing charges in the public press against this fund.

Like you, we believe that the proper place to make such charges and to answer the charges is before your committee. We hope that, as a result of your conferences with insurance brokers and agents, the newspaper publicity will cease, thus eliminating requests to the fund from representatives of the press to answer charges being made against the fund.

Please be assured that if and when the date of your committee meeting is set, the writer will be very glad to appear before the committee to offer the complete cooperation of the fund to the end that a thorough and impartial investigation of all charges may be made by your committee.

Again thanking you for your letter and awaiting receipt of your further advices, I am

Sincerely,
(Signed) J. J. GALLAGHER, Manager

Exhibit No. 14

The following is a news release issued by Assemblyman Ernest R. Geddes

ASSEMBLY INTERIM COMMITTEE ON FINANCE AND INSURANCE
ERNEST R. GEDDES, Chairman

INVESTMENT BLDG., POMONA, CALIFORNIA

January 26, 1950

News Release—Immediate

"Charges have been aired of unfair competition directed at the State Compensation Insurance Fund by the insurance industry. Rebuttal has been made in the form of letters and news releases by J. J. Gallagher, manager of the state fund. All this is hearsay evidence insofar as the Assembly Interim Committee on Finance and Insurance is concerned until such time as presented before the committee in orderly manner," declared Assemblyman Ernest R. Geddes, chairman of the Assembly committee created by the Legislature to probe such problems.

Geddes, speaking last night before the largest number of insurance men to ever attend a meeting of the Los Angeles Insurance Forum, referred to the present controversy going on in the Bay Area. Assemblyman Bernard R. Brady, San Francisco, in an open letter to Geddes, released to the press, had charged: "(1) No 'public audit' has been made of the state fund; (2) Improper handling of dividends—particularly discrimination against public agencies; (3) the state fund was not instituted to compete." In a letter to Geddes, Gallagher had complained—"It is regretted that Mr. Brady did not check with this office as to the actual facts before writing his communication."

Geddes disclosed that he has already made preliminary arrangements for five or six meetings in various areas in the State. These meetings are scheduled for April and May, though the actual dates have not been set, and any preliminary meetings before that time will be to approve the items on the committee's agenda.

Gallagher, as manager of the state fund will be requested to furnish the committee with a brief, showing the authority, organization and operation of the state fund. He will also be asked to furnish an outline of where the fund parallels private corporations and in what respects it enjoys powers not afforded the insurance industry at large or is restricted by law. Gallagher's office will also be entitled to answer charges brought by the insurance industry after these are in turn submitted to the committee in proper form. Insurance agents and brokers will be afforded an opportunity to reply to the fund's representations.

"What this committee is striving for is objectivity, not witch hunting," said Geddes and expressed the desire that the interchange of letters on the subject of charges, counter charges and rebuttal cease until representations by all parties are made formally before the committee.

In addition to the investigation pending on State Insurance Fund matters, the Assembly Committee is also engaged in a study of matters relating to unemployment insurance, unemployment disability insurance and other matters relating to legislation before the committee during the 1949 legislative session.

Exhibit No. 15

(COPY)

ASSEMBLY INTERIM COMMITTEE ON FINANCE AND INSURANCE
Room 527, Investment Building
POMONA, CALIFORNIA

January 30, 1950

Mr. J. J. Gallagher, Manager
State Compensation Insurance Fund
450 McAllister Street, San Francisco 1, California

DEAR MR. GALLAGHER: The Assembly Interim Committee on Finance and Insurance will meet in Sacramento, at the State Capitol beginning at 10 a.m., Monday, February 20, and continue through the 21st

At this meeting you are requested to make such presentation as you desire on the formation, objectives, operation and conduct of the California State Compensation Fund.

Naturally, 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. I do hope, however, on my promise for a full rebuttal later, you can make this initial presentation as factual, historically and otherwise, as possible so that one net result will be to give to the Legislature at least a clear view of the state fund

I am calling your attention, as to other witnesses, the committee requirement that 14 copies of your formal brief be filed with this committee seven days before the hearing.

This is for the purpose of allowing committee members an opportunity to become acquainted with the subject matter and make constructive cross-examination. Each committee member and employee is forbidden to make any disclosure of material received before a hearing The fourteenth copy of the brief is identified as an exhibit and returned to the witness.

By this process we are saved hundreds of dollars of court reporters' costs and have assurance of a witness' full presentation being in the record.

Exhibits which are incorporated by reference i.e., maps, charts, tables, publications etc. and impossible to be furnished to the committee as individual examples must be clearly identified as to source, page, etc.

These are only technicalities which make for fair play and objective study and you may be assured you have every right to expect the cooperation of the committee on the same plane as any other organization appearing before us.

Please send me at once the names of those you may wish to make presentations on your behalf and the subject matter they will touch upon, so that I may arrange the agenda for the meeting.

Very truly yours,
(Signed) ERNEST R GEDDES, Chairman

Exhibit No. 16

(COPY)

STATE COMPENSATION INSURANCE FUND
450 McAllister Street
SAN FRANCISCO, CALIFORNIA

February 2, 1950

Hon Ernest R. Geddes, Chairman
Assembly Interim Committee on Finance and Insurance
527 Investment Building, Pomona, California

DEAR MR. GEDDES: This will acknowledge receipt of your letter of January 30th, advising that the Assembly Interim Committee on Finance and Insurance will meet in Sacramento at the State Capitol, beginning 10 a.m., Monday, February 20th

We will be very glad to attend this meeting and to furnish the committee with an outline on the formation, objectives, operation and conduct of the State Compensation Insurance Fund

In making this presentation we will try to answer some of the charges that have appeared in the newspapers. Unfortunately, some of these charges are general in nature, so that our rebuttal must necessarily await the filing of the specific complaints.

For the first meeting of the committee, it is my belief that Mr. Paul Scharrenberg, Director of the Department of Industrial Relations, and chairman of our board of directors, would be a most excellent choice to discuss with the committee the formation and the objectives of the fund Mr Scharrenberg was, as you know, in attendance at the Legislature during the enactment of our Workmen's Compensation Law in 1913 His story of that legislation will be of interest to the committee.

The writer will be prepared to discuss the operations and conduct of the fund Our Executive Secretary, Mr. Earl R. Howard, and our Staff Counsel, Mr. Donald Gallagher, will also be in attendance to give whatever information they may be in a position to furnish. At subsequent meetings, depending upon conditions that may arise, it may be necessary to have additional persons present, but for the first meeting, I believe those named should be sufficient.

We will proceed at once with the preparation of the brief and other exhibits. Fourteen copies of these will be furnished you seven days before the meeting.

Yours very truly,
(Signed) J. J. GALLAGHER, Manager

Exhibit No. 17

Fortnight, February 3, 1950

California "Statism"?

California insurance brokers last fortnight announced loudly that they were through taking lying down what they charged was "unethical" competition by the State of California. The culprit, say the brokers, is the State Compensation Insurance Fund, which is actively competing with them for the workmen's compensation insurance business of private industries throughout the State. In doing so, the brokers charge, state fund solicitors of the business are making "tricky and misleading statements" to the detriment of the private brokers

Opening blasts in the brokers' campaign to have this "unfair" competition by the State stopped came in an editorial in *The Broker*, official organ of the Insurance Brokers Exchange of California.

The article charged that the fund, in its solicitation of workmen's compensation insurance business from private industry, made statements to "defame private enterprise" and "on several occasions sought to eliminate competition by private insurance companies, which companies were and are owned by thousands of stockholders, many of whom are residents of the State of California."

The article further charged that J. J. Gallagher, manager of the fund, had refused an invitation to let fund representatives participate in a panel discussion with exchange members on the subject on the ground that such discussion would be "untimely."

At a later meeting of the exchange in San Francisco, especially opened to nonmembers, these charges against the state fund were spelled out in detail. The meeting was keynoted by Gardner Johnson, San Francisco attorney and former state assemblyman, who stated:

Enormous Appetite "There is wide interest now in the issue of statism against private enterprise. Most of the debate about statism is directed at the Truman administration and the Federal Government While private business has been training its sights on Washington, a healthy competitor with an enormous appetite has been blossoming out right in our own block.

"This energetic competitor with private business is California government."

Joseph H Miller, past president of the Insurance Brokers Exchange, picked up the ball from this point with charges that representatives of the fund, in soliciting workmen's compensation insurance business from private industries, had understated dividend rates of private carriers and overstated its own in order to attract business. He further charged that the fund had made erroneous claims that it is subject to the same legal requirements and taxations as private carriers. Miller said:

"The state fund does not pay federal taxes, has never paid federal taxes, and we assume, the many other taxes that involve the very nature of doing business."

$75 Million The main point at issue between the private brokers and the fund amounts to about 75 million dollars in annual workmen's compensation insurance business for which the fund is legally entitled to compete with the private brokers. The latter make their living by soliciting insurance and placing it with various insurance companies They differ from insurance agents in that the latter act as representatives of specific insurance companies while the broker operates as an independent contractor. There are approximately 1,000 brokers and brokerage firms in California who make their livelihood in this way and to whom the 75 million dollars in annual business represents a sizable plum to be fought for

The state fund was set up in 1914 to provide for insurance under the Workmen's Compensation Law It was legally provided with a monopoly on workmen's compensation insurance business from state, county and municipal political subdivisions which were required to carry such insurance. The volume of this state monopoly business now amounts to about $25,000,000 annually In addition the fund, which is self-supporting, is permitted to compete "fairly" with private insurance brokers in solicitation of the remaining $75,000,000 of business from firms in private industry The fund's rates are set by law, as are those of private insurance.

Monopoly's End? Crux of the competition, since rates are set by law, lies in the dividend rates. The brokers charge unofficially that the fund's dividend rates are higher than those of private brokers largely because of the fund's monopoly of the political subdivision business, amounting to about a fourth of the state's total workmen's compensation insurance business. The brokers hope they can prove this $25,000,000 monopoly is being used by the fund to raise its general dividend rates extended to private industries in competition with the brokers.

At the fortnight's end the brokers indicated that what they're really shooting for is elimination of this state monopoly by the fund through legislative action as well as elimination of the alleged "unfair" competition in soliciting private insurance business.

The brokers' blasts were reported last fortnight to have stirred the interest of members of the State Assembly Interim Committee on Finance in early investigation of the fund's practices.

Elimination of the State's monopoly area of doing business would open to the private brokers a $25,000,000 annual volume of business they now can't even go out for, and, as one broker spokesman said:

"If the state fund didn't have the gravy of the political subdivision business, we'd just about be on the same basis with them."

Exhibit No. 18

THE OCEAN ACCIDENT & GUARANTY CORPORATION, LIMITED
PACIFIC DEPARTMENT
315 Montgomery Street, San Francisco, California

September 25, 1934

To All Agents:

Workmen's Compensation

Notwithstanding the steadily increasing adverse results suffered by all companies writing compensation insurance, the Ocean in its efforts to render complete service to its agents has continued to accept a larger ratio of compensation than is justified.

The accounts of many of our agents have produced an underwriting loss so far this year. Almost without exception, these accounts show adverse results solely because of too high a ratio of compensation. We do not intend to discontinue the writing of compensation insurance, but we do very definitely propose to *treat all compensation business as undesirable* and to accept it only as an accommodation to our agents, and only for those agents whose accounts show an indicated profit. We will not accept any more compensation risks unless accompanied by the collateral insurance of the same assured, and then only when the acceptance of such compensation does not create too high a ratio to the whole.

We feel that we are entitled to your cooperation in our efforts to put your account on a profitable basis.

Yours truly,

J. C. BUNYAN, Manager

Exhibit No. 19

PACIFIC DEPARTMENT
HARDWARE MUTUAL CASUALTY COMPANY
Insurance Exchange Bldg., 433 California St.
San Francisco, California

February 13, 1935

GENTLEMEN: As we are writing Workmen's Compensation Insurance only as an accommodation line, and inasmuch as you are carrying no other forms of casualty insurance with us, your policy 402814 will be permitted to expire and will not be renewed.

Therefore, all liability on the part of this company on workmen's compensation policy 402814 will cease at 12.01 a.m., standard time, March 6, 1935.

Notification is being given you at this time in order that you will have an opportunity to procure workmen's compensation coverage elsewhere before your present policy expires.

Shortly after expiration you will hear from us regarding the payroll audit which it will be necessary to make before final premium and dividend adjustment can be allowed.

Yours very truly,

M. H. SCHIERL
Underwriting Manager

Exhibit No. 20

August 21, 1947

Casualty—Surety—Accident—Automobile Section

UNDERWRITERS' REPORT

A Newspaper Published Weekly

Compensation Dropped

Colonial Finds Workmen's Coverage No Longer Profitable; Will Push Other Lines

Colonial Insurance Company, which in 1946 reported $1,544,366 net premiums on workmen's compensation insurance, announced this week that it is discontinuing the line because factors which might have made it a profitable business have not kept pace with costs. Other leading writers of workmen's compensation in San Francisco, while far from sanguine about the situation, were not inclined to go so far

Colonial's discontinuance of the compensation line becomes effective September 1st on new business and October 1st on renewal business. Business now on the books will be allowed to run to normal expiration dates Colonial had specialized in the line since 1936, and now will concentrate on auto and truck lines.

Their compensation business is ahead of last year's, a number of executives reported However, it is generally expected that the line will become less profitable in the near future It is pointed out that premium income is based on wages and that present high wages are reflected in swollen premiums

If the present wage level should be maintained, the compensation picture would remain satisfactory, these executives declare However, it is generally expected that wages will decline somewhat. This will mean that the companies will have to continue to pay the same benefits (up to $30 a week maximum) for less premium income.

California rates are based on five years of experience, and as a result rate levels do not keep up with losses. Therefore, many insurance men expect that for the next five years the compensation business will be on the borderline or in the red, that the picture will improve somewhat in the following five years and that in the third five-year period the companies will make higher profits than they should—from a short-term point of view.

Many compensation writers feel that conditions in the line would be improved with a change in attitude by the Industrial Accident Commission, which they charge has been very pro-labor in recent years, although it is agreed that many referees are fair.

The company lists four principal reasons for its action:

(1) Increased death, weekly and disability benefits recently enacted by the State Legislature.

(2) Increased costs of hospitalization and medical fees

(3) Continual decrease in compensation rates for the last several years.

(4) Increased personnel, office and other expenses incidental to the proper handling of workmen's compensation insurance, including audits, etc.

"Even though the costs of administering this particular form of insurance have greatly increased, other factors which might have made it a profitable business, such as increased rates, have not kept pace," the announcement stated.

"As a matter of fact, overall rates on workmen's compensation insurance in the State of California have been on the decline for several years, while at the same time the awards being rendered by the Industrial Accident Commission are more and more costly to the carriers. This attitude of the commission is one of the factors in our decision to discontinue this line.

"For these reasons, the Colonial Insurance Company, at least until such time as these inequalities have been adjusted, will confine its writings to automobiles and trucks.

"In the past six years Colonial has developed a sizable volume and a sound underwriting knowledge of automobile and truck business This change will enable us to accommodate a considerably larger volume, and we are in a position to give complete and efficient service."

Exhibit No. 21

NATIONAL AUTOMOBILE INSURANCE CO.
114 Sansome St., San Francisco, California
LOS ANGELES

August 24, 1936

The Madera News,
109 South C St., Madera, California

Attention: Mr. Everett B. Peck
In re: C66559

DEAR MR PECK: We have your letter of August 24th regarding the above policy and wish to advise our decision to decline renewal of this policy was due to two claims filed where the total paid out appears to be in excess of the premium of $32. We regret this action was necessary and it was not our intention to cause you any inconvenience

The matter of medical bill from Dr. Quimby on the C. Durden claim has been referred to our Claim Department for attention.

Trusting this is the information you desire, we are

Very truly yours,

NATIONAL AUTOMOBILE INSURANCE CO.
B. HAYSLIP

Exhibit No. 22

LIMITED MUTUAL COMPENSATION INSURANCE COMPANY
A CALIFORNIA CORPORATION
Home Office: 130 Bush Street, San Francisco

December 19, 1940

To Members of Our Restaurant Group:

You have received a great deal of propaganda mail in the last 90 days in an endeavor to have you change your insurance from the Limited Mutual Compensation Insurance Company, who organized the writing of group insurance on restaurants in California. You have received letters urging you to change your insurance to a newly organized company. For your information, a photostatic copy of this new company's financial statement as reported in the 1940 Best's Reporting Agency, which is compiled from the figures of the statement filed with the California Insurance Commissioner's Office is enclosed.

The Limited Mutual Compensation Insurance Company on September 10, 1940 paid a dividend of 19 percent for every policyholder expiring December 1, 1939 in the restaurant group and from the present experience indications of the group, the Limited Mutual Compensation Insurance Company will pay a much larger dividend on the policy which expired on December 1, 1940.

In this bombardment of letters you have received from the association and their insurance supervisor—have they ever offered you a definite dividend plan with their new carrier? The managing executive of this newly organized company has officially stated that the policies written by his company for the restaurant association are not under a group plan. Then what is it? Ask your attorney and insurance agent? You are entitled to know in writing if this new carrier is contemplating paying you a dividend and how much, and if a dividend is earned will it be paid before three years.

Under the Insurance Laws of California, Section 11561, every insurance company must deposit 70 percent of their premiums for three full years as statutory reserve. This 70 percent cannot be touched for any purpose except for the payment of losses Section 11738 of the Insurance Code specifically states that dividends must be paid from surplus earned in California on compensation premiums Other newly organized companies have been compelled to wait for more than three years before paying dividends to their policyholders. Have you been assured of receiving a prompt dividend by this newly organized company that has just been operating a few months?

Remember that the "horn tooting" by the association concerning the dividend paid you refers to the dividend paid by the Limited Mutual Compensation Insurance Company. There were 721 policyholders on September 15, 1940, when the Restaurant Association tried to change carriers. There has been only 133 cancellations and we have added 451 new restaurant policyholders since that time increasing the total restaurants to 1,039. The proof of the pudding is in the eating We deeply appreciate the sincere help of the agents increasing the restaurant policyholders from 721 to 1,039 as of December 19, 1940.

Sincerely,

NATHAN L. FAIRBAIRN

Exhibit No. 23

CALIFORNIA STATE RESTAURANT ASSOCIATION
Sacramento 14, California

June 4, 1948

To Members, California State Restaurant Association

Special Attention: New Workmen's Compensation Insurance Carrier

As you know, our workmen's compensation insurance master group policy and all individual certificates issued to our insured members expire June 30th, next. It became necessary to secure a new insurance carrier for our group for the ensuing year. We negotiated with practically all of the private carriers entered in California and were unable to make a satisfactory deal that would be beneficial to our members. On the other hand, the State Compensation Insurance Fund offered us a very attractive deal. After thorough consideration, our insurance committee authorized by the board of directors, approved placing the group policy in the fund.

The State Compensation Insurance Fund was the first to originate group compensation insurance in California and has staunchly defended it even into the courts, whereas on many occasions group writing has been attacked by insurance brokers and agents and private companies themselves. It is quite apparent that the private carriers and agents would like to see group insurance prohibited, in which case thousands and thousands of dollars would be lost to insured employers with the loss going into the pockets of the companies and agents.

We have concluded that in the best interests of all we should place our insurance with the state fund and therefore have taken out the master policy and instructed the state fund to send out certificates to all of our insured members. These certificates will be sent promptly by mail or delivered in person. You will be doing business direct with the state fund, eliminating the broker and agent and the commission which they get, thus adding to the possibility for a higher dividend rate.

If you do not receive your policy within the next few days notify this office and we will see to it that you are fully covered under our group. You owe it to yourself to keep your policy within the California State Association's Restaurant Group, and you also owe loyalty to the association to the extent that you support its efforts to save you money by keeping your policy in the group, thus helping to maintain your association's strength and prestige, all of which is beneficial to you.

We are counting on your continued support.

Cordially yours,

L. I. HERRINGTON
Executive Secretary

Exhibit No. 24

PILE DRIVERS, BRIDGE, WHARF AND DOCK BUILDERS
Local Union No. 34 of California
457 Bryant Street, San Francisco, California

February 25, 1936

To All Contractors:

The purpose, actuating the Legislature in the enactment of the Workman's Compensation, Insurance and Safety Act of 1913, is clearly defined in Section (1) "Scope and Intent," which concludes with the following words—"with the requisite governmental functions to determine any matter arising under the act to the end that the administration of this act shall accomplish substantial justice in all cases expeditiously, inexpensively and without incumbrance of any character; all of which matters contained in this section are expressly declared to be the social public policy of this State, binding on all departments of the State Government"

Experiences encountered in the handling of cases of our injured members before the Industrial Accident Commission, have exposed a seemingly, determined and well studied policy, by private insurance company carriers, to defeat the purpose and intent of the Workmen's Compensation Act. This studied policy has largely succeeded, by prolonged and repeated hearings and litigation, and by the almost total employment of the medical profession, in making it almost impossible for the injured workman to secure the payment of compensation commensurate with the partial or total disability sustained, in conformity with the provision of the Workmen's Compensation Act And this, notwithstanding the fact that the toll upon industry for this protection is approximately 200 percent higher than it is under other well framed compensation acts, under which the awards for permanent disability are from 100 percent to 300 percent higher than that now possible under the California law.

Almost all of this discrepancy could be removed, to the proportionate advantage of industry and injured workmen alike, by the state-wide patronage by industry of the State Compensation Insurance Fund. Such widespread patronage would result in lower rates upon industry for industrial accident insurance, and would give to injured workmen the humane protection which the framers of the act intended them to receive.

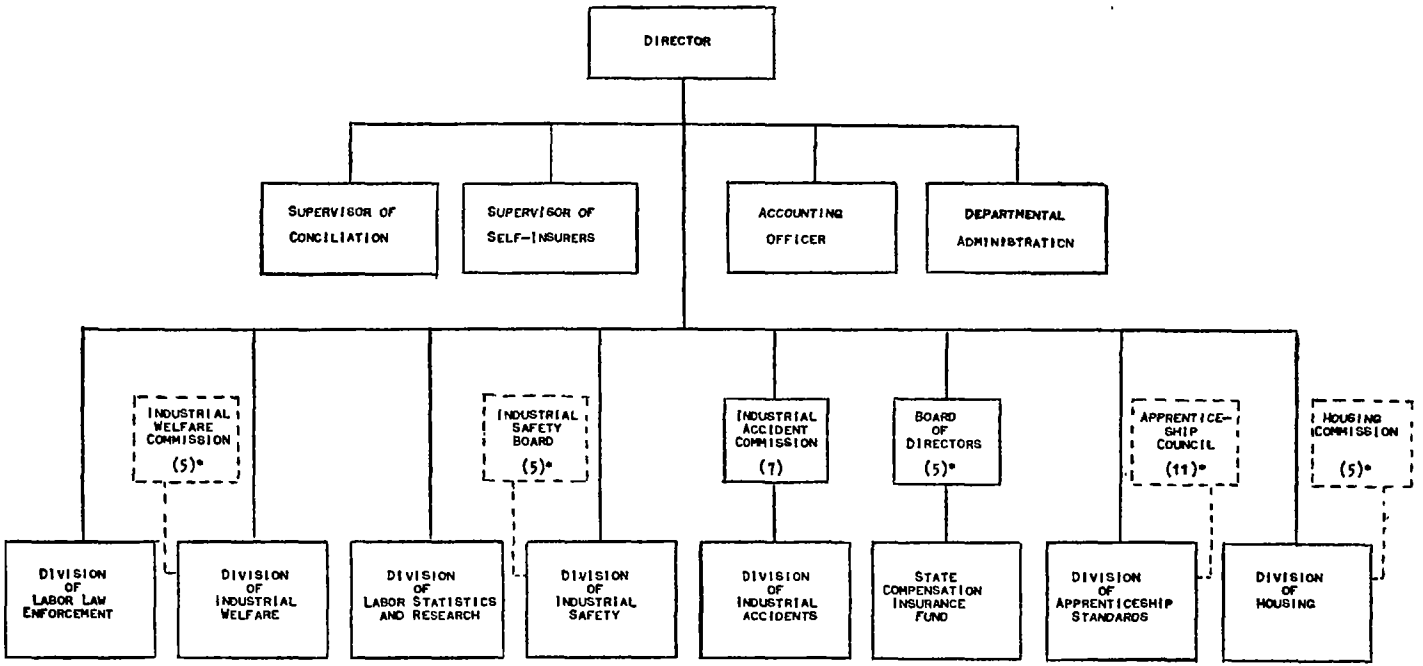
The State Compensation Insurance Fund was created, primarily, as a check against exploitation of industry and injured workmen alike; but it cannot be fully effective without patronage and wholesome public support. Therefore, as a recognition of your interest in those injured in your employ, we respectfully ask and urge you to give this matter the serious consideration it deserves, and, all other features being equal, that you accord to injured workmen real protection by insuring with State Compensation Insurance Fund.

Respectfully submitted,

PILE DRIVERS, BRIDGE, WHARF AND
DOCK BUILDERS, LOCAL UNION NO. 34
W. MORAN, Secretary

Exhibit No. 25

State of California
Department of Industrial Relations



Commissions and boards enclosed in dotted lines are nonadministrative.
Figures in parentheses indicate number of members.

* Members serve without salary

May 15, 1948

Exhibit No. 26

(COPY)

Exhibit 26 is sample policy (Form No. B)—retained in committee file.

Exhibit No. 27

STATE COMPENSATION INSURANCE FUND
OF THE STATE OF CALIFORNIA

FINANCIAL STATEMENT—Year 1949

Income

Premiums written		$25,849,914.03
Plus: Unearned premiums 12-31-48	$2,953,385.87	
Less: Unearned premiums 12-31-49	3,159,735.76	—206,349.89
Premiums earned		25,643,564 14
Interest and rent earned		993,194.56
Profit on sale of bonds		33,948.02
Increase by adjustment in book value of bonds		1,185.00
Total income		$26,671,891.72

Disbursements

Compensation benefits	$15,765,893.61	
Claims expense	1,475,426.43	
Taxes	403,318.34	
Other state fees	28,181.82	
Other expenses	1,823,480.63	
Increase in premiums o/s over 90 days	4,383 04	
Decrease by adjustment in book value of bonds	113.547.44	
Total disbursements		19,614,231.31
Net income 1-1-49 to 12-31-49		$7,057,660.41

December 31, 1949

Assets

Cash on deposit		
State Treasurer	$2,189,815.40	
Banks	548,782.23	
		$2,738,597 63
Securities		
U. S. Treasury bonds	$36,728,812.00	
State and municipal bonds	3,641,320.00	
		40,370,132.00
Real estate and home office	$600,562.86	
Less: Allowance for depreciation	127,549.62	
		473,013.24
Interest accrued		187,675.48
Premiums outstanding		795,125.82
Premiums in course of collection—outstanding less than 90 days		
Other assets		
Registered public warrants	$292.52	
Due from state departments	81,778 14	
		82,070.66
Total		$44,646,614.83

Liabilities

Reserves		
Compensation benefits and expense	$30,983,634.84	
Unearned premiums	3,159,735.76	
Taxes	403,318.34	
Other state fees	22,362.74	
		$34,569,051.68
Other liabilities		
Trust deposits	$74,398.02	
Expense and other accruals	76,205.98	
		150,604 00
Special reserves		
Deferred purchases	$120,000.00	
Contingency reserve	1,500,000.00	
Dividends	6,556,959.15	
		8,176,959.15
Surplus 12-31-49		1,750,000.00
Total		$44,646,614.83

Adjustment of surplus	
Surplus 12-31-49	$1,750,000.00
Plus: Net income 1-1-49 to 12-31-49	7,057,660.41
	$8,807,660.41
Plus: Decrease in dividend reserves	1,737,446.78
Less: Dividends paid 1-1-49 to 12-31-49	8,795,107.19
Surplus 12-31-49	$1,750,000.00

Exhibit No. 28

WHAT YOU SHOULD KNOW ABOUT WORKMEN'S COMPENSATION INSURANCE

(SEAL)

STATE COMPENSATION INSURANCE FUND
OF THE STATE OF CALIFORNIA
J. J. Gallagher, Manager

Board of Directors—Paul Scharrenberg, Chairman; Alfred H. Campton, Ernest Ingold, Lloyd A. Mashburn, and Ray B. Wiser.

You Should Know!!

Who Must Insure

If you are conducting a business and have even one part-time employee, you are required to insure the benefits of the Workmen's Compensation Laws to your employees.

Excluded Employments

Who is Not Required to Insure

An employer is not required to carry workmen's compensation insurance for the following employments:

(a) A household domestic servant who is employed for 52 hours a week or less by the employer;
(b) Employees engaged in work that has nothing to do with the trade, business or occupation of the employer and which is to be completed in 10 working days or less at a total labor cost of less than $100.

How About the Farmer

A farmer is required to carry workmen's compensation insurance on his employees *unless*

(a) His farm pay roll (including market value to the employee of board and lodging or other advantages) for the preceding calendar year did not exceed $500, or if—

(b) At least 10 days prior to the occurrence of any injury he has rejected the Workmen's Compensation Laws by filing notice with the Industrial Accident Commission and properly posted his premises.

NOTE: Farmers are reminded of the amendment to the law in 1947 which provides that any rejections of the Workmen's Compensation Laws filed by farmers prior to June 20, 1947, are now invalid. Farmers subject to the act are cautioned to secure a policy of workmen's compensation insurance or renew the rejection filing.

Always Insure and Play Safe

Employees in excluded employments have the right to sue in civil courts for damages caused by negligence of the employer. This liability can be removed by bringing excluded employments under the Workmen's Compensation Laws through taking out a workmen's compensation insurance policy.

Employer's Security

How to Insure

An employer who has one or more persons employed, even part-time, may secure the payment of compensation to his employees by insuring with the State Compensation Insurance Fund or other licensed workmen's compensation insurance carrier. An employee covered under a workmen's compensation insurance policy is guaranteed specific benefits for injuries arising out of and in the course of his employment He may not sue for damages on the grounds of negligence except in the event he can prove to the satisfaction of the Industrial Accident Commission that the employer was guilty of serious and wilful misconduct. In that event, the amount of his regular compensation benefits may be increased 50 percent, not to exceed $3,750. The law specifically prohibits insurance against such additional benefits.

Workmen's Compensation Benefits to Injured Employees and Their Dependents

What Does Injured Employee Receive

An injured employee is entitled to receive all necessary medical, surgical and hospital treatment that may be reasonably required to cure and relieve from the effects of the injury. He is also entitled to weekly benefit payments after the seventh day of disability, based upon 65 percent of his average weekly earnings. As respects injuries occurring on and after October 1, 1949, compensation is payable from the date of disability, provided the length of disability is in excess of 49 days. The weekly benefit payment is subject to a minimum of $9.75 and a maximum of $30. If the injury causes partial or total permanent disability the Industrial Accident Commission determines the amount of additional benefit payments to which the employee is entitled over and above the weekly disability payments already received by the injured employee.

Death Benefits to Dependents

If the injury causes death, the employer or his insurance carrier is obligated to pay burial expenses not exceeding $400, and a death benefit to those who were dependent upon the deceased for support at the time of injury.

A person or persons totally dependent will be entitled to a death benefit of four times the average annual earnings of the deceased but not more than $6,000; except in the case of a surviving widow with one or more dependent minor children the maximum death benefit is $7,500. The minimum death benefit in case of total dependency is $3,000.

If no one is totally dependent but one or more persons are partially dependent, such person or persons will be entitled to a death benefit of four times the annual amount devoted by the deceased to the support of such person or persons. This amount will not be more than four times the average annual earnings of the deceased nor more than $6,000.

Workmen's Compensation Insurance Rates

Who Determines Premium Rates

Workmen's compensation insurance rates in California are under the control and supervision of the Insurance Commissioner. Rates are based upon sworn reports of each workmen's compensation insurance carrier, including the fund, showing by industry the pay rolls and cost of accidents of each insured employer. Reports of the expenses involved in the administration of the insurance are likewise filed with the Insurance Commissioner by all workmen's compensation insurance carriers. However, the overhead expenses of the fund are less than those of the other workmen's compensation insurance carriers and are not used by the Insurance Commissioner in determining the overhead cost to be included in establishing the legal minimum rates for each industry.

The Insurance Commissioner has also approved merit rating plans as incentives to encourage accident prevention work. One of these plans is known as the Schedule Rating Plan, which applies to manufacturing plants. If an employer has an annual pay roll of at least $20,000 and a premium of at least $100 in manufacturing, he is subject to schedule rating. This plan gives a rate credit if the equipment in the plant is guarded to the required safety standard and will result in an increased rate if it is not guarded to such standard. It likewise gives a rate credit to the employer who maintains a fully equipped first aid station with a registered nurse in attendance and additional rate credits if he conducts an approved safety organization.

Another merit rating plan is the California Experience Rating Plan. All employers developing an average annual premium of $333 33 or more for three consecutive years (or $1,000 or more in one year) are eligible for merit rating under this plan. Every such employer's premium rate is modified according to his own accident record in relation to the average for the industry. If he has kept his accidents below the industry average, he pays proportionately less than the average or manual rate. On the other hand, if his accident record has been above normal, he pays proportionately more than the average or manual rate.

These merit rating plans are mandatory for all eligible employers.

What Becomes of Your Premium Dollar?

When you select an insurance carrier to protect you against the liability imposed upon you, under the workmen's compensation laws, you should be sure that your policy gives you safety, service, and savings.

The fund has been the leading workmen's compensation insurance carrier in California for 36 years and has consistently provided unsurpassed protection and service at the lowest possible net cost. The following graphic chart illustrates how this is possible.

Comparisons Tell the Story

If you insure with a non-participating insurance carrier (one that does not share the profits with its policyholders), 60 cents of your premium dollar is for the payment of compensation benefits to injured employees and their dependents. All the rest will be absorbed in commissions to agents, overhead, home office expenses (often in other states or foreign countries) and dividends to stockholders.

If you insure with a participating insurance carrier, 60 cents of your premium dollar is for compensation benefits. Whatever remains after the commissions to agents, administration charges, and overhead have been taken out becomes available for dividends; however, in a stock participating insurance carrier the dividend is shared with the stockholders

If you insure with the state fund, the same 60 cents of your premium dollar is for compensation benefits. But the fund does business directly with employers through salaried representatives Thus, its overhead is but a fraction of other insurance carriers' costs. With this much lower administration cost, a much larger sum is available for dividends. This saving plus all underwriting profit and all income from investments is for policyholder dividends.

The savings effected by the fund are returned to policyholders in the form of cash dividends each year, and are distributed on a "sliding scale" or merit basis. The amount of the dividend received by the policyholder is largely in his own hands, depending upon his success in keeping down the number of accidents to his employees. If his accident costs are below the average, his dividend rate is high If his accident costs are above average, his dividend rate is proportionately lessened. Fund policyholders have been materially assisted by our Safety Department in their accident prevention programs This teamwork has had a beneficial effect on industry rates, has permitted employers to enjoy reduced merit rates and to receive immediate results for their efforts under the fund plan of distributing all excess premiums to policyholders

A fund office is conveniently located to serve you. See below for the location of the nearest fund office. Without obligation—a representative will analyze your workmen's compensation insurance problems and explain how fund protection, fund safety service and fund economy can be applied to your particular needs. A few minutes spent with a fund representative may mean substantial savings for you.

Offices Throughout the State Give You Fast Efficient Personal Service

Los Angeles 15, 1060 S. Broadway, PRospect 9471; Long Beach 7, 529 E. Roosevelt Road, Long Beach 4-5575; San Diego 1, 405 California Theatre Bldg., 1122 Fourth Avenue, Franklin 6587; Stockton 5, 306 Bank of America Bldg., 343 E. Main Street, Stockton 2-7168; Chico, 119 Broadway, Chico 318; San Francisco 1, 450 McAllister Street, UNderhill 1-8700; Sacramento 14, 1017 Forum Bldg., 1107 Ninth Street, GIlbert 2-4711; Oakland 12, 1002 Bank of Commerce Bldg., 1540 San Pablo Avenue, HIgate 4-4608; San Jose 15, 911 First National Bank Bldg., 20 W. Santa Clara Street, CYpress 5-8936; and Fresno 1, 816 Fulton-Fresno Bldg., 1157 Fulton Street, Fresno 2-7127.

Exhibit No. 29

STATE COMPENSATION INSURANCE FUND OF THE STATE OF CALIFORNIA

Outline of the Program of the Safety Department State Compensation Insurance Fund

The California Workmen's Compensation Insurance and Safety Laws require employers to furnish employment and places of employment which are safe for the employees. The California State Compensation Insurance Fund maintains a safety department to assist employers in providing a safe place of employment and thus minimize the possibility of accident.

The safety department furnishes employers with skilled help in solving their accident problems. Its service is four-fold:

1. To prevent human suffering through the elimination of accidents
2. To help employers reduce production costs by lowering the frequency and severity of accidents and thus increase operating efficiency.
3. To help employers qualify for rate reductions under the merit rating plans in effect in California.
4. To help the employer, the employees and their families by participating in local and community safety activities for the prevention of off-the-job accidents.

It is the function of the staff of full-time safety specialists to work toward the accomplishment of these objectives. It is their responsibility to provide comprehensive safety programs that include both intensive, workable on-the-job safety plans and the control of accidents in the home and in the community.

Safety service to be effective must contact the employer and the employee at the site of the work. The safety department's activities reach out into the woods, the farms, and other remote locations as well as into hotels, mercantile establishments, shops, and factories. The accident prevention service of the fund is actively statewide It does not confine its work exclusively to the individual employer, but extends its services to trade groups, associations, communities, and any other organizations interested in developing safety programs.

Safety on the job presents many complex problems. A solution is developed by a thorough study of accident data, by surveys of employers' premises and equipment, by studying the use of equipment and by working closely with supervisors to correct unsafe practices. Employers are encouraged to adopt a definite safety program and management is urged to participate actively with the workers and the foremen. The fund safety staff maintains interest in safety programs through motion pictures, by promoting safety contests, by speaking and providing speakers for meetings, and by helping to establish safe operating rules

Safety cannot be practiced part-time. To be effective, it cannot be forgotten at the end of the work day. Home and community safety training is an important supplement to that given on the job. It keeps the safety idea alive after work hours and provides the entire family with much needed training. Home and community safety has been encouraged by the fund staff participating and acting as advisors for community safety meetings and drives. The schools are an important medium for developing safety and every effort is made to extend safety instruction into the classroom

Safety education plays an important role in all accident prevention work. The fund safety department enters the safety educational field by acting as instructors in training classes, by writing magazine articles, by developing safe practice rules and handbooks, by giving illustrated lectures, by making radio talks, and by distributing safety literature. In this connection our greatest success in developing and maintaining interest has been through the display of films such as "First Steps in First Aid," "Miracle of Paradise Valley," "A Stitch in Time," "Chemicals of Fire," "Whirling Wheels," "Industry of a Fruitful Land," "Trees to Tribune" On-the-job education is amplified by the preparation and distribution of shop signs and monthly safety bulletins.

The safety department surveys the operations of the employers to assist them in obtaining favorable rates under the merit rating plans in effect in this State. This is accomplished by recommendations for physical guarding of equipment, for changing or isolating hazardous operations, for providing exhaust systems on dusty operations, and for safety organizations and plant dispensaries.

November 3, 1949

Exhibit No. 30

STATE COMPENSATION INSURANCE FUND

J. W. Hoefling * Relates a Compensation Insurance Cost Experience

Reprinted from The Mining Journal of September 30, 1939

For the benefit of other employers in the mining industry the author presents these facts which he has compiled from his own experience with compensation insurance in California. The problem of compensation insurance is a complicated and confusing one, so it behooves all mine operators to take full cognizance of the developments in that field.

In January, 1933, our firm entered the mining field through purchase and operation of the Surcease Mine, Butte County, California. During previous endeavors compensation insurance had never been a serious factor in costs of operation. However, it was soon apparent that it was a different story in mining with a combination of high pay roll and high rates.

A study of the situation resulted in nothing but a confusion of claims to "lowest ultimate cost" through stressing of various technical factors, safety engineering services, etc., by every insurance carrier approached. It was, therefore, decided to apply the acid test of experience over a period of years by changing from one carrier to another among those specializing in mine coverage and then to compare the "mill-test" results.

This experience covered a period of four years (three years, nine months to be exact) and involved three different carriers, two so-called mutuals against the yardstick of the State Compensation Insurance Fund. The comparative results for this period have been so conclusive as to leave no further doubt and that experience should be of interest to other operators and employers. In this article we shall designate the two different carriers as A and B.

Our first policy, under the comparison schedule covering April 7, 1934, to April 7, 1935, was placed with carrier A. Unfortunately, during that period a serious accident occurred involving two men. Against the comparatively small premium involved at the time this resulted in losses in excess of premiums paid. Naturally, this abnormal situation could not be fitted into any comparative data based on normalcy, but it is mentioned here as reference will be made to it later. Our policy was simply renewed with A for another year. We will call this "resampling" policy A-2 to distinguish it from the "spoiled sample" A-1 referred to above.

Under policy A-2 $4,166.45 was paid in premiums. Regular losses of $1,200.20 were incurred, furnishing a loss ratio of 29 percent. According to advance representations this indicated an earned dividend of 18.5 percent, or about $770. Shortly before the date when the dividend would be payable a silicosis claim was filed by a former employee covered under both policies A-1 and A-2. This injected an open case which carried along until the claim was finally settled in May, 1938. A pro rata assessment of $349.42 under this claim was paid by carrier A as its liability under both policies A-1 and A-2. After pressing demands continually for a final accounting on this policy for the next two months we finally were informed, on August 10th, that it had wound up with a loss ratio of 74 percent, hence no dividend.

We immediately demanded an explanation of the meteoric rise in our loss ratio. When no answer had been returned by September 2d the matter of securing an accounting was taken up with the State Insurance Commissioner. On September 10th we had a letter from A explaining that a silicosis reserve of $1,482.08 plus a claims expense account of $400 had been charged to our policy. Following up further this exorbitant charge-up we finally gathered this: All assessments, plus $400 extra for costs, arising from the silicosis claim were charged against policy A-2 regardless of the fact that approximately half of the liability accrued against A-1; and a "special reserve" for $1,000 was set up against a claim not yet of record but which they "expected" to be filed some time in the future. Furthermore, a letter regarding the matter, written by the executive head of A to the Division of Insurance, concluded with this significant statement: "We wish to call to the attention of the Division of Insurance that it has no jurisdiction in reducing any of the claims reserves and also has no jurisdiction over the payment of dividends on any individual case, and that the policy is a contract between the assured and the company. Therefore, we are closing our file regarding this matter."

End Chapter One. (April 7, 1935—October 28, 1938)

Chapter Two: This covers the experience under our policy period April 7, 1936—April 7, 1937, through carrier B. Premium of $8,494.35 paid in. As of November 12, 1937, all cases were reported closed except one small carry-over claim for which a nominal reserve of $50 was set up. The total of all losses accrued amounted to $2,414.87, including the small reserve just mentioned. This provided a loss ratio of

* Hoefling Brothers, Operators of the Surcease Mine, Oroville, California.

28.4 percent, indicating about a 32 percent or $2,700 dividend. However, we were informed that while the claims incurred under this policy apparently were closed the original reserve (about $700 over cost then showing) on the most serious injury case was still to be carried as the case "might be reopened." The dividend scales of this company are based on loss ratios in 10 percent steps. This reserve charge would drop us into the next loss ratio bracket of 30-40 percent with a 36½ percent loss ratio, with dividend dropping to 27 percent, or $2,293 47. Admitting some grounds for this reserve, we made no serious objections to this procedure. But we were further informed that an additional special reserve for $300 for "unknowns" was deemed advisable to protect the carrier against unforeseen contingencies arising out of our policy. This little reserve had the significant effect of bringing about a 40½ percent loss ratio, dropping it into the 40-50 bracket, and reducing the dividend to 21 percent, or $1,826.26. Thus a $300 mark-up of low ratio through an arbitrary addition to reserves resulted in a decrease of dividends payable by $467 21. The writer was in personal conference with the general manager at the time. When the above effect of the "reserve for unknown" on our dividend was pointed out, it was held to be "merely a coincidence." Insistence by the writer on some slight adjustment of the arbitrary reserve figures, permitting us to remain in the lower loss-ratio bracket which would carry the higher dividend actually earned (a reduction of only $50 would have done so), was met with an attitude of long-suffering patience and a final polite showing out of the door. Realizing that half a loaf was after all much better than no bread, no further attempt was made to press the issue. In a few weeks our dividend check was received to the amount of $1,734.98. It was explained that 5 percent of the earned dividend, or $91.31, had been deducted as was "customary" for the underwriters. Such custom had been very effectively kept a secret from the writer until dividend-paying time came around.

End Chapter Two (April 7, 1936—January 21, 1938).

		Premium in $	*Losses in $*	*Loss ratio %*	*Dividend in $*	*Net cost in $*	*Net cost % of prem. paid in*
Policy A-2	1935-36____	4,166 45	1,382 60 †	33	0	2,783.85	67
Policy B	1936-37____	8,494.35	2,414.87	28	1,734.98	4,149 85	49
State Fund 9 mos	-37____	7,310.97	1,795 00	24	4,496 25	1,019.72	14

Chapter Three: It was decided at this time to get our compensation coverage on a calendar-year basis. Hence our policy under the next carrier, the state fund, was for the nine-month period April 7, 1937, to December 31, 1937. The premium developed was $6,609.97 plus $701 for silicosis surcharge, a total of $7,310.97. Our own compilation of losses, closely followed out from periodic reports from the carrier, totaled $1,795 with all cases closed, resulting in a loss ratio of 24¼ percent With a dividend of 58 percent estimated for that loss ratio in the $7,000-8,000 premium bracket we anticipated (with tongue in cheek) a dividend of about $4,000. On November 21, 1938, we received our dividend check. It was for $4,496 25, or 61½ percent against the fund's loss ratio record of 24 percent.

End Chapter Three. (April 7, 1937—November 21, 1938)

Now to go back and make some comparisons of the different mill-test results, in terms of net cost of insurance, that is, premium paid over losses incurred and dividends returned. Only substantiated losses are considered here, without benefit of reserves "for unknown," "anticipated" claims, or otherwise, 75-90 percent of premiums due to mining.

In terms of modifying conditions (i.e , size of premium and current manual rates) as they applied under the state fund policy, percentage of net cost under A-2 would probably be favorably affected, i.e., slightly lowered, while it would be raised somewhat under B.

It is important to bear in mind also the long-range experience rating of a policy in connection with the above table and losses in general. Experience rating may earn the insured either a discount or a mark-up from current manual rates applying to a risk Experience rating is, in effect, accrued loss ratio of the insured for the past. Hence, juggling of reserves to keep dividends down not only loads the loss ratio this year but also the experience rating of the future. As an example, the unpadded, low loss ratio we experienced under our state fund policy in 1937 was not only followed by a good dividend currently, but also by a 13 percent drop in our experience rating to apply on our 1939 policy. Thus our base rate for underground mining currently is 87 percent of the manual rate of $8.24, or $7 17. (Incidentally this 7.17 rate is subject to further credits of 5 percent for safety organization and 5 percent for first-aid training of all men, making our final rate 6.46.)

† $182 40 of disputed silicosis assessment of $349.42 pro rated to this policy, on basis of time, over regular incurred losses.

Other factors besides dividends, of course, enter the compensation insurance picture. There must be considered the fair treatment of the employe's claims and rights; safety engineering; periodic safety inspection; informative current reports on policy losses; and general cooperation with the insured. Carrier B deserves special credit for its work in safety engineering. After all, compensation insurance is just another example of fighting an effect—industrial accidents. A safety program, persistent and thorough-going, is necessary to get down to the root or cause of that effect by eliminating the cause of accidents. On the other hand, the state fund has been criticized for its lack of personal service and attention to detail, and not enough emphasis on safety engineering in the past. Its attitude seems to have been that the limited results to be obtained, due to indifference of the average insured (and even allergy on the part of some) to "extras" in the way of service and safety educational efforts, did not justify the higher cost which would wind up in the policy holder's lap anyway, careful and careless alike. It is up to the insured to decide, on the basis of his own conditions and attitude toward the problem, as well as the net cost record (as reflected primarily by dividends returned), what price and in what form he pays for his safety efforts (or lack of them), and the possibility that he is paying for them twice · i.e., by assuming the cost of a good safety program, himself, and then getting a smaller dividend than he is entitled to on the basis of loss ratio

The state fund's dividend rate for corresponding loss ratio always has been consistently high. However, through various smoke screen and red herring effects, more commonly known in business parlance as good salesmanship, these higher dividends have been and still are effectively discounted by competing "mutual" carriers as being only a part of the true net-cost picture. Many an out-right misrepresentation, half-truth, charge of political corruption, and inflation of piddling actual fact to bogie-man proportions has entered into this propaganda But the real joker, aside from or on top of this difference in dividend schedules, lies in the opportunity for, or the exercise of, arbitrary manipulation of reserves. Reserves for "unknowns." Reserves for claims not filed but "anticipated." This procedure is entirely legal and there is nothing the assured can do about it. The official of carrier A bluntly said so, even to the State Insurance Commissioner whose primary function is to protect the solvency and welfare of the carriers and not of the insured. The latter's policy is his only contract with the carrier. He should read his policy carefully, especially the fine print. His dividend, if any, will be exactly what the carrier decides he should have, regardless of preelection promises or "indications." He is simply shooting crap against dice loaded for the house So it behooves him to pick his house with care. As for nonparticipating stock companies, they at least do not promise dividends to sell their services.

In the case of the state fund, where the accumulation of excessive reserves has been the subject of much criticism in the past, the fact nevertheless remains that unused reserves or premiums collected and interest income therefrom return as dividends to its policy holders So, both on the face of the record and a lack of incentive to fudge, we may well conclude that here at least honest dice are used. As a matter of fact, it seems a subject for comment that this state function has, comparatively speaking, a rather remarkable record of efficiency and economy of administration. The fund has been charged with many of the faults of the compensation insurance set-up in this state, some charges being glaringly unfair in certain instances to the writer's own knowledge. But after all it did not make the law, nor can it change the law, itself. It merely functions under that law on a strictly competitive basis with private and mutual companies A wider understanding of this simple fact would avoid much confusion and susceptibility to "good salesmanship" of competing carriers.

The writer has, over the period of the past five years, heard much complaint about compensation insurance in this state. Most of it has been honest protest against unduly high rates—payable in advance—for the privilege of providing employment. Much of it has been simply barking up the wrong tree. And a great deal of the ballyhoo has simply been very clever insurance propaganda by certain carriers, rendered plausible enough by the extremely complicated nature of the subject and the involved schedules of administration The writer freely admits that he, also, was thoroughly confused at the situation, and even fooled for a time. Hence the determination to get some real facts. There is unquestionably much room for improvement of the whole situation, but we are concerned here merely with the cost experience from the choice of tools we now have on hand, recognizing varying conditions of use.

The facts as brought out above are a matter of record in our files. The writer is glad to bring them out for the benefit of any other employer, particularly in the mining industry which seems to be considered fair prey for various forms of exploitation. Furthermore the writer is more or less under obligations to carriers A, B, and the state fund to publish these results. Each of them was informed, before its files were closed on the policies involved, that comparative experience data were being compiled from them. The implied rendering of final account is, therefore, herewith fulfilled.

The State Compensation Insurance Fund desires to acknowledge with thanks the permission extended by the publishers of The Mining Journal to reprint this article and to extend its appreciation to Mr. J. W. Hoefling, the author.

Exhibit No. 31

(Not printed at government expense)

CONGRESSIONAL RECORD

Proceedings and Debates of the Seventy-ninth Congress, Second Session

California State Insurance Fund Saves Money for Uncle Sam

Extension of Remarks of
Hon. Franck R. Havenner of California in the House of Representatives
Monday, July 1, 1946

Mr. Havenner Mr Speaker, the State Compensation Insurance Fund of California, which was awarded the workmen's compensation insurance for Marinship Corp., Sausalito, California, one of the large wartime shipyards on the Pacific Coast, has recently returned to the United States Maritime Commission the sum of $391,657, which was made possible by the state fund's nonprofit plan.

For reasons which are difficult for the layman to understand, the War Department and the Navy Department did not award any insurance to the California state fund during the war, principally because the war-projects rating plan required all types of insurance carried on a war-industry job to be combined in one package.

I am in receipt of a very interesting letter from Mr Paul Scharrenberg, Chairman of the California State Compensation Insurance Fund, which points out that these other departments of the Federal Government might have been able to enjoy similar economies under the nonprofit plan of the State of California fund if they had not, to all practical intent and purpose, barred the state fund from bidding on war-projects insurance under their control, by insisting on a blanket plan of coverage

Mr. Scharrenberg's letter to me follows:

"In the early days of our national-defense program, prior to Pearl Harbor, and during all of the period of World War II, the State Compensation Insurance Fund of California made strenuous efforts to secure at least a fair share of the workmen's compensation insurance on war projects. Most of that work was contracted on the cost-plus-a-fixed-fee basis, under which the Federal Government paid all the bills.

"In March, 1941, the California state fund's interest in workmen's compensation insurance for government projects was conveyed to our California delegation in Congress. Their attention was directed to the leading position of the fund in California, its strong financial structure, its facilities for furnishing the most effective service to both employer and employee, and its ability to provide complete insurance protection at the lowest cost, offering a saving running into many millions of dollars for directly reimbursable government expenditures. As a result of such advices, a communication under date of March 26, 1941, was directed by Hon. James Forrestal, then Acting Secretary of the Navy, to Mr. Addison G. Foster, Office of the Director, Executive Office of the President. We shall quote pertinent paragraphs from that letter:

" 'Under the general practice followed in connection with cost-plus-fixed-fee naval contracts, the contractors place the workmen's compensation insurance direct, usually, it is understood, on the basis of competitive bids

" 'The Comptroller General in decision of October 12, 1940 (20 Com Gen. 196), *advised the Secretary of War that workmen's compensation and public liability insurance* might be procured from a mutual insurance company by a government contractor whose cost-plus-a-fixed-fee national defense contract provided that the government should pay the cost of such insurance policies as the contracting officer approved when said officer believed that adequate protection would be furnished by the mutual company at less cost than by a stock company.

" 'There would seem to be, therefore, no legal objection to dealing with the State Compensation Insurance Fund of California in like manner, and the Navy Department is willing to instruct its contracting officers involved to direct cost-plus-fixed-fee contractors operating in the State of California to secure bids in every case from the State Compensation Insurance Fund prior to placing award for workmen's compensation insurance. The issuance of such instructions will be held in abeyance pending any comment or suggestions as to the procedure proposed.'

"The April 18, 1941, directive of the Under Secretary of War issued by W N. quoting the last paragraph of the letter cited above, and adding the following comments:

" 'It will be entirely satisfactory to us if contractors operating in the State of California are instructed to secure bids in every case from the State Compensation Insurance Fund.

" 'We shall appreciate it if you will have this procedure put into effect. We are certain that this will enable you to save a great deal of money for the Government.'

"On May 1, 1941, a reply was received from Mr. Ralph A. Bard, Acting Secretary, as follows:

" 'In accordance with your request of April 11, 1941, the Navy Department has issued instructions to its various contracting bureaus that bids be obtained from the State Compensation Insurance Fund of California for workmen's compensation insurance covering construction projects in the State of California, being prosecuted under the cognizance of the respective bureaus by cost-plus-fixed-fee contractors before award for such insurance is placed by the contractors.'

"Similarly, on April 18, 1941, a letter was received from Julius H. Amberg, Special Assistant to the Secretary of War, as follows:

" 'I take pleasure in informing you that by direction of the Under Secretary of War, a directive has been issued to the supply arms and services on the subject of seeking an opportunity to bid with respect to state insurance funds.

" 'I enclose a copy of the directive herewith.'

"The April 18, 1941, directive of the Under Secretary of War issued by W. N. Shulz, Brigadier General, United States Army, read as follows:

" '1. A number of states have insurance funds which have facilities for writing workmen's compensation insurance.

" '2. It is desired that all contractors who purchase insurance, for which reimbursement of premium is obtained from the government, offer the state insurance fund in the jurisdiction in which the work is to be done an opportunity to submit a bid.

" '3. In the consideration of such bids the same requirements as to the protection afforded, the financial stability, and the service facilities will be applied to state funds as are applicable to other types of carriers.

" 'By direction of the Under Secretary of War.'

"The ink on the above directives had barely had time to dry when, on or about May 3, 1941, the comprehensive rating plan for national defense projects, commonly referred to as the war projects rating plan, was adopted, first by the War Department and subsequently by the Navy Department and other governmental agencies. This so-called cost-plus-a-fixed-fee insurance scheme combined in one package all types of insurance required on a job. Despite the fact that the cost of workmen's compensation insurance was by far the major insurance cost, the war projects rating plan, for all practical purposes, effectively eliminated competitive state funds This was brought about through the provision that the insurance carrier selected must issue the following policies: (a) Workmen's compensation insurance; (b) automobile bodily injury liability; (c) automobile property damage; (d) comprehensive bodily injury liability. As the state funds can write only workmen's compensation insurance, the requirements automatically excluded all competitive state funds from participation

"Protests were immediately made by the various state funds, so the War Department permitted an interpretation Under this interpretation a state fund might participate, provided the 'state fund could perfect an arrangement with a private carrier, whereby the fund furnished the compensation insurance, and the other carrier furnished concurrently the required miscellaneous liability and automobile insurance, with the premium for all of the coverage adjusted on an aggregate basis, just as if only one carrier were involved'

"This requirement for all practical purposes eliminated state funds just as fully and completely as would an outright prohibition. In the first place state funds were told that they must form a partnership with a member of a group actively opposed to the very thought of the State being in the insurance business In the second place, even if the fund were able to make such an arrangement, the premium was to be determined not by the exposure under each individual type of insurance, but by the amount of the total losses incurred under all lines of insurance.

"One of the very fundamental principles of workmen's compensation legislation is that each individual industry should care for its own killed and wounded and their dependents. This principle has been faithfully carried out through our insurance rating laws. However, we were told that this principle was to be discarded for a certain class of risks, and for this particular class, compensation insurance premiums were to be determined by including the cost of injuries to members of the public and damage to property.

"The California state fund was created by the Legislature to provide safe and economical insurance for all employers Any plan, no matter what its purpose, which in effect eliminates the state fund from the field of workmen's compensation insurance flouts the spirit and intent of the Constitution of the State, as well as the workmen's compensation laws It is certainly a strange situation that a governmental agency, even on an alleged basis of economy or expediency, could, in effect, say to the Legislature, 'The state fund you have created for insuring all employers against liability imposed under the workmen's compensation law is to be denied the right to insure employers who have been awarded certain war contracts.'

"This rating plan which seriously discriminated against state funds was not immediately approved in California, and the California state fund went along satisfactorily on a competitive bid basis. The insurance sections of the Army and Navy (manned largely by private insurance company partisans serving for the duration) continued to press for the adoption of the special rating plan in California and were successful in securing approval in December 1941, of a modified version, known as the California defense rating plan. Although the latter plan had many of the basic objections of the original plan, its application was limited to workmen's compensation insurance alone, and it was possible for the fund to participate. Either because the California fund was not completely knocked out of the running, or for other unknown reasons, this substitute rating plan was not widely used. The competitive bidding system continued to some extent until, finally, October 22, 1942, when the government's insurance men prevailed upon the insurance commissioner of California to approve the war projects rating plan

'The answer to whether or not the state funds were discriminated against under this plan is displayed in an array of cold figures which have been submitted to all interested persons and which are available for inspection in the files of the California state fund Under competitive bidding the fund was awarded war insurance contracts totaling $1,301,207 in insurance premiums When the modified defense rating plan was adopted, the business secured by the fund dropped to a total of $124,490 Subsequent to the approval of the war projects rating plan on October 22, 1942, the fund secured only three relatively insignificant contracts for such coverage, totaling $28,977. The only reason for this latter participation was the fact that three long-time fund insured insisted on their private liability carriers joining with the fund to complete the required coverage Otherwise, private liability insurance carriers positively refused to furnish the miscellaneous liability coverage in combination with the fund as the workmen's compensaton carrier. As a consequence the fund was, in effect, boycotted and could not participate at all Bear in mind that all of this was during the period of the greatest war production activity and when, it is conservatively estimated, government expenditures alone created $30,000,000 or more in California compensation insurance premiums annually.

'Of the $1,301,207 premium earned by the fund under competitive bidding, approximately 60 percent was returned to the contractor and the government through the application of the fund's net cost dividend plan. The resultant saving to the government of over three-fourths of a million dollars on this small part of the government's total insurance cost in California is far greater than any possible saving under any other insurance plan and indicative of the great amount of saving which might have been realized by the various agencies if the fund had been permitted to offer competitive proposals subject to honest evaluation.

'A striking example of what might have been accomplished arises from the modification of the war projects rating plan adopted by the United States Maritime Commission in May 1943 This modification permitted proposals (state fund or private company) segregating workmen's compensation liability from other forms of general and public liability and permitting evaluation of the cost of fund insurance as compared with private insurance coverage. Such a modification cannot be deemed unfair nor discriminatory nor specifically to the advantage of any one type of carrier. It merely made it possible for the government to secure equivalent merchandise at the best available market price

"Under the revised Maritime Commission procedure the California state fund successfully bid for and was awarded the workmen's compensation insurance for Marinship Corp. at Sausalito, for a 1-year period, February 28, 1944, to February 28, 1945. The insurance on this project was a definite challenge to the funds because the previous insurance carrier had found it necessary to retire from the risk owing to the excessive cost of accidents.

"The fund met the challenge squarely. Through safety engineering service, careful medical direction, and claims supervision, this shipyard was changed from an unprofitable insurance risk to a profitable one This was accomplished at lower rates than had previously been charged and during a period when the yard constructed the greatest number of ships A fully equipped hospital with a staff of doctors and nurses to render necessary first-aid and medical care was maintained at the yard. Seriously injured employees were removed to San Francisco hospitals and placed under the care of specialists The immediate result was a sharp drop in accident frequency and a rapid reduction in lost man-hours

"The total premium earned under the policy was $1,169,125. Out of that premium $710,167 was paid to injured employees or their dependents or for hospital and medical care. The net overhead charged by the fund, including the cost of reinsurance, amounted to only $67,301, leaving a balance of $391,657, which was returned to the Marinship Corp in accordance with the fund's nonprofit plan This entire saving is being passed

along to the United State Maritime Commission. The administrative cost to the government would have been $120,737 greater under the war projects rating plan which was used in the majority of war work. So in addition to a material reduction in the number of accidents and the saving of manpower for our Nation at war, the California state fund plan also effected administrative economy for the government by reducing overhead costs more than 64 percent.

"It was argued in favor of the war projects rating plan that its use would lessen the cost of insurance to the government. That claim has been dissipated time and time again. The California state fund can demonstrate, under any set of circumstances and on any size risk, that its net cost of insurance will always be less than the net cost developed by the rating plan The fund did not ask for discrimination in favor of state funds. The California state fund asked only that the departments require a proposal from the state fund as well as the proposal of eligible private carriers. All the state fund sought to accomplish through a modification of the rating plan to permit segregation for the coverage for workmen's compensation was to effect economies greater than those available under the rating plan

"Government insurance on government projects appeared to be entirely satisfactory in California's neighbor states of Oregon, Washington and Nevada, and in several additional states where compensation insurance is a state monoply. The California state fund did not even hint at monopoly, but asked only the same arrangement that perforce must be made by government agencies in exclusive fund states—the writing of the workmen's compensation insurance separate and distinct from other liability lines, and then only where the state fund is in a position to effect greater economies.

"When we consider the great aircraft, shipyard and war construction program in California that made this state and our Nation an arsenal for victory, very little imagination is required to visualize the tremendous savings that might have been made for the United States Government and the taxpayers if the state compensation insurance fund of California had been afforded the opportunity to insure a greater share of these projects. The fund's record was not made at the expense of the injured worker who received his full benefits and the best of medical care. It was made possible by an experienced staff specializing in this type of insurance, by the elimination of human hardship and suffering through safe practice, and by economical administrative management.

"PAUL SCHARRENBERG"

Exhibit No. 32

CALIFORNIA INSTITUTE OF TECHNOLOGY
Pasadena
Office of Assistant Secretary

January 18, 1950

Mr J. J. Gallagher, Manager
State Compensation Insurance Fund
Executive Offices—450 McAllister St.
San Francisco, California

Re: Policy 7370-45; July 1, 1945, to July 1, 1946

DEAR MR. GALLAGHER: We are very happy to receive and to acknowledge the fund's check of January 12, 1950 for $11,806 85 representing additional refund on the policy referred to above. As you point out, this refund plus the dividend paid in May, 1947, represents a saving of $43,537.76, which is 59 percent of the earned premium $73,792 81.

This is one more indication of the value of state fund policies and of the cooperation which has existed between our organizations for so many years. Your Los Angeles office is in constant touch with us, and the safety precautions used by all our departments plus the combined watchfulness given by the fund and the institute over the reserves which are set up by you to take care of indeterminate cases, have all been productive of very excellent results from the standpoint of net cost of this insurance The claims adjustments and all our other relations with the fund are also very satisfactory and I am glad to have this opportunity of saying so to you.

With many thanks for your letter and for all the cooperation we receive from everyone connected with the fund, I am

Yours very truly,

H. H. G. NASH
Assistant Secretary

Exhibit No. 33

STATE COMPENSATION INSURANCE FUND OF THE
STATE OF CALIFORNIA

February 9, 1950

California Workmen's Compensation Insurance Rates

Theoretical distribution of each $100 of premium paid by employer:

* Benefits		
Compensation	$37.81	
Medical	21.84	
Total Benefits		$59.65
Administration Cost		
Acquisition (selling)	$17.50	
General administration	7.50	
Claims	8.00	
Inspection (safety)	2 50	
Pay roll audit	2.00	
Taxes	2 85	
† Total Administration Cost		$40.35
		$100 00

* Compensation and medical benefit split based on Unit Statistical Reports of all carriers (including the state fund) as filed with the California Inspection Rating Bureau

† The 40.35 percent expense loading is the explanation for the statement, frequently made, that an insurance company must collect $1 68 to pay out $1 in benefits (1 00 — [1.00 — .4035] = 1 68) This is the expense basis underlying all workmen's compensation insurance rates promulgated by the Insurance Commissioner which all carriers, including the State Compensation Insurance Fund, must use As the administration or overhead expense of the fund will average less than 15 percent, the surplus premiums collected through charging these required rates are returned to our policyholders. This excess premium is the principal source from which the fund dividends are obtained

Exhibit No. 34

STATE COMPENSATION INSURANCE FUND OF THE STATE OF CALIFORNIA
January 18, 1950

Basic Premium Paid by Employers per $100,000 of Pay Roll in Selected Industries and Theoretical Distribution of Premium Between Benefits to Injured Employees and Loading for Insurance Carrier Overhead Expenses

	Percent	*Rigging Code 9540*	*Tunneling Code 6251*	*Logging and lumbering Code 2702*	*Carpentry Code 5403*	*Machine shops Code 3632*	*Grocery stores Code 8006*
1. 1949 Basic rate per $100 of pay roll		$18 15	$10 68	$8 36	$3 93	$1 57	$0 74
2. Premium per $100,000 of pay roll		18,150 00	10,680 00	8,360 00	3,930 00	1,570 00	740 00
3. Distribution							
Benefits							
a. Compensation	*	8,234 50	4,037 68	3,640 31	1,715 79	597 77	270 80
b. Medical	*	2,591 98	2,332 94	1,346 43	628 46	338 93	170 60
c. Total Benefits	59.65	$10,826 48	$6,370 62	$4,986 74	$2,344 25	$936 50	$441 40
Overhead Charges							
d. Acquisition (selling)	17.5	$3,176 25	$1,869 00	$1,463 00	$687 75	$274 75	$129 50
e. General Administration	7 5	1,361 25	801 00	627 00	294 75	117 75	55 50
f. Claims Adjustment	8 0	1,452 00	854 40	668 80	314 40	125 60	59 20
g. Inspection (safety)	2.5	453 75	267 00	209 00	98 25	39 25	18 50
h. Pay roll audit	2.0	363 00	213 60	167 20	78 60	31 40	14 80
i. Taxes	2.85	517 27	304 38	238 26	112 00	44 75	21 10
j. Total Overhead Expenses	40.35 †	$7,323 52	$4,309 38	$3,373 26	$1,585 75	$633 50	$298 60
k. Total Premium	100	$18,150 00	$10,680 00	$8,360 00	$3,930 00	$1,570 00	$740 00

* Compensation and medical benefit split based on unit statistical reports of all carriers (including the state fund) as filed with California Inspection Rating Bureau

† Overhead expense loading is determined by the Insurance Commissioner and is keyed to the expense demands of the most expensive type of stock carrier. The low administration costs of the state fund are not used in determining the expense loading

Exhibit No. 35

February 17, 1950

Hon. Ernest R. Geddes, Chairman
Assembly Interim Committee on Finance and Insurance
527 Investment Building, Pomona, California

DEAR MR. GEDDES: As requested by you on February 15th, I am enclosing a supplement to our brief of February 10th containing a breakdown of all fund positions.

In order to make an adequate but concise presentation of this material, it has been divided into two sections. The first section separates the fund by function and office indicating the number of employees in each, as of January 1, 1950, by civil service classification with the salary range for each classification. The second section presents in alphabetical order all civil service classifications enumerated in section one together with a description of the duties involved.

Yours very truly,

(Signed) JOSEPH J. GALLAGHER, Manager

Executive Office

Classification	*Number of positions*	*Salary range*
Manager	1	$1,250
Executive Secretary	1	710–862
Secretary-Stenographer	1	268–325
Senior Stenographer-Clerk	1	231–281
	4	

Home Office Accounting—Statistical

Classification	*Number of positions*	*Salary range*
Comptroller-Actuary	1	$556–676
Assistant Actuary	1	436–530
Assistant Comptroller	1	436–530
Acctg. Tab. Mach. Supv. Gr. 2	1	325–395
Acctg. Tab. Mach. Supv. Gr. 1	1	281–341
Insurance Accountant	2	376–458
Acct. Auditor, Gr. 1	1	268–325
Superv Account Clerk, Gr. 1	2	281–341
Comp. Ins. Rep. Gr. 1	10	231–281
Supv. Tab. Mach. Operator	1	243–295
Supv. Billing Machine Operator	1	220–268
Senior Account Clerk	1	231–281
Senior Clerk	2	220–268
Senior Typist Clerk	2	220–268
Supv. Key Punch Operator	1	220–268
Tabulating Machine Operator	4	210–255
Bookkeeping Machine Operator	3	200–243
Intermediate Steno. Clerk	1	200–243
Key Punch Operator, Gr. 2	13	190–231
Inter. Account Clerk	1	190–231
Inter. Typist Clerk	13	190–231
Billing Machine Operator	5	190–231
Calculating Machine Operator	2	190–231
Intermediate Clerk	3	190–231
Junior Clerk	8	170–210
Intermediate File Clerk	2	190–231
Cashier Section		
Cashier-Credit Manager	1	436–530
Comp. Ins. Rep. Gr. 3	1	310–376
Senior Account Clerk	1	231–281
Senior Typist Clerk	1	220–268
Bookkeeping Machine Operator	1	200–243
Inter. Account Clerk	1	190–231
Intermediate Typist Clerk	4	190–231
Intermediate Clerk	1	190–231
Inter. File Clerk	1	190–231
	95	

Home Office Claims

Classification	*Number of positions*	*Salary range*
Supt. of Claims	1	$556–676
Asst Supt. of Claims	1	436–530
Comp. Clms. Adj. Gr. 4	5	376–458
Comp. Clms. Adj. Gr. 3	4	310–376
Comp. Clms. Adj. Gr. 2	18	268–325
Comp. Clms. Adj. Gr. 1	17	231–281
Comp. Insurance Assistant	2	231–281
Superv. Steno. Clerk, Gr. 1	1	268–325
Senior Typist Clerk	2	220–268
Intermediate Steno. Clerk	3	200–243
Billing Machine Operator	13	190–231
Intermediate Clerk	13	190–231
Intermediate Typist Clerk	16	190–231
Intermediate File Clerk	2	190–231
Junior Clerk	24	170–210
	122	

Home Office Claims—Field Adjustment

Classification	*Number of positions*	*Salary range*
Asst. Exec Secretary	1	$556–676
Comp. Clms. Adj. Gr. 3	7	310–376
Comp. Clms. Adj. Gr. 2	1	268–325
Senior Steno. Clerk	1	231–281
Intermediate Typist Clerk	1	190–231
	11	

Home Office Field Services

Classification	*Number of positions*	*Salary range*
Asst. Executive Secretary	1	$556–676
Exec Special Agent, Gr. 2	1	436–530
Comp. Ins. Rep Gr. 4	3	376–458
Comp. Ins. Service Representative	1	341–415
Comp. Ins. Rep. Gr. 3	1	310–376
Comp. Ins. Rep. Gr. 2	1	268–325
Comp. Insurance Assistant	3	231–281
Intermediate Steno. Clerk	2	200–243
Intermediate Typist Clerk	1	190–231
	14	

Home Office General Service

Classification	*Number of positions*	*Salary range*
Superv File Clerk, Gr. 2	1	$295–358
Senior File Clerk	1	220–268
Senior Clerk	1	220–268
Intermediate File Clerk	11	190–231
Intermediate Clerk	5	190–231
Junior Typist Clerk	1	170–210
Junior Clerk	18	170–210
Cylinder Pressman	1	Prevailing Rate
Cylinder Press Assistant	1	Prevailing Rate
Storekeeper, Gr. 1	1	231–281
Intermediate Stock Clerk	1	200–243
	42	

Home Office Legal

Classification	*Number of positions*	*Salary range*
Counsel	1	$644–782
Assistant Counsel (State Fund)	2	566–676
Senior Deputy Counsel	6	481–584
Assistant Counsel (General)	1	358–436
Junior Counsel	2	295–358
Senior Legal Steno. Clerk	1	231–281
Senior Steno. Clerk	3	231–281
Intermediate Steno. Clerk	4	200–243
Intermediate Typist Clerk	2	190–231
Junior Clerk	1	170–210
	23	

Home Office Medical

Classification	*Number of positions*	*Salary range*
Medical Director	1	$644–782
Assistant Medical Director	2	505–613
Senior Steno. Clerk	1	231–281
Intermediate Steno. Clerk	1	200–243
Intermediate Typist Clerk	1	190–231
	6	

Home Office Pay Roll—Auditing

Classification	*Number of positions*	*Salary range*
Superintendent of Pay Roll Auditing	1	$505–613
Comp. Insurance Rep. Gr. 4	1	376–458
Comp. Insurance Rep. Gr. 3	4	310–376
Comp. Insurance Rep. Gr. 2	11	268–325
Comp. Insurance Rep. Gr. 1	13	231–281
Compensation Insurance Trainee	1	170–210
Senior Typist Clerk	1	220–268
Intermediate Typist Clerk	3	190–231
Intermediate Clerk	3	190–231
Junior Clerk	4	170–210
Junior Typist Clerk	1	170–210
	43	

Home Office Personnel

Classification	*Number of positions*	*Salary range*
Insurance Accountant	1	$376–458
Senior Stenographer Clerk	1	231–281
Senior Typist Clerk	1	220–268
Intermediate Typist Clerk (Mobile)	8	190–231
	11	

Home Office Safety

Classification	*Number of positions*	*Salary range*
Supervy. of Field Services	1	$505–613
Area Supervy. of Field Services	1	436–530
Senior Safety Engineer	1	395–481
Comp. Insurance Rep. Gr. 4	2	376–458
Comp. Insurance Service Representative	6	341–415
Compensation Insurance Assistant	1	231–281
Senior Typist Clerk	1	220–268
Intermediate Typist Clerk	5	190–231
Intermediate File Clerk	1	190–231
Junior Clerk	2	170–210
	21	

Home Office Underwriting

Classification	*Number of positions*	*Salary range*
Superintendent of Underwriting	1	$556–676
Comp Insurance Rep. Gr. 4	5	376–458
Comp. Insurance Rep. Gr. 3	2	310–376
Comp Insurance Rep. Gr. 2	14	268–325
Comp. Insurance Rep. Gr. 1	9	231–281
Compensation Insurance Assistant	1	231–281
Intermediate Steno. Clerk	5	200–243
Intermediate Typist Clerk	17	190–231
Intermediate Clerk	3	190–231
Billing Machine Operator	1	190–231
Junior Clerk	3	170–210
Junior Typist Clerk	1	170–210
Duplicating Machine Operator	1	170–210
	63	

Los Angeles Administration

Classification	*Number of positions*	*Salary range*
Assistant Executive Secretary and Los Angeles Branch Manager	1	$613–745
Executive Special Agent, Gr. 2	1	436–530
Senior Stenographer Clerk	1	231–281
Senior Typist Clerk	1	220–268
	4	

Los Angeles Claims

Classification	*Number of positions*	*Salary range*
District Superintendent of Claims	1	$481–584
Comp. Claims Adjuster, Gr. 4	4	376–458
Comp. Claims Adjuster, Gr. 3	4	310–376
Comp. Claims Adjuster, Gr. 2	11	268–325
Comp. Claims Adjuster, Gr. 1	17	231–281
Supervising Steno. Clerk, Gr. 1	1	268–325
Compensation Insurance Assistant	3	231–281
Compensation Insurance Trainee	2	170–210
Intermediate Typist Clerk	15	190–231
Billing Machine Operator	2	190–231
Intermediate Clerk	9	190–231
Junior Typist Clerk	3	170–210
Junior Clerk	12	170–210
	84	

Los Angeles Claims—Field Adjustment

Classification	*Number of positions*	*Salary range*
Comp Claims Adjuster, Gr. 4	1	$376–458
Comp. Claims Adjuster, Gr. 3	5	310–376
Comp. Claims Adjuster, Gr. 2	1	268–325
Intermediate Steno. Clerk	1	200–243
	8	

Los Angeles Field Services

Classification	*Number of positions*	*Salary range*
Executive Special Agent, Gr. 2	1	$436–530
Comp. Insurance Rep. Gr. 4	1	376–458
Comp. Insurance Rep. Gr. 3	3	310–376
Comp. Insurance Rep. Gr. 2	4	268–325
Compensation Insurance Assistant	10	231–281
Intermediate Steno. Clerk	1	200–243
Intermediate Typist Clerk	2	190–231
	22	

Los Angeles General Service

Classification	*Number of positions*	*Salary range*
Photocopyist	2	$200–243
Intermediate Clerk	1	190–231
Telephone Operator	2	190–231
Junior Clerk	3	170–210
	8	

Los Angeles Legal

Classification	*Number of positions*	*Salary range*
Senior Deputy Counsel	4	$481–584
Junior Counsel (General)	4	295–358
Senior Stenographer Clerk	1	231–281
Senior Typist Clerk	1	220–268
Intermediate Steno. Clerk	1	200–243
Intermediate Typist Clerk	3	190–231
	14	

Los Angeles Medical

Classification	*Number of positions*	*Salary range*
Assistant Medical Director	2	$505–613
Senior Stenographer Clerk	1	231–281
Intermediate Typist Clerk	1	190–231
	4	

Los Angeles Pay Roll—Auditing

Classification	*Number of positions*	*Salary range*
Comp. Insurance Rep. Gr. 4	1	$376–458
Comp. Insurance Rep. Gr. 3	3	310–376
Comp. Insurance Rep. Gr. 2	7	268–325
Comp. Insurance Rep. Gr. 1	1	231–281
	12	

Los Angeles Safety

Classification	*Number of positions*	*Salary range*
Area Supervisor of Field Services	1	$436–530
Comp. Insurance Representative, Gr. 4	1	376–458
Comp. Insurance Service Representative	5	341–415
Comp. Insurance Representative, Gr. 3	1	310–376
Compensation Insurance Assistant	2	231–281
Senior Typist Clerk	1	220–268
Intermediate Typist Clerk	1	190–231
	12	

Los Angeles Underwriting

Classification	*Number of positions*	*Salary range*
Comp. Insurance Representative, Gr 3	1	$310–376
Compensation Insurance Assistant	1	231–281
Superv. Account Clerk, Gr. 1	1	281–341
Senior Typist Clerk	2	220–268
Intermediate Typist Clerk	3	190–231
Intermediate Clerk	1	190–231
Intermediate Account Clerk	1	190–231
	10	

Chico District Office

Classification	*Number of positions*	*Salary range*
Executive Special Agent, Gr. 1	1	$395–481
Comp. Insurance Representative, Gr. 2 (Payroll Auditing)	1	268–325
	2	

Fresno District Office

Classification	*Number of positions*	*Salary range*
Executive Special Agent, Gr. 1	1	$395–481
Comp. Claims Adjuster, Gr. 3	1	310–376
Comp. Insurance Representative, Gr. 2 (Field Representative)	2	268–325
(Payroll Auditing)	2	
Comp. Insurance Representative, Gr. 1 (Payroll Auditing)	1	231–281
Senior Stenographer Clerk	1	231–281
	8	

Long Beach District Office

Classification	*Number of positions*	*Salary range*
Comp. Insurance Representative, Gr. 4 (Field Representative)	1	$376–458
Comp. Insurance Representative, Gr. 3 (Field Representative)	1	310–376
	2	

Oakland District Office

Classification	*Number of positions*	*Salary range*
Executive Special Agent, Gr. 2	1	$436–530
Comp Insurance Representative, Gr. 4 (Field Representative)	2	376–458
Comp. Insurance Representative, Gr. 3 (Payroll Auditing)	1	310–376
Comp. Insurance Representative, Gr. 2 (Field Representative)	2	268–325
(Payroll Auditing)	3	
Compensation Insurance Assistant	2	231–281
Senior Stenographer Clerk	1	231–281
Intermediate Stenographer Clerk	1	200–243
	13	

Sacramento District Office

Classification	*Number of positions*	*Salary range*
Executive Special Agent, Gr. 1	1	$395–481
Comp. Insurance Representative, Gr. 2 (Field Representative)	2	268–325
(Payroll Auditing)	2	
Compensation Insurance Assistant	1	231–281
Senior Stenographer Clerk	1	231–281
	7	

San Diego District Office

Classification	*Number of positions*	*Salary range*
Executive Special Agent, Gr. 1	1	$395–481
Comp. Claims Adjuster, Gr. 4	1	376–458
Comp. Insurance Representative, Gr. 3 (Field Representative)	1	310–376
Comp. Claims Adjuster, Gr. 2	1	268–325
Comp. Insurance Representative, Gr. 2 (Payroll Auditing)	1	268–325
Senior Stenographer Clerk	1	231–281
Comp. Claims Adjuster, Gr. 1	1	231–281
Intermediate Stenographer Clerk	1	200–243
Intermediate Typist Clerk	1	190–231
Junior Typist Clerk	1	170–210
	10	

San Jose District Office

Classification	*Number of positions*	*Salary range*
Executive Special Agent, Gr. 1	1	$395–481
Comp. Insurance Representative, Gr. 3 (Field Representative)	1	310–376
Comp. Insurance Representative, Gr. 2 (Field Representative)	2	268–325
(Payroll Auditing)	3	
Compensation Insurance Assistant	1	231–281
Intermediate Steno Clerk	1	200–243
	9	

Santa Rosa District Office

Classification	*Number of positions*	*Salary range*
Executive Special Agent, Gr. 1	1	$395–481
Comp. Insurance Representative, Gr. 3 (Field Representative)	1	310–376
Comp. Insurance Representative, Gr. 2 (Payroll Auditing)	1	268–325
Compensation Insurance Assistant	1	231–281
	4	

Stockton District Office

Classification	*Number of positions*	*Salary range*
Executive Special Agent, Gr. 1	1	$395–481
Comp. Insurance Representative, Gr. 3 (Payroll Auditing)	1	310–376
Comp. Insurance Representative, Gr. 2 (Field Representative)	1	268–325
(Payroll Auditing)	1	
Comp. Insurance Assistant	3	231–281
Intermediate Steno. Clerk	1	200–243
	8	

ALPHABETICAL LIST OF CIVIL SERVICE CLASSIFICATIONS USED BY THE FUND AS OF JANUARY 1, 1950, TOGETHER WITH A BRIEF DESCRIPTION OF THE DUTIES OF EACH CLASSIFICATION

Accounting-Tabulating Machine Supervisor, Gr. 1. Supervises the work of the Fund's I.B.M Tabulating room which handles premium and loss accounting.

Accounting-Tabulating Supervisor, Gr. 2. In charge of the Fund's I.B.M. Section including the Key Punch room and the Tabulating room. Reports to the Assistant Comptroller

Area Supervisor of Field Services. Directs the office and field safety staff engaged in accident prevention work in either Northern or Southern California. Reports to the Supervisor of Field Services

Assistant Actuary. Does technical, actuarial, accounting, statistical work and actuarial research work; prepares and interprets periodic financial and statistical reports. Reports to the Comptroller-Actuary

Assistant Comptroller. Directs the staff engaged in accounting, statistical and actuarial work. Reports to the Comptroller-Actuary.

Assistant Counsel, State Compensation Insurance Fund Has charge of a major division of the legal work of the State Fund. Directs the work of the legal staff of that division. Directs the preparation of cases to be tried in the Superior and Appellate Courts Reports to the Counsel

Assistant Counsel (General) Under the direction of an Assistant Counsel (State Fund) performs legal work of average difficulty in connection with State Fund legal problems; makes appearances before the Industrial Accident Commission

Assistant Executive Secretary. Subordinate to the Executive Secretary; directs the work of a group of subordinates engaged in a special phase of the work of the State Compensation Insurance Fund, such as solicitation and field service work, accident prevention activities, the underwriting of policies and endorsements, handling investments, etc.

Assistant Executive Secretary and Los Angeles Branch Manager Under the administrative direction of the Manager, directs and is responsible for all of the activities of the Fund in Southern California.

Assistant Medical Director. Examines and reports on cases of permanent or temporary disability coming before the State Compensation Insurance Fund, advises upon the procedures to be used in the adjustment of compensation claims involving medical and surgical factors Reports to the Medical Director.

Assistant Superintendent of Compensation Claims Assists the Superintendent of Compensation Claims in the establishment of the Fund claim policies and claim adjustment procedures; assists in directing the work of the staff engaged in examining and adjusting claims against the Fund Examines and adjusts difficult and complicated claim cases. Reports to the Superintendent of Compensation Claims

Billing Machine Operator. Types the Fund's bills and checks on electromatic typewriters.

Bookkeeping Machine Operator. Operates a Burroughs Bookkeeping Machine for premium accounting purposes.

Calculating Machine Operator. Operates comptometers or calculating machines making arithmetical computations as required by the various departments of the Fund

Cashier and Credit Manager. Under the direction of the Comptroller-Actuary, supervises the work of collecting, receiving and depositing cash items due the Compensation Insurance Fund, including the following up on delinquent accounts

Compensation Claims Adjuster, Gr. 1. Examines and adjusts the less complicated workmen's compensation claims

Compensation Claims Adjuster, Gr. 2. Examines and adjusts all types of workmen's compensation claims.

Compensation Claims Adjuster, Gr. 3. In the office assists in the supervision of a staff engaged in examining and adjusting workmen's compensation claims; periodically reviewing open claim cases and inspects loss estimates in the determination of claim reserves; determines the effectiveness of treatment; personally adjusts questionable or unusual cases and recommends investigations if required.

In the field, inspects places of accidents or alleged accidents, interviews witnesses, interested parties and secures written statements from them. Takes photographs and sketches diagrams of the scenes of accidents. Reviews and summarizes police reports, hospital and other official records concerning accidents; investigates possible liability of third parties and legal possibility of subrogation rights, etc.

Compensation Claims Adjuster, Gr. 4. Supervises the work of a staff engaged in adjusting or investigating workmen's compensation claims; personally examines questionable or unusual cases; establishes procedures to be followed in their adjustment; confers with members of the medical department regarding medical aspects of claims, medical and hospital charges and assignment of cases to qualified physicians, etc. Reports to the Assistant Superintendent of Claims or to the District Superintendent.

Compensation Insurance Assistant. This is an entrance classification designed to train employees in the various operations of the State Compensation Insurance Fund in order to prepare them for positions in Claims, Accident Prevention, Field Services, Payroll Auditing, etc

Compensation Insurance Representative, Gr. 1. Acts as a Junior Underwriter preparing the less complicated policies for issuance; acts as a payroll classifier preparing payroll reports and audits for billing; in a few incidents performs the less complicated field duties in safety and field services.

Compensation Insurance Representative, Gr. 2. This classification covers employees both in the office and in the field. They will generally specialize in one of the following fields:

Field Representative: Services and solicits the workmen's compensation insurance of employers. Assists employers with their accident prevention programs.

Underwriting: Performing the usual duties of an insurance underwriter.

Payroll Auditing: Performing the usual duties of an insurance company auditor.

Compensation Insurance Representative, Gr. 3 Positions in this class involve both office and field duties. They may also involve some supervisory responsibility over Representatives, Grades 1 and 2 Employees in this classification will generally specialize in one of the following fields:

Field Representative: Services and solicits the workmen's compensation insurance of employers. Assist employers with their accident prevention programs.

Accident Prevention: Performing the usual duties of an insurance company safety engineer.

Underwriting: Assisting in the supervision of a staff engaged in underwriting compensation insurance policies Approves prepared policies for issuance; assists in determining the desirability and insurability of risks from loss and credit standpoints

Payroll Auditing: Performing the usual duties of an insurance company auditor, or supervising an office staff preparing audits and reports for billing

Compensation Insurance Representative, Gr. 4. Performs duties of a supervisory or highly specialized nature involving relationships of the State Fund with policyholders. Positions may be in the office or in the field. Employees in this classification will generally specialize in one of the following fields:

Field Representative: Directs a staff of Representatives, Grade 2 and 3, engaged in soliciting and servicing compensation insurance and assisting employers with accident prevention programs.

Accident Prevention: Performing the usual duties of an insurance company safety engineer; reporting to the Area Supervisor of Field Services

Underwriting: Supervises a staff of underwriters issuing new and renewal compensation policies; reporting to the Superintendent of Underwriting

Payroll Auditing: In the headquarters office of the Fund and in the Los Angeles office directs the payroll auditing staff. Reviews the larger and more difficult premium adjustments; reporting to the Superintendent of Payroll Auditing.

Compensation Insurance Service Representative. Performs the usual duties of an insurance company safety engineer. Reports to the Area Supervisor of Field Services.

Compensation Insurance Trainee. This classification is used in conjunction with the Veterans' on-the-job training program. Employees are trained for promotion to Adjuster or Representative.

Controller-Actuary. Performs the usual duties of an insurance company Comptroller and Actuary having charge of the accounting statistical and actuarial work and of the receiving and disbursing of all moneys. Reports to the Manager and the Executive Secretary.

Counsel. Has complete charge of all of the legal work of the Fund. Reports to the Manager and Executive Secretary.

Cylinder Pressman. Prints small and emergency runs of forms and stationery.

Cylinder Press Assistant. Assists Cylinder Pressman.

District Superintendent of Compensation Claims. Has charge of the Los Angeles section of the Claims Department engaged in the examining and adjusting of compensation claims originating in southern California. Directs the work of the staff engaged in Claims adjusting. Reviews difficult and complicated claims cases. Reports jointly to the Los Angeles Branch Manager and to the Superintendent of Claims.

Duplicating Machine Operator. Operates mimeograph, ditto and other duplicating machines as required.

Executive Secretary. Assists the Manager in the administration of the Fund, and acts for the Manager in his absence.

Executive Special Agent, Gr. 1. Employees in this classification are the Fund District Managers in Chico, Fresno, Sacramento, San Diego, San Jose, Santa Rosa, and Sacramento, directing the staff engaged in the solicitation, service, accident prevention, payroll auditing and claims adjusting work in these areas. They report to an Assistant Executive Secretary.

Executive Special Agent, Gr. 2. Directs the staff engaged in solicitation, service and accident prevention work in San Francisco, Los Angeles or Oakland, reporting to an Assistant Executive Secretary.

Insurance Accountant. Supervises the accounting and statistical record-keeping of the State Fund; preparing or supervising the preparation of difficult financial and statistical reports. Reports to the Assistant Comptroller

Intermediates: Clerk, Account Clerk, File Clerk, Typist Clerk, Stenographer Clerk, Stock Clerk Perform varied clerical work of average difficulty as required.

Juniors: Clerk, Typist Clerk, Stenographer Clerk. Perform simple clerical work of a varied nature as required.

Junior Counsel. Attorneys in this classification prepare for hearings and handle appearances before the Industrial Accident Commission in respect to the adjustment of claims in industrial injuries

Key Punch Operator, Gr. 2. Operates I.B.M Key Punch machines and verifiers.

Medical Director. Directs the medical work of the Fund; sets up the medical policy to be followed; maintains close liaison between the Fund and doctors engaged in the practice of industrial medicine to the end that injured workmen will receive the best medical treatment available. Reports to the Manager and the Executive Secretary.

Photocopyist. Operates a large photocopying machine in the Los Angeles Office and handles the office supplies

Secretary Stenographer. Performs stenographic and secretarial duties in the Executive Office

Senior Account Clerk. Supervises and assists in the keeping of ledgers and accounts.

Seniors: Clerk, File Clerk, Legal Stenographer, Stenographer, Typist Clerk. Perform difficult clerical work of a varied nature as required.

Senior Deputy Counsel. Prepares and presents legal cases in the courts and before the Industrial Accident Commission as representative of the State Fund.

Senior Safety Engineer. Performs usual duties of a safety engineer specializing in accident prevention work in the extremely hazardous industries of logging and mining Reports to the Area Supervisor of Field Services.

Superintendent of Compensation Claims Establishes and directs the Fund's claim policies and procedures Reports to the Manager and the Executive Secretary.

Superintendent of Payroll Auditing. Directs the Fund Payroll Auditing work, establishing procedures and policies as required. Reports to the Manager and the Executive Secretary.

Superintendent of Underwriting Establishes and directs the Fund's underwriting policies and procedures Reports to the Manager and the Executive Secretary.

Supervising Account Clerk, Gr. 1. Supervises the work of a group engaged in financial clerical work such as preparing financial and statistical statements

Supervising Billing Machine Operator. Supervises and assists with the work of a group of billing machine operators preparing bills.

Supervising File Clerk, Gr. 2. Has charge of the Index, Policy Files and Mail Divisions of the general service functions of the Fund. Reports to an Assistant Executive Secretary.

Supervising Key Punch Operator Has charge of the I B.M. Key Punch room.

Supervising Stenographer Clerk, Gr. 1. Supervises the work of a typing and stenographic pool.

Supervising Tabulating Machine Operator. Supervises the Tabulating Machine Operators working on I B.M. tabulating equipment.

Supervisor of Field Services. Directs the Fund accident prevention work, establishing procedures and policies as required. Reports to an Assistant Executive Secretary.

Tabulating Machine Operator. Operates I.B.M. sorting and tabulating equipment.

STATE OF CALIFORNIA
Office of The INSURANCE COMMISSIONER
621 South Hope Street
Los Angeles 14, California

February 10, 1950

Hon Ernest R. Geddes, Chairman
Assembly Interim Committee on Finance and Insurance
Room 527, Investment Building, Pomona, California

DEAR MR GEDDES: Pursuant to the request contained in your letter of January 30, 1950, I am enclosing 14 copies of "Brief From the Viewpoint of the Insurance Commissioner's Office Covering Points Chairman Geddes of the Assembly Interim Committee on Finance and Insurance Sought Comment on in His Letter of January 30, 1950."

I am also enclosing 14 copies of a resume of the recent hearings conducted by this office under Insurance Code Section 11734

This department does not require insurers to file records of their loss experience under the provisions of Section 11740 Such information is filed as a part of each carrier's Annual Statement in so-called "Schedule P," but we do not condense this material because it is available from other sources.

Pursuant to our conversation of this afternoon, I will have prepared an outline of the California minimum rate-making procedure and will send it to you, if possible, so that you will receive it by February 16th.

Very truly yours,

WALLACE K. DOWNEY
Insurance Commissioner

Brief From the Viewpoint of the Insurance Commissioner's Office Covering Points Chairman Geddes of the Assembly Interim Committee on Finance and Insurance Sought Comment on in His Letter of January 30, 1950.

1 For the most part, the operation of the State Compensation Insurance Fund is similar to the operation of any other admitted workmen's compensation insurer, from the standpoint of the Insurance Commissioner's Office.

(a) SIMILARITIES

(1) State and Local Taxes

The principal and, in most instances, only state or local tax paid by workmen's compensation insurers is the premium tax provided for in Section 12256 of Revenue and Taxation Code. This assumes that such insurers take the real estate tax deduction allowed by Sections 12260 and 12261 of the same code, as nearly all of them do. While the State Compensation Insurance Fund does not pay this specific tax, it nevertheless pays an amount equivalent to the premium tax, under the provisions of Section 12264 of Revenue and Taxation Code.

(2) Examinations

The Insurance Department examines the State Compensation Insurance Fund as to financial condition in the same manner and to the same extent that it examines other admitted workmen's compensation carriers. The power to perform such examinations is set forth in Insurance Code Section 738 with respect to the State Compensation Insurance Fund. The general subject of examinations of insurance companies by the commissioner is covered in Insurance Code Sections 730 to 738, inclusive.

(3) Approval of Policy Forms

Policy forms issued by the state fund are subject to approval by this department, as are policy forms used by other workmen's compensation carriers. Insurance Code Sections 11658.

(4) Refunds on Participating Plans

Refunds on participating plans are subject to the same rules that apply to private insurers. Insurance Code Sections 11738 and 11731.

(5) Minimum Rates, Rules and Classifications

The State Compensation Insurance Fund is subject to the same minimum rates, rules and classifications of rates and classifications of risks as any other admitted workmen's compensation insurer. See Insurance Code Sections 11736 and 11731.

(b) DISSIMILARITIES OF THE STATE COMPENSATION INSURANCE FUND, WHEN COMPARED WITH OTHER ADMITTED WORKMEN'S COMPENSATION CARRIERS, FROM THE STANDPOINT OF THE INSURANCE DEPARTMENT

(1) Power Over Personnel Who "Transact" Insurance

The personnel employed by the State Compensation Insurance Fund to transact insurance is not subject to control by the Insurance Commissioner. The State Compensation Insurance Fund employees who do this work are Civil Service employees who pass Civil Service examinations in order to be eligible for employment. They are not, however, required by the Insurance Code or any other law to take the agent's or broker's qualifying examination required of other insurance producers.

(2) Certificate of Authority

There is no certificate of authority (i.e., license) to transact business required of the state fund, although such a certificate issued by the Insurance Commissioner is required of all other insurance carriers who do business in California. This is doubtless due to the fact that the Legislature itself established the State Compensation Insurance Fund.

(3) Conservation and Liquidation

The Insurance Code sets forth many powers of the Insurance Commissioner with respect to conservation and liquidation of private insurers in the event of insolvency or mismanagement. Such powers are not applicable to the state fund.

(c) EXTENT OF JURISDICTION OF INSURANCE COMMISSIONER OVER STATE FUND

In general, the jurisdiction of the Insurance Commissioner's office is limited to power over minimum rates, rules, regulations and classifications and financial examinations.

2. It is the belief of the Insurance Department that no major change is necessary in the present statutes regarding workmen's compensation insurance from the viewpoint of proper regulation by the Insurance Department of such insurance excepting with reference to dividend plans which have, in the past, sometimes been discriminatory. To the end that all similar risks should be treated similarly in dividend plans both by the private carriers and the State Compensation Insurance Fund, the Insurance Department believes that a statute similar to Assembly Bill 1824, introduced in the 1949 Session of the Legislature, should be adopted. This bill was rejected by the Legislature when it was presented in the spring of 1949.

WALLACE K. DOWNEY
Insurance Commissioner

Dated February 9, 1950.

Resume of Recent Hearings Conducted by Insurance Commissioner Pursuant to Section 11734 of the Insurance Code

Hearings were conducted in January of this year by the Insurance Department in San Francisco and in Los Angeles to determine whether the present workmen's compensation insurance manual, which contains the minimum rates, regulations, rules and changes for workmen's compensation in this State, should be changed in any particulars.

A number of changes were proposed by the California Inspection and Rating Bureau. In general, the bureau suggested over-all reductions in the compensation rates. For the first time, in making the calculations the Rate Level Adjustment Factor recently approved by the National Association of Insurance Commissioners was used. The Bureau suggested that certain group rules now maintained in the Manual should be broadened to allow a greater number of classifications within the groups Certain producers organizations and others interested objected to any broadening of the group rules and some interested parties contended that no group rules should be permitted. A question was raised as to the lawfulness of the present group rules

At the last hearing, it developed that the bureau had made at least one error in its calculations. It was granted time to submit corrections of its calculations after the close of the hearing These new calculations were received by the Department during this week (week of 2-6-50). A study of them made it appear that a further hearing should be called so that any interested party may be informed of the amended calculations and may question them or point out errors in the calculations, if any there are Such a hearing has been called and noticed for February 21, 1950, at the Department Offices in San Francisco.

It is expected that the last hearing will not be a long one and that shortly after it is closed a decision will be made and issued regarding matters covered by the various hearings.

Dated February 10, 1950.

WALLACE K. DOWNEY
Insurance Commissioner

Method of Establishing Minimum Workmen's Compensation Insurance Rates in California

Workmen's Compensation insurance rates in this State are based upon experience developed on California Workmen's Compensation business during the two latest policy years for which statistics are available. The rate making procedure is largely on a statistical basis, with rate making judgment exercised to a smaller degree than is the case in most other lines of insurance

The process of making Workmen's Compensation rates may be divided into two principal steps The first involves determination of the average, over-all level of rates while the second involves the adjustment of rates for individual classification so that such classification rates will bear the proper relationship to each other.

Rate Level

Over-all rate level is based upon the combined premium and loss experience of all California workmen's compensation business during the two-year experience period. A basic assumption is made that the period for which rates are being made will develop the same frequency of injuries with the same incidence of severity as the period during during which the experience was developed.

Actual earned premium for the experience period is first adjusted to represent the amount which would have been collected at current rates. This is necessary since the level of rates currently in force is usually different from the level of rates during the experience period, and any change in the rate level will be a change from the current level and not from the level of rates in force during the earlier experience period. Losses are also adjusted to take into consideration law changes affecting compensation benefits which have been adopted since the experience period.

Since California rates are based upon a permissible loss ratio (ratio of losses to premium) of 59.65 percent, the ratio of adjusted losses to adjusted premium is compared to this permissible figure If lower than 59.65 percent, rates must be decreased sufficiently so that the same experience will produce a loss ratio of 59 65 percent. If the adjusted figures produce a loss ratio higher than 59.65 percent, rates must be correspondingly increased.

Classification Relativity

To determine the proper relative level of rates as between classifications, the actual experience of each individual classification during the two-year experience period is considered. Incurred losses for each classification is divided by units of exposure (which in workmen's compensation insurance is pay roll in hundreds of dollars). The resulting quotient is known as the pure premium. It is the rate which, when applied to the pay roll, will develop the amount of premium necessary to cover losses. The pure premium must then be increased by a fixed expense loading to make up the final rate The pure premium represents 59.65 percent of the final rate, while the remaining 40.35 percent is the portion of the rate intended to cover carrier expenses, which include home office administrative expense, commissions to agents and brokers, inspection and auditing fees, taxes and other items. Experience figures indicate that the actual expenses of nonparticipating stock carriers closely approximate this figure year after year.

As an example, if total pay roll in a given classification during the experience period were $100,000,000 (or one million units of $100 each) and total losses were $2,000,000, the pure premium would be 2,000,000 divided by 1,000,000 or $2. Adding the expense loading would give a final rate of $3.35 ($2 divided by 5965).

It should be pointed out that in most cases classification pure premiums are not based upon the classification experience alone. Whenever the classification experience is limited in volume, 100 percent weight cannot be given to such experience since chance alone will cause the experience indications to fluctuate widely from year to year. Consequently, pure premiums are based entirely upon experience indications only in the case of those classifications which involve very extensive exposure. In the case of other classifications the pure premium selected is actually a weight average of the pure premium indicated by experience and the pure premium in the already existing rate. The relative weight given to the experience indications increases with the volume of experience in accordance with a fixed table known as a credibility table.

After all classification rates have been computed, they are applied against the respective classification pay rolls to determine an aggregate premium. This is then compared with the desired aggregate premium as determined by the rate level calculation, and all rates are adjusted upward or downward by the same percentage to achieve the proper rate level

The foregoing outlines the principles of the rate making procedure. In actual practice the making of rates is considerably more complicated and involves many actuarial adjustments which have not been described The rate making procedure in California is largely the same as that followed by the National Council on Compensation Insurance, and a fairly complete discussion of the principles involved may be found in a work written by Clarence W. Hobbs entitled "Workmen's Compensation Insurance."

STATE OF CALIFORNIA, OFFICE OF THE INSURANCE COMMISSIONER
1182 Market Street, San Francisco 2

February 21, 1950

Hon. Ernest R. Geddes, Chairman
Assembly Interim Committee on Finance and Insurance
Room 527, Investment Building, Pomona, California

DEAR MR. GEDDES: As per instructions from your committee, given to me yesterday when I testified before it in Sacramento, I am enclosing 15 copies of a set of questions and answers, covering workmen's compensation insurance, presently given by this department in one of its examinations for a broker's, agent's or solicitor's license.

The entire examination is made up of 80 questions with 400 possible answers. All examinations for licenses given by this department are of the multiple choice type. The remaining questions in the examination, from which the workmen's compensation questions have been extracted, cover the other commercial lines of insurance, such as fire insurance, casualty insurance, boiler and machinery insurance, plate glass insurance, liability insurance, automobile insurance, marine insurance, surety insurance, and some of the minor lines, as well as questions regarding the general provisions of the Insurance Code that pertain to insurance producers

If there is anything further your committee wishes from this department, I shall gladly furnish it on request.

Very truly yours,

WALLACE K. DOWNEY
Insurance Commissioner

Workmen's Compensation Insurance Questions

From an agents', brokers', and solicitors' license qualification examination currently being given to applicants by the Department of Insurance.

12. Employers of farm labor automatically come under the Workmen's Compensation Act if the following circumstances are true:
   (a) If they have a pay roll of $500 or less irrespective of any other acts which they may have done.
   (b) They have a pay roll of $500 or less and have not made application to the Industrial Accident Commission to reject the act and have not posted a public notice upon their premises to the effect that the provisions of the act are rejected.
   (c) If they have a pay roll exceeding $500 irrespective of any other acts which they may have done.
   (d) Under all circumstances, irrespective of amount of pay roll, or any acts which they may have done
X (e) If they have a pay roll exceeding $500 and have not made application to the Industrial Accident Commission to reject the act nor posted a public notice on their premises to the effect that the provisions of the act are rejected.

(Indicate the correct answer)

13. Workmen's compensation policies customarily:
   (a) Run for one year and must commence at 12 01 a m. January 1st of the year, or at a similar time at the start of each quarter of the year.
   (b) Run for one year and become effective at 12 01 a m on the day and month in the year which the parties chose as the effective date
X (c) Run for one year or a portion thereof and become effective at 12.01 a.m. Standard Time of any date agreed on by the parties
   (d) Run for one year or a portion thereof and become effective at noon on the first day of any month.
   (e) Run for one year or a portion thereof and become effective at noon on the date agreed to by the parties.

(Indicate the correct answer)

14. In relation to workmen's compensation, the term "extraterritorial" means:
   (a) A provision whereby the coverage extended in a workmen's compensation policy is made to cover the employees of the insured in any designated state or area.
X (b) A statutory provision whereby if an employee hired within the State of California should be injured in another state, the policy and its terms would extend to cover the injury.
   (c) A policy provision whereby workmen's compensation policies are written within one state to cover only employees of the employer in another state or in a foreign country.
   (d) A provision in the policy whereby the coverage is extended to employees of the employer in another state of the Union and in that state only.
   (e) A statutory provision by the terms of which California policies cannot be extended to cover injuries outside of California.

(Indicate the correct answer)

15. In the event of an injury to an employee the following is required in respect to notice to the employer if workmen's compensation benefits are to be received:
   (a) There is no notice requirement in California.
   (b) Oral notice within 30 days after the occurrence of the injury, stating informally the facts of it is sufficient
   (c) Written notice must be given the employer within a reasonable time after the injury, stating the name and address of the injured, the time and place of the injury, and its nature. There are no exceptions to this rule.

X (d) Written notice within 30 days after the occurrence of the injury must be served on the employer or the insurance company, stating the name and address of the person injured, the time and place of the injury, and its nature Such notice need not be given if the employer or the insurance company has sufficient notice of the injury or if they were not misled by a lack of proper notice.

(e) Written notice within 30 days after the commencement of disability from the injury must be served on the employer or the insurance company unless they had sufficient knowledge of the injury or were not misled by a lack of proper notice.

(Indicate the correct answer)

16. Weekly benefits under Workmen's Compensation Insurance are computed on the basis of:

(a) 60 percent of 95 percent of the employee's wages, subject to a specified maximum and a certain minimum.

X (b) 65 percent of 95 percent of the employee's wages, subject to a specified maximum and minimum.

(c) 65 percent of 95 percent of the employee's wages, subject to a specified maximum but with no minimum.

(d) 60 percent of the employee's wages, subject to a specified maximum and minimum.

(e) 65 percent of the wages of the employee with no maximum or minimum.

(Indicate the correct answer)

17. In workmen's compensation pay roll audits it is customary for board and lodging to be computed as following:

(a) By figuring mathematically through cost-accounting studies the exact cost of the board and lodging.

X (b) By taking the market value of the board and lodging at $48 per month where board only is furnished, $24 per month where lodging only is furnished, or $72 per month where both are furnished.

(c) Their market value but not less than $45 per month for both board and lodging.

(d) Irrespective of the actual value of board and lodging, $30 per month where board only is furnished, $6 per month where lodging only is furnished, or $36 per month where both are furnished

(e) Irrespective of their market value $45 per month

(Indicate the *erroneous* answer on 44)

44. Under Workmen's Compensation the following injuries are conclusively presumed to be total and permanent

X (a) Loss of both legs or the use thereof

(b) Loss of both hands or the use thereof.

(c) Loss of both eyes or the sight thereof.

(d) An injury resulting in practically total paralysis.

(e) An injury resulting in incurable imbecility or insanity.

CONTROLLER OF THE STATE OF CALIFORNIA
Sacramento

February 9, 1950

Hon. Ernest R. Geddes, Chairman
Assembly Interim Committee on Finance and Insurance
Room 527, Investment Building, Pomona, California

DEAR ERNEST: In your letter of January 31, 1950, you request a presentation in brief form of the relationships between this office and the State Compensation Insurance Fund, with particular reference to Sections 11792 and 11793 of the Insurance Code, together with exhibits of current statements as provided for in Section 11793.

Section 11792 provides for a cash revolving fund to be withdrawn from the State Compensation Insurance Fund of $1,000,000 (Chapter 1431, Statutes of 1945).

Section 11793 provides for payments from the revolving fund of claims arising out of policies issued by the Compensation Insurance Fund and reimbursement of the revolving fund, upon presentation of an abstract or statement of such expenditures to the Controller. Such expenditures are exempt from Section 16003 of the Government Code, which requires audit by the Controller in accordance with Board of Control rules.

Claims submitted for reimbursement of the revolving fund are accompanied by a summary showing the check number and amount of all checks drawn for which reimbursement is claimed.

The effect of Section 11793 and the form of statements used is to place the entire responsibility for accuracy of computations leading up to payments and for the payments themselves in the hands of the State Compensation Insurance Fund, subject to a post audit which is made by the Audits Division of the State Department of Finance. I have felt that this procedure is lacking in control and that this office should be provided with sufficient appropriation to employ a competent staff to make at least a sample audit of the computations and the billings in order to assure accuracy and legality in the payments made.

Accordingly, in each of the last two preceding budget requests of this office I have included requests for auditing staff to provide what I believe is a valuable, and possibly an essential, check of this and other expenditures where present procedures do not appear to me to provide a sufficient guarantee of accuracy and legality of payment. However, appropriations have not been made, and the procedure remains one which I believe should be improved.

How much auditing is performed by the Audits Division of the Department of Finance in connection with the payments from the revolving fund provided for in Section 11792, I do not know; the report of that division in connection with their last audit of the books and records of account of the State Compensation Insurance Fund does not mention a sampling check of the payments made from the revolving fund, nor does it call attention to any inaccuracies that may have resulted in connection with these payments.

If you desire any further information, I will be very glad to furnish it.

Sincerely yours,

THOMAS H. KUCHEL
Controller

FORM 218-S

CLAIMANT

REVOLVING FUND

(Do not write in this space)

B 1950

STATE CONTROLLER

State Compensation Insurance Fund
Department, Institution, Board, etc

Payable from
Fund (If other than General Fund) STATE COMPENSATION INSURANCE FUND (LA)

Appropriation WARRANT TO BE ISSUED PURSUANT TO

Chapter 71 Statutes 1933 Fiscal Year 101

Claim presented for the sum of Six hundred seventy-two and 64/100----------Dollars $ 672.64

(DO NOT WRITE IN THIS SPACE)

Audited by	Warrants Typed by	Claim Correction	
Audited by 1/3 2/6/50	Entered Warrant Registered by	Net Addition	
Legality Checked by H2-6	Amounts and Signature by	Net Deduction	
Fund and Appr'n Checked by	Warrants O.K.	Approved by Controller for	

Date Filed

Date | Fiscal year | Book inclusive | To

Controller's Warrant No.

BLANKET WARRANT

STATE OF CALIFORNIA
CLAIM FOR PAYMENT OF INVOICES

STATE OF CALIFORNIA
COUNTY OF Los Angeles

The undersigned being first duly sworn deposes and says: That he is the duly appointed qualified and acting officer of the bureau named state department, board office, or institution; that on the within claim and the schedules and invoices thereon attached the services therein mentioned were actually rendered and the articles delivered in accordance with law. Affiant further states that requests for the purchase of articles listed herein and for which payment is requested were duly made on purchase estimates and that said estimates were duly approved by authorized officials; that the amounts charged for such items and the deliveries thereof as evidenced by invoices hereto attached conform with the terms of Purchase Orders issued by the Bureau of Purchases of the State Department of Finance; that all of the expenditures herein set forth are in accordance with the current budget provisions as approved by the Division of Budgets and Accounts of the State Department of Finance and that none of the expenditures herein set forth are in excess thereof; that the claimants named herein are each entitled to the amount set opposite their respective names and actually have been paid or will be paid as allowed when warrant is received from the State Controller.

Affiant further states that he has not violated any of the provisions of Article VII of Chapter VII of Title I of Part III of the Political Code in incurring the items of expense mentioned in the attached claim, or in any other way.

Affiant further states that the totals of the schedules and of the within claim as presented are as set forth herein.

SCHEDULE NUMBER	CLAIM PRESENTED FOR		V	CORRECTIONS ADDITIONS	CORRECTIONS DEDUCTIONS	APPROVED FOR
LA-49-272Nd	672	64				
TOTALS	$ 672	64				

Subscribed and sworn to before me, on this 31st day of January 1950

Lucille L Kroline
NOTARY PUBLIC
TITLE In and for the County of Los Angeles, State of California
My Commission Expires Aug 29, 1952

SIGNED John R. O'Brien
TITLE Branch Office Cashier

Approved for payment in the sum of $ 672.64 for which warrant is requested of State Controller.

Date approved January 31, 1950

AGENCY	FUND	TYPE	APPROP		SUB ACCT OR CATEGORY **
010					

(To be signed by Directors, Board Members, etc., when required by law)

Howard Gill
Compensation Insurance Representative

Approval of Bureau of Purchases

All invoices for purchases of materials, supplies and equipment on the within claim are in conformity with duly authorized purchase orders, except as noted, and claim is hereby approved with exceptions, if any, as noted.

BUREAU OF PURCHASES

By

Form No. 898
STATE PRINTING OFFICE

State Compensation Insurance Fund
DEPARTMENT INSTITUTION COMMISSION ETC.

Fund or Appropriation State Compensation Insurance Fund

SCHEDULE OF BILLS FILED

Chapter

Fiscal Year 101

Schedule No. LA-49-272

Month of Jan. 31, 1950

Date of Schedule

NUMBER		IN WHOSE FAVOR ALLOWED	AMOUNT		
Estimate	Purch Order or Item		Detail	Total	
		State Compensation Insurance Fund			1
		L. A. Revolving Fund		$ 672.64	2
					3
					4
					5
					6
		For detail see schedules attached.			7
					8

Nd—Compensation

January 31, 1950

Check No.	*Amount*	*Check No.*	*Amount*
	0	11,317	60.00
11,310	30.00	11,318	10 23
11,311	30.00	11,319	101.48
11,312	30 00	11,320	17 14
11,313	90 00	11,321	17.14
11,314	38.08	11,322	8.57
11,315	120 00		
11,316	120 00		672 64

FORM 218-S

CLAIMANT

(Do not write in this space)

State Compensation Insurance Fund
Department, Institution, Board, etc.

Date Filed

Payable from
Fund (If other than General Fund) State Compensation Insurance Fund

Appropriation

Chapter Statutes Fiscal Year 1949-50

Claim presented for the sum of Sixty one thousand three hundred thirty seven and 69/100 Dollars $ 61,337.69

(DO NOT WRITE IN THIS SPACE)

Added by	Warrants Typed by	Claim Correction:	
FEB 6 '50 DK		Net Addition	
Audited by E. GUEST	Entered Warrant Registered by		
Legality Checked by	Amounts and Signature by	Net Deduction	
Fund and Appr'n Checked by	Warrants O.K.	Approved by Controller for	

Controller's Warrant No.

To

Fiscal year

Both inclusive

Date

STATE OF CALIFORNIA
CLAIM FOR PAYMENT OF INVOICES

STATE OF CALIFORNIA
City and County of San Francisco } ss 50-22

The undersigned being first duly sworn deposes and says: That he is the duly appointed, qualified and acting officer of the herein named state department, board, office, or institution; that on the within claim and the schedules and invoices thereto attached the services therein mentioned were actually rendered and the articles delivered in accordance with law. Affiant further states that requests for the purchase of articles listed herein and for which payment is requested were duly made on purchase estimates and that said estimates were duly approved by authorized officials; that the amounts charged for such items and the deliveries thereof as evidenced by invoices herein attached conform with the terms of Purchase Orders issued by the Bureau of Purchases of the State Department of Finance; that all of the expenditures herein set forth are in accordance with the current budget provisions as approved by the Division of Budgets and Accounts of the State Department of Finance and that none of the expenditures herein set forth are in excess thereof; that the claimants named herein are such entitled to the amount set opposite their respective names and actually have been paid or will be paid as allowed when warrant is received from the State Controller.

Affiant further states that he has not violated any of the provisions of Article VII of Chapter VII of Title I of Part III of the Political Code in incurring the items of expense mentioned in the attached claim or in any other way.

Affiant further states that the totals of the schedules and of the within claim as presented are as set forth herein.

Schedule Number	Claim Presented for		Corrections: Additions	Corrections: Deductions	Approved for
HGBA	36,890	27			
CEF	24,447	42			
Totals	61,337.	69			

Signed [signature]
Title Comptroller

Subscribed and sworn to before me, on this 2nd day of February 1950
Title Secretary

Approved for payment in the sum of $61,337.69 for which warrant is requested of State Controller.

Date approved 2-2-50

Agency	Fund	Type	Approp	Sub Acct or Category
011				

[signature]
Manager

(To be signed by Directors, Board Members, etc., when required by law)

Approval of Bureau of Purchases

All invoices for purchases of materials, supplies and equipment on the within claim are in conformity with duly authorized purchase orders, except as noted, and claim is hereby approved with exceptions, if any, as noted.

BUREAU OF PURCHASES

By

Form No. 606
STATE PRINTING OFFICE

State Compensation Insurance Fund
DEPARTMENT, INSTITUTION COMMISSION, ETC.

Fund or Appropriation State Compensation Insurance Fund

SCHEDULE OF BILLS FILED

Chapter

Fiscal Year 1949-50

Schedule No. 50-22

Month of February

Date of Schedule 2-1-50

NUMBER Estimate	NUMBER Purch. Order or Item	IN WHOSE FAVOR ALLOWED		AMOUNT Detail	AMOUNT Total	✓	Schedule Line No.
		Sta te Compensation Insurance Fund	-	-			1
		Revolving Fund			$61,337.69		2
							3
		Par attached schedules.					4
							5
							6
							7
							8

H—Dividends

G—Returned Premiums

February 1, 1950

Check No.	*Amount*	*Check No.*	*Amount*	*Check No.*	*Amount*
83,205	$11.73	239	3.14	274	3 59
206	2.13	240	3.92	275	114 47
207	3.35	241	4.94	276	17.71
208	30 96	242	8.97	277	2.60
209	4.70	243	1.76	278	6.96
210	14.18	244	3 53	279	2.49
211	74.88	245	167.35	280	7.19
212	6.02	246	48.15	281	49.54
213	31.96	247	408 26	282	619.38
214	2.23	249	343.41	283	1.89
215	.99	250	29.74	284	3 98
216	1 91	251	11.93	285	8.16
217	7.91	252	8.51	286	16.42
218	4.49	253	4.23	287	8.51
219	2,11	254	178 90	288	7.14
220	3.97	255	2.36	289	49 54
221	6 35	256	614.84	290	6.69
222	10 45	257	1,055 86	291	1 69
223	3 95	258	2.35	292	8.30
224	9.00	259	2.60	293	979.26
225	2.36	260	6.63	294	3.97
226	550.19	261	1.89	295	30.09
227	3.24	262	16.34	296	4.35
228	4.66	263	4.69	297	11.10
229	6.23	264	2.64	298	7.49
230	3.10	265	88.72	299	126.92
231	29.47	266	2.87	300	6.67
232	129 03	267	16.70	301	11.86
233	6.18	268	1.76	302	19.15
234	2.12	269	16.53	305	175.81
235	24.36	270	3.17	306	1,583.85
236	9.50	271	4.53		
237	3.56	272	2.14		
238	14.85	273	3.35		$7,995.60

Check No.	*Amount*
182,703	$20.94
704	.60
705	21.08
706	23.78
707	35.10
708	369.43
709	2.32
710	74.33
711	27.48
712	28.96
713	18.73
714	8.08
715	97.10
716	40 53
717	49.15
718	9.03
719	10.48
720	200.00
721	53.19
722	10.25
723	8.79
724	11 35
725	131 98
726	10.97
727	13.27
728	80.42
729	1.89
730	311.89
731	90.80
732	6.57
733	9.31
734	16.00
735	.98
736	19.18
737	35.29
738	64.18
739	15.00
740	10 95
41	4.82
42	3 25
43	9.52
44	6.90
45	6.46
46	4.84
47	.31
48	6.52
49	3.48
750	13.19
51	5.18
52	3.48
53	10.67
54	3.69
55	150.00
56	1.74
57	11.84
58	22 70
59	37.34
60	11 35
61	1.25
62	8 83
63	9 15
64	10.00
65	23.88
66	5.38
67	10.00
68	8.99
69	3.21
70	9.84
7.71	3.68
72	4 39
73	1.31
74	10.00
75	38.88
76	6.50
77	10.74
78	10.00
79	.30
80	11.24
81	5 86
82	9 88
83	50.00
84	1.95
85	2.73
86	5.22
87	14.61
88	.52
89	4.61
90	85.84
91	14.97
92	11.13
93	10.97
94	10.00
95	111.65
96	17.74
182,797	8.51
798	19.69
799	12.87
800	40.00
801	12.36
2	15.92
3	10.44
4	41.17
5	1.65
6	14 71
7	14 94
8	10.00
9	10.05
10	2.50
11	1.11
12	17.55
13	4.38
14	5.00
15	18 30
16	6.30
17	1 42
18	5 00
19	4 95
20	.36
21	3 73
23	.90
24	2.19
25	3 03
26	4 40
27	44.94
28	41 34
29	37.12
30	300 00
31	100 00
	$11,614.34

Stopped payment:

175,388	1.33–
175,321	3 09–

Check No.	*Amount*
Canceled checks:	
80,879	101.00–
75,060	1.96–
73,049	343.41–
181,437	2.93–
	$11,160.62
	$11,160.62

"B" Compensation checks:

16,969	$60.00
70	30.00
71	30.00
72	80.00
73	60.00
74	60.00
75	30.00
76	60 00
77	8.57
78	30.00
79	1.43
80	50.00
81	90 00
82	60 00
83	60.00
84	60.00
85	90.00
86	90.00
87	60.00
88	30 00
89	60.00
90	60.00
91	60 00
92	60 00
93	72.86
94	61 52
95	20.00
96	21 00
97	60.00
98	9.53
99	8.57
17,000	8 57
1	60.00
2	54.44
3	68.55
4	120.00
5	84 00
6	13 41
7	60 00
8	120.00
9	101.76
10	60.00
11	25 71
12	60 00
13	1,412 14
14	75.00
15	59.85
16	30 00
17	90.00
18	41.98
	$4,078 89
19	$60.00
20	4 45
21	60.00

Check No.	*Amount*
22	60 00
23	60.00
24	60.00
25	177.84
26	81.00
27	90 00
28	21.43
29	17.14
30	60 00
31	90 00
32	77.14
33	8.57
34	7.94
35	8 57
36	4.28
37	60 00
38	30 00
40	34.29
42	60.00
43	12.86
44	30.00
45	60.00
46	90.00
47	120.00
48	50 00
49	100 00
50	39.00
51	46 68
52	12 86
53	120.00
54	330.00
55	19 50
56	60.00
57	38 57
58	256 50
59	60 00
60	12 86
61	21.43
62	4 29
63	47.14
64	33.36
	$6,776.59
65	$40 00
66	59.28
67	60.00
68	60.00
69	120 00
70	24 08
71	8 57
72	60 00
73	30.00
74	51.88
75	180.00
76	60 00
77	44.46
78	120 00
79	60 00
80	60 00
81	60.00
82	54 74
83	77.14
84	100.00
85	60 00
86	100 00
87	60 00
88	90 00
89	120 00
90	60 00
91	64.29
92	120.00
93	49 36
94	90.00
95	60.00
17,096	60.00
97	59.28
98	30.00
99	51.28
100	39.90
1	90.00
2	80.00
3	12 86
4	67.75
5	150.00
6	30.00
7	75.00
8	150.00
9	31.52
110	24.68
111	3,300.00
112	300.00
113	61 52
114	120.00
115	120 00
116	120.00
117	90 00
118	12.86
	$14,057.04
119	$60 00
120	60.00
121	55.40
122	42.68
124	42.00
125	60 00
126	59.28
127	60.00
128	60.00
129	60.00
130	60.00
131	27 22
132	60.00
133	11.96
135	31 84
136	52.64
137	1.96
138	15.40
139	100.00
140	90 00
141	100 00
142	100 00
143	100.00
144	100.00
145	100 00
146	89.76
147	120.00
148	120.00
149	60 00
150	120 00
151	120.00
152	61.52
153	100.00
154	100 00
155	120 00
156	120.00
157	100.00
158	120.00
159	120 00
160	100.00
161	100.00
162	120 00
163	108.32
164	28 08
165	76.00
	$17,571.10
166	$120.00
167	120.00
168	120.00
169	120.00
170	120.00
171	108 68
172	8.00
173	76.68
174	11.12
175	120 00
176	100.00
177	120.00
178	120.00
179	120.00
180	120.00
181	180 00
182	100 00
183	102 84
184	17.36
185	61.52
186	27 24
187	75 00
188	120.00
189	90.00
190	120 00
191	17.32
192	59 28
193	345 80
194	90 00
197	60.00
198	55 78
199	30 00
200	8.57
201	8 57
202	12 00
203	9.00
204	90.00
205	60 00
206	60 00
207	60.00
208	60 00
209	60 00
210	100 00
211	360 00
212	60 00
213	90 00
214	243.75
215	75 00
216	30 00
217	60 00
218	120.00
219	60 00
220	1,290 00
221	150.00
222	30 00
223	60 00
224	56.68
225	200 00
226	50.00
227	120 00

Check No.	*Amount*
228	25.64
229	25.64
230	840.43
231	75.00
232	60.00
233	60.00
234	17.14
235	60 00
236	60.00
237	60.00
238	42.86
239	34 29
240	25.71
241	30.00
242	66.45
243	120.00
244	60.00
245	42 86
246	60 00
247	30 00
248	30.00
249	30.00
250	55.71
251	60.00
252	120 00
	$26,303.02

Canceled checks:

14,661	$60.00—
14,567	90.00—
13,506	60.00—
3,834	12 87—
3,331	6.77—
193,683	12.00—
199,729	17.14—
9,792	12.00—
10,026	60.00—
12,834	30.00—
12,834	30 00—
12,834	30.00—
13,911	6 00—
13,950	9.00—
14,940	90 00—
15,038	17.14—
15,481	90.00—
15,549	12.52—
15,778	12.86—
15,782	30.00—
15,959	8.57—
	$25,726.15
	$25,726.15

"A" Check:

65,405	3.50
	3.50
HG	11,160.62
B	25,726 15
A	3.50
HGBA	$36,890 27
HGBA	$36,890.27
124,001	$93.65
2	270.60
3	418.00
4	23.00
5	33.50

Check No.	*Amount*
6	15.00
7	30.50
8	8.50
9	11.75
10	9.00
11	180.10
12	15.00
13	35.00
14	90.00
15	11.50
16	19.25
17	16.30
18	11 50
19	5 00
20	8.00
21	12.00
22	4.00
23	27.00
24	47 75
25	12.25
26	17.00
27	7.00
28	3.00
29	11.00
30	7.00
31	12.20
32	35.25
33	89.50
34	41.50
35	5.76
37	1,042 90
38	62 50
39	985.55
40	1,536.54
41	87.48
42	52.85
43	28.15
44	12 00
45	34.75
46	8.00
47	40.00
48	17.50
50	21.75
51	15.50
52	96.50
53	24.74
54	8.02
55	17.25
56	58.00
57	15.98
58	36.50
59	32.00
60	10.00
61	11.00
62	14.00
63	51.50
65	23.00
66	23.25
67	23.00
68	44.75
69	33.50
70	23.85
72	86.50
73	6.47
74	11.00
75	3.00
76	11.50
77	5.00
78	48.50
79	2.00
80	5.00

Check No.	*Amount*
81	7.00
82	3.00
83	15.00
84	8 25
86	.80
87	5.00
88	22 50
89	13.66
90	6.50
91	13.50
92	6.25
93	4.00
94	26.00
95	52.00
96	50.00
97	8.50
98	10.00
99	13.50
100	3.50
102	42.50
103	18.10
104	20.00
105	15.00
106	752.00
107	26.50
108	311.61
109	222 36
110	138.61
111	136.85
112	24.25
113	169.65
114	113.60
115	53.50
116	71.00
117	$38.70
118	12.50
119	7.00
120	45.25
121	39.25
122	14.50
123	22 50
124	21.00
125	23.25
126	15.50
127	28.25
128	12 00
129	32.10
130	12.00
131	114.00
132	12.00
133	14.00
134	34.00
135	16.50
136	6.75
137	2.00
138	8.25
139	8.75
140	19.00
141	6.25
142	6.25
143	12.50
144	23.00
145	15.00
146	15.00
147	18 00
148	5.00
149	12.50
150	27.50
151	2.00
152	12.13
153	2.00

Check No.	*Amount*	*Check No.*	*Amount*	*Check No.*	*Amount*
154	5 00	224	28 60	295	18.00
155	18 75	225	77 00	296	3 00
156	37 50	226	77 00	297	5.00
157	7.00	227	50.00	298	15.00
158	5 00	228	23 25	299	83.00
159	14 00	229	4 00	300	17.00
160	7 00	230	10.00	301	653.19
161	11 86	231	13.00	302	2,267.74
162	30 68	232	80 00	303	206.48
163	50 97	233	41.50	304	1,313 77
164	48 00	234	15 00	305	5.00
165	9.08	235	71.78	306	13 25
166	151.25	236	12 00	307	17.00
167	213.22	237	13 50	308	17.50
168	17 00	238	6.00	309	5 00
169	70 50	239	21 25	310	97 50
170	21.00	240	5 00	311	12 00
171	21.10	241	6.00	312	16.45
172	176 10	242	62.00	313	9 00
173	400 61	243	34 05	314	3.00
174	698 14	244	2 07	315	5.75
176	104 30	245	2 50	316	7.00
177	36 00	246	4 63	317	9 50
178	948.54	248	3 61	318	65.00
179	2.07	249	10 35	319	26 00
180	8 00	250	8 76	320	6.00
181	12.50	251	8.25	321	16.25
182	24 25	254	10 50	322	6 25
183	133 30	255	1 03	323	2.00
184	16 50	256	6 25	324	3 50
185	8 00	257	6 25	325	40 00
186	59 50	258	3.50	326	8.50
187	8 00	259	8 18	327	10 00
188	31.00	260	8 28	328	11 60
189	24 00	261	11 19	329	25 00
190	19 50	262	8 00	330	3 64
191	48.10	263	38 25	332	23 27
192	36.50	264	115 30	333	566 79
193	53 00	265	67 00	334	30 00
194	3 50	266	359 00	335	53 50
195	8 40	267	2 50	336	10 00
196	43 00	268	6 25	337	65.50
197	24 00	269	3 00	338	12 50
198	44.75	270	5 26	339	30 50
199	15.00	271	16 50	340	25.75
200	6 00	272	11.75	341	12 50
124,201	5.25	273	8 00	342	14.00
202	3 00	274	29.75	343	12 00
203	9 75	275	19 00	344	36 00
204	15 25	276	24 00	345	5.37
205	7 00	277	9.50	346	6 00
206	9.50	278	3 00	347	30 00
207	7 00	279	37.00	348	8 00
208	33.50	280	40 63	349	19.50
209	23 50	281	52 48	350	22 00
210	5 50	282	2 00	351	22 25
211	77.00	283	150 00	352	15 50
212	2 10	284	17 00	354	7.55
213	12 00	285	6.25	355	3 50
214	4 54	286	8 25	356	15 00
215	25 00	287	8 25	357	15 00
216	2 19	288	9 25	358	12 00
217	22.62	289	5 00	359	3.62
218	21 89	290	6 05	360	6 24
220	10 15	291	21 50	361	29 12
221	2 00	292	36 50	362	6.50
222	225 00	293	29 15	363	14.95
223	20.50	294	29 50		

Check No.	*Amount*
364	6.26
365	17.71
366	64 80
367	26 04
368	6 00
369	14.53
370	3 35
371	33 64
372	2.08
373	13.13
374	8 50
375	2 50
376	1.39
377	2 06
378	.50
379	.50
380	9.32
382	1 03
383	2 32
384	8 25
385	2.32
386	3.88
387	10.00
388	1.56
389	6 47
390	50
392	5 00
393	3 00
394	5.00
395	23 00
396	7.00
397	23.00
398	11 00
399	5 00
400	19 00
402	57.50
	$22,981.59
114,832	—8.00
119,102	—50.00
	$22,923 59
"C" summary:	$22,923.59
	$22,923.59
Corrections:	
124,085	$18.00
124,281	—6
	$22,941.53
	$22,941.53
"E" and "F" Checks:	
45,322	$90 00
323	61.52
324	30.00
325	24.43
326	90 00
327	60 00
328	54.16
329	100.00
330	100.00
331	34.29
332	60.00
333	60.00
334	60.00
335	90.00
336	54.16
337	100.00
338	100.00
	$1,168.56
102,058	$4.15
60	13.00
61	11.00
62	94.00
63	23 50
64	83.86
65	132.25
	$1,530.32
45,213	—24.43
	$1,505.89
	$1,505 89
C	$22,941 53
EF	1,505.89
	$24,447.42
CEF	$24,447 42

STATE OF CALIFORNIA
DEPARTMENT OF FINANCE
Sacramento 14,

February 14, 1950

Hon. Ernest R Geddes, Chairman
Assembly Interim Committee on Finance and Insurance
Room 527, Investment Building, Pomona, California

DEAR MR. GEDDES In your letter of January 31st, you requested a statement of the relationships between the State Compensation Insurance Fund and the Director of Finance, and a copy of the last report reflecting the financial condition of the fund.

We have prepared and are enclosing copies of: (1) A statement describing the relationships between the State Compensation Insurance Fund and the Department of Finance, (2) the latest report of the Audits Division, Department of Finance, on the financial condition of the State Compensation Insurance Fund, (3) a compilation of pertinent sections from the Insurance, Labor and Government Codes.

You will note that the report of the Audits Division is for the calendar year 1948. The corresponding report for 1949 will not be available in time for your committee hearing, February 20th. However, arrangements have been made for representatives of the Audits Division to be present at the hearing, so if you desire you will be able to call upon them for additional information.

On January 31st an opinion was requested of the Attorney-General as to whether the State Compensation Insurance Fund must comply with the accounting systems which the law authorizes the Department of Finance to prescribe for all state agencies. Copies of the request for the opinion and the Attorney General's preliminary reply are enclosed. The Attorney General's office is unable to state whether the opinion will be available by February 20th. If it is available, copies will be furnished your committee

It is hoped that the enclosed material will be helpful to you and your committee. If this office can be of further assistance, do not hesitate to call upon us.

Very truly yours,

JAMES S. DEAN
Director of Finance

Relationships Between the State Compensation Insurance Fund and the Department of Finance

The State Compensation Insurance Fund is a business-type enterprise, essentially unlike most state agencies. Consequently, its relationships with the Department of Finance are fewer and less direct than is the case with most other agencies. The relationships which do exist involve administration of compensation insurance for state agencies, investment, auditing, and some budgetary matters. These relationships are described below.

Reference is made to two opinions of the Attorney General and a court decision, the effect of which has been to limit the extent of control which the Department of Finance may exercise over the State Compensation Insurance Fund

Attorney General opinion NS 3215 states that Compensation Insurance Fund leases need not be executed by the Director of Finance.

Attorney General opinion NS 3215-A states that contracts executed by the Compensation Insurance Fund are not subject to Department of Finance approval.

The California Supreme Court in *Burum v State Compensation Insurance Fund*, 30 Cal. 2d. 575, held among other things, that a claim against the fund is not a claim against the State.

These interpretations emphasize the independent nature of the State Compensation Insurance Fund and its consequent freedom from controls ordinarily exercised by the Department of Finance.

Compensation Insurance for State Agencies

Some state agencies hold policies with the State Compensation Insurance Fund. The majority, however, are not insured with the fund. Pursuant to Section 11871 of the Insurance Code, the Department of Finance and the Fund have entered into a master agreement under which the fund acts as agent in the adjusting and disposition of claims for compensation insurance which arise against any state agency not insured with the fund. The state agency served in any case reimburses the fund for the latter's actual cost, which is estimated in the agreement at 12½ percent of expenditures on each claim against the agency. The agreement is subject to termination by either party on 30 days' notice.

The Insurance Adviser of the Department of Finance assists and advises the Director, the manager of the fund, and state agencies on matters concerning the administration of the master agreement. He aids in the solution of particularly difficult or unusual problems arising in the adjustment of claims involving state employees

Budgetary

The Department of Finance exercises very limited budgetary control over the State Compensation Insurance Fund. There is no review of the fund's annual budget request. However, proposed equipment purchases and expenditures for printing are reviewed for compliance with general policies covering such expenditures by state agencies.

In addition, the budget staff of the Department of Finance determines the amount of money—a lump sum—to be budgeted for payment of claims against general fund state agencies, and reviews the amounts included in support budgets of special fund state agencies for payment of claims against those agencies. Actual payment of claims is handled by the Compensation Insurance Fund as the state's agent, and the fund is reimbursed from the money budgeted for the purpose.

Investment

Pursuant to Section 11798 of the Insurance Code, the board of directors of the fund, through its manager, from time to time requests the Director of Finance to approve proposed security transactions. An average of seven or eight such requests are filed each year, and each request may involve a number of transactions. The requests are reviewed by the investment adviser of the Department of Finance Ordinarily the requests are approved as presented However, the investment adviser occasionally suggests alternative security transactions consistent with what he believes to be the appropriate investment policy for the fund.

In compliance with Section 11799 of the Insurance Code the board, through its manager, submits to the Director of Finance a monthly statement of the moneys available for investment. In addition, the investment adviser has requested and receives a statement showing the results of all open market transactions for which approval previously has been given. He also receives, upon request, complete schedules of security holdings to aid him in determining the appropriateness of transactions requested by the board.

Auditing

In compliance with Section 11860 of the Insurance Code, the Audits Division of the Department of Finance conducts an annual audit of the books and records of the State Compensation Insurance Fund The audit reports ordinarily include a review of the fund's insurance and investment operations for the year, the financial status of the fund as of the end of the calendar year, an analysis of financial records and procedures, and recommendations, if any. The latest such report available is for the calendar year 1948.

Code Sections Covering Relationships Between State Compensation Insurance Fund and Department of Finance

Insurance Code

SEC. 11792. Revolving Fund: Amount: Deposit: Warrants 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. (Amended by Stats. 1945, Ch. 1431, Sec 154.)

SEC. 11793. Same: Expenditures: Exempt from Government Code Section 16003; Reimbursement: Form of Abstract. 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. (Amended by Stats 1947, Ch. 520, Sec. 3.)

SEC. 11795. Valuation of properties and securities of fund. 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. (Amended by Stats 1945, Ch. 1431, Sec 156)

SEC. 11798. Estimate for Investment: Approval: Warrant for Amount 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 investments 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 (Amended by Stats. 1945, Ch. 1431, Sec 158.)

SEC. 11799 Accounting of moneys received for investment. 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. (Amended by Stats. 1945, Ch. 1431, Sec. 159)

SEC. 11860 Quarterly Report to Governor: Annual Audit: Publication of Abstract: Other Reports Each quarter the manager of the State Compensation Insurance Fund shall make a report to the Governor of the business done by the State Compensation Insurance Fund during the previous quarter and a statement of the fund's resources and liabilities at the close of that previous quarter The State Department of Finance shall annually audit the books and records of the State Compensation Insurance Fund and cause an abstract summary thereof to be published one or more times in at least two newspapers of general circulation in the State. The manager of the fund shall likewise make to the commissioner all reports required by law to be made to him by other insurers (Amended by Stats 1945, Ch 1431, Sec. 160)

SEC. 11870 Public Employers: Right to Insure With Fund: Premium as a Charge Against Certain Funds. * * * Where the State or any agency, department, division, commission, board, bureau, officer, or authority thereof is the insured, the premium for such insurance shall be a proper charge against any moneys appropriated for the support of or expenditure by the insured, except that in the case of an insured supported by or authorized to expend moneys appropriated out of more than one fund, the insured with the approval of the Director of Finance, may determine the proportion of such premium to be paid out of each fund. In such case the insured, with the approval of the Director of Finance, may pay the entire premium out of any of such funds and thereafter the funds used for payment shall be reimbursed in proper proportion out of such other fund.

SEC. 11871. Master Agreement for Services in Adjustment and Disposition of Claims. (Authority to Enter into Agreement) The State Compensation Insurance Fund may enter into a master agreement with the Department of Finance to render

services in the adjustment and disposition of claims for workmen's compensation to any state agencies, including any officer, department, division, bureau, commission, board or authority, not insured with the fund.

(Rendition of Services at Uniform Rate.) Such agreement shall provide for rendition of such services at a uniform rate to all agencies, except that the rate for the California Highway Patrol may be fixed independently of such uniform rate.

(Adjustment and Disposal of Claims.) The fund may, in accordance with the agreement, adjust and dispose of claims for workmen's compensation made by an officer or employee of any state agency not insured with the fund.

(Expenditures: Reimbursement.) The fund may make all expenditures, including payment to claimants for medical care or for adjustment or settlement of claims, necessary to the adjustment and final disposition of claims. 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. * * *

Labor Code

SEC. 4755. Cash Revolving Fund: Expenditures, Reimbursements. The State Compensation Insurance Fund may draw from the State Treasury out of the appropriation made for the purposes specified in Section 4751 (additional compensation for additional permanent partial disability), without at the time presenting vouchers and itemized statements, a sum not to exceed in the aggregate fifty thousand dollars ($50,000), to be used as a cash revolving fund. The revolving fund shall be deposited in such banks and under such conditions as the Department of Finance determines. The Controller shall draw his warrants in favor of the State Compensation Insurance Fund for the amounts so withdrawn and the Treasurer shall pay such warrants.

Expenditures made from the revolving fund in payments on claims for such additional compensation and for adjusting services 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 or statement shall be in such form as the Controller requires. (Added by Stats. 1947, Ch. 1505.)

SEC. 6111. Master Agreement. 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. (Added by Stats. 1943, Ch. 45.)

SEC. 6112. Uniform Rates. The master agreement shall provide for the rendition of services at a uniform rate to all state agencies. (Added by Stats. 1943, Ch. 45.)

SEC. 6114. Reimbursement of the Fund. 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. (Added by Stats. 1943, Ch. 45.)

SEC. 6131. Premium. The premiums for such insurance (obtained by a state agency from the State Compensation Insurance Fund) 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 porportion of such premium to be paid out of each such fund. (Added by Stats. 1945, Ch. 45.)

Government Code

SEC. 16003. Audit. The Controller shall not draw his warrant for any claim until it has been audited by him in conformity with law and the general rules and regulations by the board (of control), governing the presentation and audit of claims. Whenever the Controller is directed by law to draw his warrant for any purpose, the direction is subject to this section, unless it is accompanied by a special provision exempting it from this section.

(COPY)

STATE OF CALIFORNIA
DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL
Library and Courts Building
Sacramento 14, California

February 3, 1950

Hon. James S. Dean
Director of Finance
Sacramento, California

DEAR SIR: This will acknowledge receipt of your interdepartmental communication of January 31, 1950, in which you request our opinion on the following questions.

"1. Whether or not the State Compensation Insurance Fund is subject to the provisions of Section 13290 of the Government Code and must comply with the accounting system prescribed by the Department of Finance for this agency?

"2. When the fund finds premiums are uncollectible may the fund cancel from its records the amount of such premiums due, without proceeding in accordance with the provisions of Section 13940 to 13944 of the Government Code and obtain approval of the State Board of Control?"

This matter is receiving our attention, and we shall advise you of our conclusions as soon as possible.

Yours very truly,

FRED N. HOWSER, Attorney General
By E. G. BENARD
Assistant Attorney General

(COPY)

HON. FRED N. HOWSER, Attorney General
Accounting Procedures, State Compensation Insurance Fund
Sacramento, California

January 31, 1950

Section 13290 of the Government Code provides as follows:

"The department 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, to the end that all revenues, expenditures, receipts, disbursements, resources, obligations, and property of the State be properly, accurately, and systematically accounted for and that there shall be obtained accurate and comparable records, reports, and statements of all the financial affairs of the State."

The Department of Finance has recommended with reference to accounts receivable of the State Compensation Insurance Fund that press-numbered invoices be obtained from the State Printer in order that an accurate record may be kept of every invoice sent to anyone owing money to the State Compensation Insurance Fund, and that there be set up on the general books and ledgers of account of the fund a record of all premiums, both initial and additional, to be collected. The fund has declined to follow these recommendations.

We desire your opinion as to whether or not the State Compensation Insurance Fund is subject to the provisions of Section 13290 of the Government Code and must comply with the accounting system prescribed by the Department of Finance for this agency.

Sections 13940 to 13943 of the Government Code set forth procedures to be followed where a state agency desired to be discharged from accountability for collecting moneys due the State When the fund finds 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 to 13944 of the Government Code and obtain approval of the State Board of Control?

JAMES S. DEAN
Director of Finance

STATE COMPENSATION INSURANCE FUND

BOARD OF DIRECTORS

Paul Scharrenberg, Chairman

Alfred H. Campion — Lloyd A. Mashburn
Ernest Ingold — Ray B. Wiser

MANAGER
Joseph J. Gallagher

SECRETARY
E. R. Howard

COMPTROLLER
H. C. Miller

Hon. James S. Dean
Director of Finance
Sacramento, California

DEAR SIR: We have examined the books and records of the State Compensation Insurance Fund for the calendar year 1948 and present herewith our report with the following exhibits:

Exhibit I Statement of Financial Status, December 31, 1948
Exhibit II Statement of Business Done During the Calendar Year 1948
Exhibit III Comparative Statement of Business Done during the Calendar Years 1947 and 1948

Scope of Examination

We have reviewed the system of internal control and the accounting procedures and, without making a detailed audit of transactions, have examined the financial activities, accounting records and supporting documents by methods and to the extent deemed sufficient.

Operations

Comparison of premiums written by the fund (before deduction for reinsurance) with the total of workmen's compensation insurance premiums written by all carriers in the State of California is presented as follows:

Calendar year	*(Statistics obtained from Insurance Commissioner)* *State fund*	*All carriers*	*Percent of state fund to all carriers*
1947	$22,921,044	$93,197,995	24 59
1948	26,402,009	103,438,841	25.52
1914–1948 Inc.	285,314,459	1,086,185,285	26 27

Other data of interest concerning the operations of the fund are:

1. Earned premiums in 1948 amounted to $25,823,153.85 as compared with $22,524,192.14 in 1947, an increase of $3,298,961.71 or 14.65 percent.

2. Total assets at December 31, 1948 were $42,664,406 46 as compared with $38,202,339.36 at December 31, 1947, an increase of $4,462,067 10 or 11.68 percent.

3. Invested assets and cash at December 31, 1948 were $41,243,681 98 as compared with $37,125,472.06 at December 31, 1947, an increase of $4,118,209.92 or 11 09 percent.

4. The gain from underwriting and investments in 1948 was $9,286,344 65 as compared with $7,647,695 58 in 1947, an increase of $1,638,649 07 or 21 43 percent.

5. Dividends paid in 1948 totaled $8,028,703 94 as compared with $5,826,290 92 in 1947, an increase of $2,202,413 02 or 37 80 percent.

6. The surplus available for dividends at December 31, 1948 was $8,294,405 93 as compared with $7,036, 765 22 at December 31, 1947, an increase of $1,257,640.71 or 17.87 percent.

Insurance Operations

The results of insurance operations for the past two years are summarized as follows:

	(1) Earned premium	*(2) Losses incurred*	*(3) Overhead expenses incurred*	*(1) less (2) and (3) gain*
1948	$25,823,153 85	$13,932,113 46	$3,445,419 32	$8,445,621 07
1947	22,524,192 14	12,545,430 35	3,125,252 86	6,853,508 93
Increase	$3,298,961 71	$1,386,683 11	$320,166 46	$1,592,112 14
Percent increase	14 65	11 05	10.24	23 23

The loss ration (percent of losses incurred to earned premiums) for 1948 was 53.95 percent as compared with 55.70 percent for 1947. The overhead ratio (per cent of overhead expenses to earned premiums) for 1948 was 13 34 percent, a drop from 13.88 percent for 1947.

Investment Operations

The transactions in securities for the calendar year 1948 are summarized as follows:

	Par value	*Cost*
Purchases	$5,000,000	$5,051,953 14
Maturities	462,000	---
Sales	None	

During 1948 an average investment of $37,330,505 50 (mean of investments at beginning and end of year) in bonds produced a net interest income of $833,221 84; yielding 2.23 percent as compared with 2 33 percent in 1947.

Financial Status—December 31, 1948

Following is a discussion of balance sheet items upon which special comments are considered appropriate.

Cash—$1,665,251.98

Cash, verified by count and with bank depositories and State Treasury, was comprised as follows:

In bank and on hand	$339,955 18
In State Treasury	1,325,296 80
Total	$1,665,251 98

Bonds—$39,578,430

An analysis of the bond portfolio developed the following information as to the obligors on the bonds held:

U. S. Government	$33,896,247
States	810,436
Political subdivisions of the states	4,871,747
Total	$39,578,430

The market value of these securities, obtained by the fund from independent sources, was $39,862,664 87 as of December 31, 1948.

Premiums in the Course of Collection Outstanding Under 90 Days—$762,602.61

This amount does not include initial deposit premiums in the course of collections. It has been the custom of the fund not to include these premiums in its financial statements. Further comment on this matter is found in this report under the title "Accounting System"

Real Estate—Other—$273,439.32

This figure is composed of the costs of the following two parcels of land:

Lot, SW corner, Polk and Golden Gate, San Francisco	$122,606 98
Lot, SE corner, 6th and Lafayette Pk Pl., Los Angeles	150,832 34

The property in Los Angeles was acquired in April 1948 precedent to the proposed construction of a branch office. The acquisition was authorized by Section 11781 5 of the Insurance Code enacted in 1946 by the Legislature

The vacant lot in San Francisco has been held since 1938 in anticipation of the expansion of the present home office facilities. It is being rented to private individuals for use as a parking lot.

Reserve for Compensation Benefits and Expense $27,415,346 35

This reserve is an estimate of future payments to be made on policies already issued. Its detail can be analyzed as follows.

Policy Year 1948—Case basis	$6,139,379 81	
Unreported Loss	1,100,000 00	$7,239,379 81
Policy Year 1947—Statutory 65 percent basis		6,961,549 78
Policy Year 1946—Statutory 65 percent basis		4,268,470 13
Policy Years 1914-1945 inclusive—Case basis		6,565,171 44
Additional for pneumonoconiosis and War Defense Risks		113,928 20
Loss Expense Reserve		2,266,846 99
Total Reserve		$27,415,346 35

This reserve is ample. The fund estimates unreported losses for the 1948 policy year at $1,100,000, but makes no provision for a related asset of premiums earned, but unreported, as of December 31, 1948. The fund, in estimating future payments on a case basis, did not consider the present value of such estimates at 4 percent interest, allowable under Sections 11560 and 11561 of the Insurance Code. The reserve for loss expense is considerably in excess of statutory requirements.

Reserve for Deferred Purchases—$135,000 00

During the war years many items of furniture and fixtures were not obtainable. So in order to equalize the expense charges for the larger expected expenditure for furniture and fixtures during the postwar era, this reserve was established in 1943 It was created on the basis of the average yearly expenditure for furniture and fixtures during the calendar years 1937-1940, inclusive For calendar years 1941 to 1946 when the yearly expenditure failed to reach this base average, additional charges were made to expense to equal this average, the contra credits being to this reserve In 1947 the base average for the 1937-1940 period was increased by 40 percent to account for the increase in price level and this reserve was adjusted accordingly for the years 1941 through 1947. For the 1948 statements, the fund has failed to follow through with the plan. In fact no adjustment was made to this reserve at all. In order to be consistent with the adjustments made in the prior years, about $72,500 charged as expense of 1948 should instead be charged to this reserve The reason given by the fund was the desirability of continuing this $135,000 reserve intact for a considerable volume of

furniture replacements contemplated for the Los Angeles Office, the purchase of which is being deferred in anticipation of the erection of the building. In our opinion, the use of this reserve as a method to equalize expenses from year to year is contrary to good accounting practice. There is, however, no objection to treating this reserve as an allocation of surplus, and is so shown on our financial statement

Financial Records and Procedures

Cash

The present instructions filed with the Anglo California Bank specify that disbursement checks in amounts over $500 are not to be honored without two signatures by the maker. Since signatures on checks are being applied by a checkwriting machine with a plate containing two signatures, this restriction is no longer pertinent The present custom of the fund is to require two hand signatures of checks in excess of $5,000. It is recommended that this restriction be filed with the bank in place of the present one.

Numerous checks paid by the bank bore improper endorsements. Such endorsements were accepted by the fund when the fund considered there was reasonable assurance that the right parties received the money.

Branch office revolving fund reports were found to contain numerous errors. These reports were not being given the attention by the accounting section as had been the custom. Steps have been taken by the Comptroller of the Fund to rectify this condition.

Accounting System

The fund maintains a cash system of accounting, accruals being made for statement purposes. The fund does not show in the premium account of its general ledger any premiums written until collections are made, nor does it carry any uncollected premiums as a ledger accounts receivable It maintains a control over premiums receivable through IBM cards. Cards are punched at the time premiums (except initial deposits) are billed and then kept as nonledger records until payments are received Quarterly listing of these cards are made and reconciled with unpaid bills on hand in the cashier's department Billings for initial premium deposits are not controlled by IBM cards.

Billings for premiums are voluminous in number and now exceed $25,000,000 a year in value. The accounting control over them should be extended to provide for press-numbered billings and ledger account control. Then, from the standpoint of internal control and post audit a series of numbered documents must be accounted. Receivables as billed can be placed under ledger control by posting daily totals to a register and making monthly postings from this register to control accounts. Initial deposit billings should also be placed under this type of control Adjustments or write-offs of billings are then automatically placed under the scrutiny of an audit

Unpaid initial deposit premiums billed are at present not under accounting control nor are accruals made for statement purposes The contention of the fund is that, under the terms of the policies issued, the policy is null and void unless payment is received by a specified date, which is usually 10 to 20 days from the date of issuance However, this custom is not strictly adhered to, and many payments were found to be accepted after the stipulated dates. The contention that no asset or liability exists until the initial premium is received is not sound, because if an injury occurred during the grace period, the insured would undoubtedly pay the deposit premium even if his intentions had been otherwise. Section 480 of the Insurance Code states that an insurer is entitled to payment of the premium as soon as the subject matter insured is exposed to the peril insured against. It may be agreed that enforcement of some of these payments should, as a practical matter, not be pressed; but for the sake of internal control they should go through the general books and accounts This change would also correct a situation often criticized by the Insurance Commissioner, namely that the premium accounting of the fund is not on a "written" basis.

Dividend Payments

The plan of the fund on dividends to policyholders provides for the calculations and payments eight months after the expiration of the policies. These initial dividend payments can be recalculated on the basis of subsequent subrogation recoveries and development in the cost of claim cases to permit the payment of additional dividends. The dividend resolution is silent as to procedures when decreased dividends are indicated by recalculations. The practice has been to permit the original payments to stand We are suggesting to the Board of Directors that the dividend resolution be amplified to provide for the procedure to be followed.

Currently Recommended

1 That instructions to banks as to signature requirements on checks be brought to a current basis.

2. That the checking of branch office revolving fund reports should not be permitted to lapse.

3. That press numbered invoice forms be used in billings for initial and additional premiums.

4 That premiums, both initial and additional, in the course of collection be made a part of the general books and ledger accounts of the fund.

Conclusion

This report has been reviewed by Mr. H. C. Miller, Comptroller of the fund, and its contents discussed with our auditors.

Certification

In our opinion, the accompanying statements fairly present the financial affairs of the State Compensation Insurance Fund for the calendar year 1948, in accordance with generally accepted principles of insurance accounting.

Respectfully submitted,

GEORGE D. HALPIN
Principal Accountant

Approved:

LAWRENCE ROUBLE, Chief
Audits Division
Sacramento, California
July 21, 1949

Exhibit I

Statement of Financial Status—December 31, 1948

Admitted Assets		
Cash	$1,665,251 98	
Bonds, United States-State-Municipal	39,578,430 00	
Accrued interest receivable	191,073 07	
Premiums in the course of collection, outstanding under 90 days	762,602 61	
Real Estate		
Home office, net of building depreciation $119,612 06		
Other 273,439 32		
	393,051 38	
Other assets	73,997 42	
Total admitted assets		$42,664,406 46
Liabilities and Reserves		
Reserve for compensation benefits and expense	$27,415,346 35	
Reserve for unearned premiums	2,953,385 87	
Reserve for Premium Tax	431,772 67	
Reserve for compensation benefits and expense-trusts	78,728 02	
Other liabilities	105,767 62	
Total liabilities and reserves		$30,985,000 53
Surplus		
Reserved for deferred purchases	$135,000 00	
Reserved for contingencies	1,500,000 00	
Reserved for dividends	8,294,405 93	
Unassigned surplus	1,750,000 00	
Total surplus		$11,679,405 93
Total liabilities, reserves and surplus		$42,664,406 46

Certification

In our opinion the accompanying statements of financial status and business done, designated Exhibits I and II, fairly express the results of operations of the State Compensation Insurance Fund for the calendar year 1948 and its position at the end of that period, in accordance with generally accepted principles of insurance accounting.

STATE DEPARTMENT OF FINANCE

Statement of Business Done During the Calendar Year 1948

Income		
Earned premiums	$25,823,153 85	
Interest earned—net	833,221 84	
Rent—net	7,501 74	
Total income		$26,663,877 43
Expenditures and Provisions for Future Disbursements		
Compensation benefits	$11,536,620 48	
Claim expense	1,068,293 71	
Provision for compensation benefits and expense ($294,942 32)	2,690,435 30	
General expense	1,627,733 77	
Taxes and services of other state agencies	462,030 08	
Decrease in premiums outstanding over 90 days	—7,580 56	
Total expenditures and provisions for future disbursements		$17,377,532 78
Excess income		9,286,344 65
Dividends paid		—8,028,703 94
Net increase in surplus		$1,257,640 71
Surplus, December 31, 1947		$10,421,765 22
Surplus December 31, 1948		$11,679,405 93

Comparative Statement of Business Done During the Calendar Years 1947 and 1948

Insurance Operations	*1947*	*1948*
Income		
Earned Premiums	$22,524,192 14	$25,823,153 85
Expenses		
Compensation Benefits	—9,282,912 48	—11,536,620 48
Claim Expense	—966,776 02	—1,068,293 71
Provision for Loss and Claim Expense	—3,009,830 65	—2,690,435 30
General Expense	—1,388,566 25	—1,627,733 77
Taxes and Services of Other State Agencies	—444,345 06	—462,020 08
Increase or Decrease in Premiums Outstanding over 90 days	—32,252 75	7,580 56
Insurance Gain	$6,853,508 93	$8,445,621 07
Investment Operations		
Interest Earned—Net	$757,439 93	$833,221 84
Rents Earned—Net	391 72	7,501 74
Profit on Sales of Bonds	36,355 00	
Investment Gain	$794,186 65	$840,723 58
Total Insurance and Investment Gain	$7,647,695 58	$9,286,344 65

STATE OF CALIFORNIA
DEPARTMENT OF FINANCE

Sacramento 14
February 28, 1950

Hon. Ernest R Geddes, Chairman
Assembly Interim Committee on Finance and Insurance
Room 527, Investment Building
Pomona, California

DEAR MR. GEDDES. In supplementation of the material previously submitted to your Committee relating to the State Compensation Insurance Fund, and at the request made in the hearing of February 21, the following information is submitted:

Pro Rata Administrative Charges Against the Workmen's Compensation Insurance Fund by Fiscal Years

Fiscal Year	*General*	*Personnel Board*	*Total*
1950-51 (budgeted)	$12,000.00	$23,750.00	$35,750 00
1949-50 (estimated)	11,500.00	23.000.00	34,500.00
1948-49	10,862.74	18,175 97	29,038 71
1947-48	16,519.49	17,238 47	33,757 96
1946-47	13,701 18	15,086.25	28,787.43
1945-46	9,950.16	12,200.00 *	22,150 16
1944-45	7,180.45	10,300 00 *	17,480.45
1943-44	6,170 39	10,200.00 *	16,370.39

* Estimated

The general overhead pro rata is authorized by Section 11413 and Sections 11270 to 11275 of the Government Code. The charge is computed on a quarterly basis and is predicated on the ratio of the total costs of the Treasurer, Department of Finance (including Purchases and Audits) and the Controller, to total expenditures from all funds. This charge is made against all special fund agencies to reimburse the General Fund for proportionate costs.

The statutes authorize the Attorney General to establish a charge against special fund agencies to reimburse his office for legal services rendered No charge has been made by the Attorney General's Office, due to the fact that the Workmen's Compensation Insurance Fund has its own attorneys and no service has been rendered by the Attorney General.

As soon as this office receives the Attorney General's opinion requested January 31, 1950, in which your committee is interested, a copy will be forwarded to you.

May I take this opportunity to again thank you for the very courteous manner in which you and your committee accepted the information from this office. Please feel free to call on us if we can be of any further assistance to you.

Sincerely,

JAMES S. DEAN
Director of Finance

February 10, 1950

Ernest R. Geddes, Chairman and
Members of Assembly Interim Committee on Finance and Insurance (H.R. 239)
Room 527 Investment Bldg., Pomona, California

GENTLEMEN Our organizations, undersigned, have taken notice of the appointment of your committee and have particularly discussed the matter of workmen's compensation insurance, which is one of the principal subjects to be studied by your committee We believe that the appointment of your committee for this purpose is very timely and that your committee will be able to perform a valuable service for our State in such study and the reporting of your findings thereon to the Legislature. We wish to assure you that the officers and all members of our organizations will be available to render all possible assistance in bringing information to you.

There has been some publicity regarding the hearings to be held by your committee which has particularly referred to competitive practices of the State Compensation Insurance Fund. We believe that this subject is properly within the scope of the investigations to be made by your committee but we also believe that that subject is only incidental to the principal matters which you will wish to consider.

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 to the objects of your committee On the other hand, we will be glad to supply any and all available information on the subject which may become pertinent to your studies.

The State Compensation Insurance Fund of California has been in existence since January 1, 1914, a period of more than 36 years. According to recent annual

statistics, the fund is now writing approximately 27 percent of all workmen's compensation insurance business in California. Practically all private insurers writing workmen's compensation insurance are subject to periodical and detailed examinations under the rules of the National Association of Insurance Commissioners In such examinations, at least three state insurance commissioners participate. In addition, the private carriers are subject to the keenly competitive surveillance of the thousands of insurance producers, members of our organizations. However, the California State Fund is not a subject of such examinations or surveillance

It is entirely appropriate that your primary studies of the business in California should be concerned with the operations, practices and financial status of the state fund. Members of our association are constantly in contact with the competitive practices of the state fund However, we do not feel that it would be beneficial to the public or the insurance business in general if the matters to be studied by your committee were presented on the basis of adversary accusations and denials concerning these matters.

The fund is a department of the State Government created by the Legislature and should be willing and even anxious to inform your committee as to all facts concerning its operations and business and competitive practices. Obviously, the officers of the state fund have firsthand information as to all such matters We believe that in the inception of your investigation information concerning the state fund should be obtained directly from the fund and anticipate that the information thus furnished will be accurate and will be candidly given in recognition of the constructive purposes for which your committee was created. On that basis there should be little, if any, controversy among elements of the insurance business in bringing facts before your committee. With these thoughts in mind, we will mention in this letter only a few fundamental subjects which will necessarily be involved in your studies

Section 11775 of the California Insurance Code provides, as follows:

> "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."

There has been no inquiry by the Legislature as to how the fund has operated with respect to the provisions of this and immediately succeeding sections of the code since the fund was established.

From time to time in the past, bills have been introduced in the Legislature to provide for a monopolistic state fund. As approximately 73 percent of workmen's compensation business is written by private insurers, this is a matter of great importance to the private insurance companies as such and as to the tens of thousands of their employees and their producing agencies and their families who are occupied in every community in our State in the administration of this major portion of the business as a private business.

We do not know the attitude of the present management of the State Compensation Insurance Fund on this subject We do not believe that the present managers and directors of the fund or the members of the Industrial Accident Commission, which is closely associated with the fund, are advocates of a state monopoly. We feel that forthright declarations by these persons of their belief in a system of private enterprise would be beneficial to the public welfare and feel that your committee could perform a public service in recording the sentiments of these officials on that extremely important subject.

California Insurance Code Section 11870 gives the state fund an absolute monopoly upon workmen's compensation insurance of the State, every county, city and county, city, school district, and all other political subdivisions of the State. No inquiry has ever been made by the Legislature as to the fund's administration of this monopoly. It is a matter of the most fundamental public policy of this Nation that monopolies shall be sanctioned only where competition would be injurious to the public interest. It seems very doubtful that this principle is applicable to this monopoly and we believe that your committee will wish to give that matter earnest study and consideration.

Our organizations wish to be helpful to your committee We do not wish to stir up animosities within the insurance world or any extraneous controversy, but we do wish to affirmatively state, defend and justify the existence and functioning of the American agency system and we do wish to support the most fundamental principle of our economy, the protection of private enterprise against unwarranted invasion of its legitimate fields of operation by governmental competition

Yours sincerely,

CALIFORNIA ASSOCIATION OF INSURANCE AGENTS
By: Harold E Barnhard

INSURANCE BROKERS EXCHANGE OF CALIFORNIA
By: Walter P Simi

INSURANCE BROKERS SOCIETY OF SOUTHERN CALIFORNIA
By: Thomas E Hubbard

A—Questions Relating to Operation Methods of the State Fund

1. How many special agents employed by the fund are exclusively engaged in soliciting insurance placement? How many other employees of the fund devote part of their time to soliciting the placement of insurance?

2. Are records kept for the purpose of comparing the respective amounts of business secured by each of these special agents?

3. Does the state fund have any representatives, other than those regularly employed, to whom it has paid any commissions for business placed with the fund?

Are the fund's agents, as state civil service employees, in a position to act freely on behalf of the fund's clients to represent their interests, as the independent contractor (agent or broker) is able to do?

5. Does the fund accept all of the risks that are tendered?

6. Does the fund ever supplement its policy provisions with statements or letters assuming additional indemnity?

7. Does the fund cover, under clause 1B in its policies, the risks entailed by such federal statutes as the Jones Act, the Railroad Employers' Liability Act, the High Seas Death Act, "Maintenance and Cure" under Admiralty Law, and the Liability laws of "monopoly" states such as Oregon, Washington, and Nevada?

8. Does the fund earmark any of its surplus for "declared but undistributed dividends"?

9. Are the facts available as to whether the mandatory coverage of state, county, and local government agencies by the fund is a profitable part of its total operation?

10. Does the state fund make use of any facilities or services from other state departments, which are not available to private insurers?

11. Does the state fund have access to the records of the State Unemployment Compensation Fund (as referred to in Sec 97 and/or of the Insurance Code—Cal. Unemp Ins Act) so that it can discover instances of fraudulent claims, such as concurrent claims that an individual might file for disability and for unemployment compensation?

If it does have such access, would the fund be willing to have the same records made available to private insurers?

12 Are all claims adjusted by the fund strictly in accordance with the facts and the statute, or are some claims adjusted according to appraisal of the equities and circumstances of the case?

B—Questions Relating to Taxes Paid by the Fund

13. Does the state fund pay the California gross premium tax, or equivalent, described in Article XIII, Section 144 of the State Constitution?

If so, on what principle or for what reasons has the fund voluntarily undertaken to pay this tax or equivalent?

14. Does the state fund pay the Federal Corporation Income Tax?

If not, would the fund consider assuming this tax for the same or similar reasons that have induced the fund to assume the state gross premium tax?

15. Does the state fund pay federal excise taxes on transportation, and on telephone and telegraph messages?

C—Questions Relating to Basic Policies of the Fund

16. Since the state fund is a member of the California Inspection Rating Bureau, would it also be agreeable to joining with private insurers in an "Assigned Risk Plan," either by statutory enactment or by voluntary action?

17. Would the fund be agreeable to having its special agents who act as solicitors be subject to licensing by the Insurance Department?

18. Does the fund today support the principle of competitive activity with private insurers, as distinguished from a state monopoly of compensation insurance such as representatives of the fund have advocated in the past?

GOLDEN GATE BRIDGE AND HIGHWAY DISTRICT
Box 99, Presidio Station, San Francisco

February 10, 1950

Hon. Ernest R. Geddes, Chairman
Assembly Interim Committee on Finance
Assembly Chambers, Sacramento, California

DEAR MR GEDDES: I am advised that criticism has been made of the State Compensation Insurance Fund in connection with charges involving political subdivisions of the State

For your information, the Golden Gate Bridge and Highway District, which is such a political subdivision, has been a member of the State Compensation Insurance Fund since its incorporation in 1928. The district has found that the fund maintains

but one dividend plan for all policyholders and uses only two factors in determining any policyholder's dividend; namely, the earned premium and the ratio of losses to that premium.

I thought, in view of the criticism, that you might like to have this information in connection with the inquiry which I understand your committee is making.

Very truly yours,

JAMES E. RICKETS
General Manager

ASSOCIATED HOME BUILDERS OF SAN FRANCISCO, INC.
Hearst Building

February 10, 1950

Hon. Ernest R. Geddes, Chairman
Assembly Committee on Finance and Insurance
Investment Building, Pomona, California

DEAR MR. GEDDES: This association has had a master policy of workmen's compensation insurance with the State Compensation Insurance Fund since 1939. During the past 11 years the service, including all phases of this type of insurance, has been excellent.

In the latter part of 1938 our board of directors first considered the advisability and possibility of group workmen's compensation insurance. We invited several companies, including the state fund, to submit proposals and extended the privilege of making personal presentations before the board of directors. After careful study and consideration of the proposals and presentations, we selected the state fund as the carrier At no time did representatives of the state fund make fraudulent or misleading statements concerning their operations or ability to meet obligations

Dividend returns as a medium of reducing insurance costs is important. This is simply good business practice and would apply in the purchase of stocks, bonds or other types of investments It assumes even greater importance when an employer is required by law to carry workmen's compensation insurance.

Security is another feature that must be considered by the careful insurance buyer Financial statements, ability to discharge liabilities, reputation for past performance, etc.—all these things were scrutinized closely before selecting the state fund as the carrier. When life pensions and permanent disabilities are involved, the insurance buyer must use more than ordinary care in the selection of the carrier and may logically conclude that in these instances direct government supervision is of paramount importance

The state fund's engineering department which is staffed by capable and experienced safety engineers familiar with our industry made a favorable impression upon our board of directors and exercised additional influence in the selection of the state fund as the carrier. A well-directed safety plan with periodic inspections has proved to be a profitable investment. The safety record of the group compared to that of the individual prior to 1939 speaks for itself. The protection of the health and safety of our employees under our master plan has reduced accidents and conserved man-hours resulting in improved efficiency and increased dividends. This record deserves compliments rather than criticism.

Of paramount importance is the fact that employers are compelled by law to carry workmen's compensation insurance. In view of that fact, it is the duty and obligation of the State Legislature to make available to employers carriers who will accept all risks and to encourage competition among carriers in order that coverage may be had at the lowest possible cost.

In addition to a master policy of workmen's compensation insurance, this association also has a group plan of unemployment disability insurance. The carrier is the California Western States Life, a private insurance company. We used the same approach in this matter as we did in workmen's compensation In this instance we found that a private carrier could offer better returns to the employee in the form of increased benefits over and above those offered by the State at no additional cost. In this type of coverage the private carrier met and overcame state competition. Unemployment disability insurance is likewise a requirement by law and if private companies can meet and beat state competition why can't it be done with workmen's compensation?

I regret that I will be unable to attend the February 20th-21st hearings in Sacramento At that time I will be in Chicago attending the convention of the National Association of Home Builders. However, if there are to be further hearings I would appreciate notice and will make every effort to be present for the purpose of interrogation.

With kindest regards, respectfully yours,

MILTON W MORRIS
Executive Vice President

REFRIGERATION CONTRACTORS ASSOCIATION, INC.
1206 Maple Avenue, Los Angeles 15, California

February 17, 1950

Hon Ernest R. Geddes
Chairman, Assembly Interim Committee on Finance and Insurance
State Capitol Building, Sacramento 14, California

DEAR MR. GEDDES: We understand that a hearing is being held by your committee on February 20, 1950, to gather information on the State Compensation Insurance Fund and report your findings to the Assembly in due time Our interest in the matter is to advise you of our own experience with the fund, hoping that it may be of some slight aid to you in your deliberations.

For about six years this association has held a group policy in the fund under which many of our members have carried their compensation insurance coverage During that time we can truthfully say that our experience has been excellent in every way The service given us and our members by the fund has been very good, not only from the underwriting department but from the engineering and claims sections as well.

In addition we believe that the net cost to our members of their compensation insurance has been as low as could have been obtained from any source, and lower than from many carriers.

During the years that I, personally, have been connected with the association and for a considerable time prior to then, when I was employed by a refrigeration contractor, I have had literally hundreds of contacts with fund representatives. I can truthfully say that in all those contacts I never heard a statement made that was not entirely correct nor to the best of my recollection were there any tactics used that, in my estimation, were improper in any way.

This letter is being written at the suggestion of one of your committee members, the Honorable G. Delbert Morris, with whom this matter was briefly discussed over the telephone recently and we hope it will help you in arriving at the facts of the case.

Sincerely yours,

REFRIGERATION CONTRACTORS ASS'N
By Neal S. Templin, Executive Secretary

TRANSCRIPT OF TESTIMONY AND PROCEEDINGS

MEETING OF THE ASSEMBLY INTERIM COMMITTEE ON FINANCE AND INSURANCE STATE CAPITOL, FEBRUARY 20, 1950

The Assembly Interim Committee on Finance and Insurance was called to order at 10 a.m., February 20, 1950, in Room 436 in the State Capitol, Sacramento.

During the morning session there were present the following members of the committee: Geddes, Chairman; Condon, Dolwig, Doyle, Dunn, Levering, Lipscomb, Maloney and Morris.

In the afternoon the following members were in attendance: Geddes, Chairman; Brady, Condon, Dolwig, Doyle, Dunn, Grunsky, Levering, Lipscomb, Maloney and Morris.

Testimony and formal presentations made by various parties follow. The proceedings are being electrically recorded and documents, identified as committee exhibits, are interpolated where relevant in the text or incorporated by reference and appear in the addenda.

* * * * * * *

CHAIRMAN GEDDES: The hour, as given in the notice of this meeting, having arrived the Assembly Interim Committee on Finance and Insurance will be in order.

There being more than a quorum present it is not necessary to meet as a subcommittee therefore we are assembled as the full committee to hear testimony regarding the formation, objectives, conduct and operation of the State Compensation Insurance Fund and its relationships with the Office of the Commissioner of Insurance, the Department of Finance, the Office of the Controller and the Insurance Industry of California.

Pursuant to rules adopted by this committee we have received advance copies of briefs giving the formal presentation by those appearing today. That filed by Mr. J. J. Gallagher, Manager of the State Fund, is before you and, since it contains matter by Mr Paul Scharrenberg, Mr. Gallagher has requested him to make the first presentation.

(Here there was some argument regarding matter of State Compensation Insurance Fund giving testimony in advance of "accusers." Chairman Geddes explained that the purpose of the hearing was to gain factual information regarding the conduct of the fund. If Mr. Gallagher chose to take notice of hearsay charges in the press it was his *privilege*.)

CHAIRMAN GEDDES: You will proceed, please, Mr Gallagher

MR. GALLAGHER: Now, in the brief that we prepared—due to shortness of time this was necessarily a rush job—we have endeavored to cover as much of the ground as we possibly could. During the course of this hearing, we will be prepared to answer any questions that the committee may have in mind For an opening statement on the state fund —on which I may have more to say later—I think it would be well for the

committee to hear from Mr. Scharrenberg as I don't know of anybody in the State of California who is more familiar with the Workmen's Compensation Law, its enactment, and the creation of the State Compensation Insurance Fund.

CHAIRMAN GEDDES: That is what I had in mind, Mr. Gallagher. Mr. Scharrenberg can give us a short history of the fund, the need for its formation, as he remembers it, having been continuously in touch with the whole proposal and its groundwork. There is nothing more pertinent, may I say, to the study of this committee, than what he would have to say. In other words, it is an established fact that he is a very competent witness. We will be very glad to hear from him at this time.

MR. SCHARRENBERG: I am not quite sure to what you want me to testify, Mr Chairman. Is it about the origin or the——

CHAIRMAN GEDDES: What we had in mind, Mr. Scharrenberg —there having been no, shall we say, official cognizance of the existence of the fund or its operations for some particular time—was to acquaint this committee and put into the hands of the Legislature a summation of information gathered from sources which we believe to be reliable and authentic. Certainly you are well qualified as Mr. Gallagher has said. What we want is the history leading to the formation of the fund, as well as anything else that you may care to give us.

MR. SCHARRENBERG: All right. Gentlemen, I had the honor in 1913 of being the representative of the California State Federation of Labor at the Legislature. We were working very closely with the then Governor, Hiram Johnson, and the Workmen's Compensation Law was sponsored by the Governor. At the 1911 Session, when a law was enacted which made it a voluntary proposition, Senator Roseberry of Santa Barbara sponsored the bill, and in 1913 Senator Boynton sponsored the compulsory bill.

Now, to refresh my memory, I looked up the records of the Federation of Labor and I found it extremely interesting—in view of certain allegations that have recently been made, concerning the intent and purpose of the law—that the opposition to the Workmen's Compensation Law was divided between certain employers and insurance companies. The employers kept in the background—they were divided, in fact. I think more of the liberal minded employers were for it but there were some who were against it. However, the insurance companies that were then handling casualty insurance, were bitterly opposed to it, and a gentleman by the name of Maloney, who was identified with the Aetna Insurance Company, made the principal speech in opposition to the Workmen's Compensation Bill. We had the committee hearing on the Senate floor and I think he talked for an hour and a half. I was there listening to it all and I can still hear that word "malingering" ringing in my ears, because all the way through he challenged and alleged "if you pass this law the working people of our State will commence to 'malinger' and 'malinger.'"

Well, anyway, as you know, Hiram Johnson put through his program from beginning to end. All of his bills which were introduced at that session went through. In writing about it at that time—I'm reading now from the report of the State Federation of Labor of 1913—it says "The second part of the act (that's the Workmen's Compensation Law) provides for a system of state insurance against liability under the act.

This is designed for the protection of those employers who cannot afford to take the risk themselves. Such insurance by the State, relieves the employer from all responsibility to pay the compensation, and guarantees him that he will not have to pay more than a reasonable rate for such insurance; and will no longer be subject to extortion to enhance profits of private companies. It is plain that such a system is antagonistic to the interests of the powerful insurance companies of this and other states. Therefore, those interests fought the bill on account of this feature—the insurance feature '' So, on account of this feature, they fought it—they fought it as fiercely as any labor bill was ever fought in California.

At one stage of the proceedings, during a session of the Legislature, Hiram Johnson called in his advisers and those who were his friends, including myself, and he stated in his office, that the insurance men—not employers or spokesmen for employers—had come to him and stated that they were not opposed to the bill—to workmen's compensation—but they were very apprehensive as to what it was going to cost. They had approached the casualty companies and the casualty companies had stated they didn't know.

This was a foreign idea and they had to go to Russia and Prussia and other foreign countries to ascertain what it would cost. They did not know and they could not tell. So the Governor said ''I think they have a case there. They have a reasonable complaint and we've got to do something about it. And,'' he said, ''for that reason it is proposed that we start a state insurance company as a protection against the private interests if they should become too avaricious.''

There was a little discussion—not too much—and it was unanimously agreed to by all of those present that that should be the program. Now, by way of conclusion of that interesting little episode, there were seventeen (17) other state funds created one after the other, at about that time, until the insurance companies apparently got onto themselves. Then they began to become cooperative, and informed the legislatures and the governors of the various states that they knew what it would cost and they were quite able to take care of their business. Then there were no more state funds created. So, if there is any blame for the existence of state compensation insurance funds today, in my opinion it must be placed entirely on the attitude of the executives of the then existing casualty companies.

The idea was also broached at that time that state funds should be exclusive, or monopolistic as they are now called, and there was no support for that. Personally, I have never sponsored that idea. I have been—and still am—under the impression that competition is very good for everybody concerned.

Now then, speaking about the insurance brokers. During all this rigamarole when the law was enacted, the brokers were never mentioned. They weren't in the picture. They came along very much later. We had the lawyers to contend with. The lawyers had been in the habit of collecting a percentage—sometimes up to one-half of the award granted by a court in the case of an accidental injury. The working people of the State wanted to get away from that frightful penalty they had to pay, and therefore they unanimously approved the Workmen's Compensation Law, where the lawyer's fee is fixed by the Industrial Accident Commission.

That seems to have worked out all right Occasionally the lawyers let out a squawk but as a whole it seems to have worked out all right.

Now, with respect to the fee now claimed—the commission, rather, now claimed by insurance brokers—I can assure you that it was not contemplated by the Legislature or anyone else that insurance brokers should reap a commission, or a share of the awards given to workmen, or in any part, or that they should function in that set-up. It has been said, and that is the attitude of the American Federation of Labor, that when insurance is compulsory, like social insurance, old age insurance, etc., there should not be a third party injected for the purpose of collecting a commission. Now, as you know, insurance is compulsory in California unless the employer is able to receive a certificate as a self-insurer; therefore, the American Federation of Labor has held, and formally declared, that when insurance of any kind is compulsory, there is no excuse for a third party to step in to collect something out of it. That is not my own view but it is the official opinion of the American Federation of Labor.

CHAIRMAN GEDDES: Would your own views coincide with that?

MR. SCHARRENBERG: I don't know. I'm not quite sure, Mr. Geddes. The picture is very different, I believe. I think we have an ideal system in California. We have self-insurers; we have the private casualty companies; and we have the state fund. They can all go to it and render service, and my opinion is that the best man should win Now I think the state fund has carried on——

CHAIRMAN GEDDES: Just a minute. I shouldn't interrupt you at this time but it has been called to my attention that probably you didn't get my point. The question was whether or not you coincided with the view that you attributed to the A. F. L. that there was no excuse for a third party to share in the awards.

MR SCHARRENBERG: No, I do not because in my opinion, we are getting along famously under the existing set-up, and personally I would hate to see any change in it, for the reasons I have already stated.

CHAIRMAN GEDDES: Thank you, sir.

MR. SCHARRENBERG: The employer in California has his choice between three different types of insurance. He is at perfect liberty to go from one to another as they freely and frequently do.

Now, returning again to the solicitation for business, in this field, I had an interesting experience shortly after I came back to California, following a seven years' residence in Washington, where I represented the American Federation of Labor in Congress as their representative. As you know, Governor Warren called me out here to my present job.

MR. DUNN: Maybe, Mr. Scharrenberg, you should clarify that—that you represented the American Federation of Labor *before* Congress—not *in* the Congress itself

MR. SCHARRENBERG: In Washington, D. C. Yes. They call it legislative representative. Well anyway, I had been out here about a year. The war was on and we discovered that the California State Compensation Insurance Fund was unable to get any of that lucrative business in war industries. As you gentlemen all know, we had shipyards growing

up like flowers and other plants all over this State, and not a sniff did the state fund get out of it. It all went to private companies. There were other state funds—in New York particularly, and Maryland, and a few others where a similar condition prevailed.

So, a meeting was called in Washington, and since I knew the ropes in Washington pretty well and knew how to get around, I went on there and we had a meeting with the members of the Maritime Commission who controlled most of that business. They called in their insurance men and we very soon discovered what the trouble was. Whenever our Country enters a war, then all the government functions are enormously increased, particularly insurance. And then, of course, the government calls in men who are competent and qualified. Private insurance executives were called in for temporary service in the Federal Government. Well, of course it is perfectly natural and normal that they should then dole out all the business to their own companies—to the private companies That was the reason the state fund didn't get any. At any rate, as a result of that meeting, considerable business was given to the state fund, but not until that meeting was held and the situation was explored; namely, that the private casualty companies had a virtual monopoly on war insurance In California, at the Sausalito Shipyards, the fund obtained the business of covering that yard—I think the premium was about a million dollars a year, and there was no commission. If I had been an insurance agent and had gone on to Washington and gotten that million dollar business, I've never been able to figure out how much money I would have had, but I went on there at $12 a day and I sent in a bill for taxis amounting to $6.50, and the bill came back and I had to explain why I had to use that $6 50. Why couldn't I have used a street car? Well there is the difference between the ordinary state employee who goes to Washington and an insurance agent when he brings in some business.

I might also mention, incidentally, that as a result of that experience during the war, the seventeen (17) state funds in our Country and Puerto Rico formed an association known as the American Association of State Compensation Insurance Funds. It was organized purely for protective purposes. As you know, the private casualty companies are very well organized and they take care of their business in a thoroughly business-like manner. The state funds, not only in California but in other states, are constantly under attack of one kind or another; and that perhaps leads to the fact that some of the labor unions sometimes talk about establishing monopolistic state funds. The private casualty companies will not let well enough alone. They are constantly plotting and hammering at the state funds so, as a form of self defense, labor unions in some of the states sometimes sponsor legislation for monopolistic state funds. No bill was ever introduced while I was connected with the Federation of Labor which was monopolistic in form but some have been introduced since. I don't believe that those bills were sponsored by the California Federation of Labor. At any rate there are none proposed just now. I think I have covered the early history, Mr Chairman. I have a pile of material here but it may be that some of the members of the committee would like to ask some questions.

CHAIRMAN GEDDES: Are there any questions by members of the committee? (Pause.) There being no questions, Mr. Scharrenberg will you proceed?

MR. SCHARRENBERG: May I then, Mr. Chairman, briefly relate how the set-up in the Department of Industrial Relations was reorganized? That happened in 1945. When I arrived on the job here, the Director of the department was also chairman of the Industrial Accident Commission. The commission was composed of three members. The chairman also had several other jobs and it was physically impossible for him to do justice to all these various jobs that were imposed upon him by law. So, the Legislature reorganized the department, upon recommendation of the Governor, to create an Industrial Accident Commission of seven members. There are two panels—three in San Francisco and three in Los Angeles—operating very much like our appellate courts. The chairman as the executive officer and the director of the department has no control or jurisdiction whatever over the commission. That is one of the many things that has recently been slammed about in the newspaper—that the director of the department could tell the Industrial Accident Commission what to do or where to head in. The department is so organized that the director has very considerable jurisdiction and control over all the divisions except the Industrial Accident Division. There the chairman is the executive officer. He makes the appointments and does all the other necessary administrative functions. So that charge is entirely groundless and by the wayside.

At the present time the Department of Industrial Relations has eight divisions. One of the divisions is the State Compensation Insurance Fund, and the others are Industrial Welfare, Industrial Accident, Safety, Housing, and so down the line.

By virtue of the Labor Code, the director of the department is Chairman of the Board of Directors of the State Compensation Insurance Fund. There are five members—the other four are appointed by the Governor for four-year overlapping terms. The law requires that the members of the board of directors must be policyholders in the fund. The same men have served there ever since 1945 when the first appointments were made, and I think they are very high class gentlemen in business, representing all the elements in our society, including the farmers.

All right, that's the explanation of the set-up, Mr. Chairman.

MR. MALONEY: May I address the director please? During the past seven or eight to 10 years, have you received any major complaints from employers or insurance companies of unfair tactics by the fund?

MR. SCHARRENBERG: No, not of any importance. There are some complaints coming in always, you understand to any state agency.

MR. MALONEY: Any major——?

MR. SCHARRENBERG: The great bulk of complaints with respect to industrial accident insurance come from working men. The working men, many of them, do not realize that the commission is bound by law and certain maximum awards. Some of them think you can just dip into a till and bring up some money. And then they begin letter writing. We have one instance where one single man wrote fourteen (14) different letters to various agencies. He started in California and then went on

to Washington to the President, and all of those letters came back to us. They all have to be acknowledged. For one single complaint written by one man, it was necessary to write 14 replies and explain the case.

MR. MALONEY: Well I think that that man is still writing to me and I think I know who he is. He wrote about twenty-five (25) letters in the past month and I think there is something wrong with the fellow.

MR. SCHARRENBERG: There are plenty of those.

MR. MALONEY: But what I am asking is, are there any major complaints from employers?

MR. SCHARRENBERG: No, I don't know of any.

MR. MALONEY: That's all. Thank you.

CHAIRMAN GEDDES: Mr. Dolwig.

MR. DOLWIG: I was wondering here whether we could get an explanation of what is meant by "exclusive" and "competitive" state funds.

MR. SCHARRENBERG: The comparative amount of business?

MR. DOLWIG: No. What you have in your report here is not clear. What is the distinction?

MR. SCHARRENBERG: I don't hear very well.

MR. DOLWIG: You say almost all of the existing state funds, both exclusive and competitive, are faced by constant and vigorous opposition. What is the distinction between exclusive and competitive?

MR. SCHARRENBERG: The difference is that in an exclusive, or so-called "monopolistic" state insurance fund, it is compulsory to insure in that fund. There are seven such in our Country; and the others are competitive, like our own State. The laws in no two states are alike. Some states do not permit self-insurers, some do. Some states have a monopoly of all that business, but most states have this competitive set-up which we have in California, where the employer is at liberty to go to any one of the three and change whenever the spirit moves him, for good reasons known to himself only.

MR. DOLWIG: In this statement then you have reference to the various state funds in the various states. It is not within your organization. That's what I wanted to get clear.

MR. SCHARRENBERG: Well, I referred to the fact that there are seventeen states in our Union that have a state fund at all; in the others it doesn't exist. There are battles going on all the time. There was one in Massachusetts last year where they wanted to establish a state fund but there hasn't been one established for a very long time. And, as I stated at the outset, I don't think there would be any state funds if the insurance executives had been reasonable and cooperative at the beginning.

MR. MALONEY: Mr. Chairman, may I make a statement please?

CHAIRMAN GEDDES: Yes.

MR. MALONEY: Where there is a statement made from the book that a member of the committee is referring to will he please give us the page number of the book so that we can follow him.

CHAIRMAN GEDDES: Will the members please be advised of that request. Mr. Doyle do you have a question?

MR. DOYLE: I was just wondering, Mr. Scharrenberg—I think I am in the dark just the same as Mr. Dolwig here—how does this statement in your book apply to California? On page nine (9).

MR. SCHARRENBERG: How does it apply to California?

MR. DOYLE: Yes. In what way does that refer to California? The statement that you made here as outlined by Mr. Dolwig.

MR. SCHARRENBERG: I explained the national situation, the situation in the various states in our Country In California, as I've explained several times, we have three different methods of insuring. Some states have a monopolistic form where all employers are required to insure with the state fund.

MR. DOYLE: Well, in other words, your statement here is comparable to the way it is handled here in California today Is that right?

MR. SCHARRENBERG: Well, I've gone from one to the other to cover the various states. I tried to enlighten you gentlemen.

MR. DOYLE: Well I thought you were just up here on California—

CHAIRMAN GEDDES: I think Mr. Scharrenberg is quite right in making comparisons. He shows that in California we have an open system. That is my understanding—here employers have a choice—in some other states there is a closed system whereby it is monopolistic inasmuch as there is only one fund in which it is legal for them to insure. The same thing might hold true in other forms of insurance; but we even go to some extent in other forms of insurance—in social insurance—where we allow self-insurance.

MR. DUNN: Could we sum it up this way so that we don't repeat it, that there are seven states that have a system of workmen's compensation insurance in which such insurance can only be obtained through the state fund and there are no private insurers engaged in this type of business? Is that right?

MR. SCHARRENBERG: That's right.

MR. DUNN: There are 10 states that have what we could call an open system where there is a state fund; where the employer is also at liberty to insure his workmen under private carriers; or perhaps to act as self-insurers, if they are able to post the required bond and perform the necessary acts. In this State—correct me if I'm wrong, Mr. Scharrenberg—the only semblance to monopoly is the requirement in the law that political subdivisions insure through the state fund.

MR. SCHARRENBERG: That's correct.

MR. DUNN: That was not brought out before. I think then that we can say that we have an open system for all private employers, but public employers are required to insure in the state fund.

CHAIRMAN GEDDES: Thank you, Mr. Dunn. Now Mr. Scharrenberg will you complete the record please? Do you have the number of states where this type of insurance is carried only by private insurers? Private enterprises?

MR. SCHARRENBERG: Yes. Only seventeen (17) states have a State Compensation Insurance Fund. Seven of those have a so-called monopolistic fund. In all the other thirty-one (31) there is no state fund and the private carriers carry on all the business.

CHAIRMAN GEDDES: Thank you sir.

MR. SCHARRENBERG: Mr. Chairman. I just ran across a little line here. I think it will amuse some of you Democrats. I'm reading from that report again from the 1913 Legislature. It says: "It is to be regretted that a few Democrats whose labor record is clear in every other respect,

saw fit to oppose a workmen's compensation bill, although their own platform declared for the adoption of it." That includes the insurance.

MR. DUNN: Mr. Condon and I are Democrats and I think if you examine the record of Mr. Condon and myself, and every other Democrat for the last fifteen (15) years, you will find there have been some changes in the Democratic Party.

MR. SCHARRENBERG: This was thirty-eight (38) years ago, Mr. Dunn.

MR. DUNN: Furthermore, you are not going to get in at that dinner tonight if you start throwing curves around here.

(Amid much laughter, Mr. Scharrenberg says "This was ancient history and furthermore, I was a Democrat myself at that time.")

MR. DUNN: You ought to be a Democrat now too.

MR. SCHARRENBERG: I was a Democrat until Hoover ran against Hiram Johnson. Then I switched.

MR. DUNN: Well I was a Democrat until you talked me out of it once in 1934.

CHAIRMAN GEDDES: All right. Have you anything to add, Mr. Scharrenberg?

MR. SCHARRENBERG: No, I don't think you would be interested in comparative business. Mr. Gallagher can do that much better than I can. We have two hundred and thirty-four (234) self-insurers in our State and those self-insurers are properly supervised now. They were not formerly, until the reorganization of the department. We know exactly how many workers are covered by self-insurers; how much they put out and all that.

CHAIRMAN GEDDES: Do you have the approximate number of employees covered under the two hundred and thirty-four (234) self-insurers?

MR. SCHARRENBERG: Yes, I have.

CHAIRMAN GEDDES: In other words, we have two hundred and thirty-four (234) self-insurers at the present time and they include in their pay rolls what number of people?

MR. SCHARRENBERG: I think I spoke a little rashly. I have the private carriers and the state fund. There are 51,000 employers in the state fund.

CHAIRMAN GEDDES: Fifty-one thousand employers insured in the state fund.

MR. SCHARRENBERG: Yes, and there are only two hundred and thirty-four (234) self-insured. That is because no one can afford to be a self-insurer unless he carries on a very considerable business and employs several hundred men. They have to put up a deposit of $37,500 to start with, and there can be no question as to their financial integrity, and so forth.

MR. MALONEY: They pay no fee to the State of California?

MR. SCHARRENBERG: California is the only state where self-insurers can carry on without paying for the service the State renders them. I attempted to remedy that situation, as some of you gentlemen know, but you put thumbs down on that.

CHAIRMAN GEDDES: We'll get that figure then—the employees covered will probably fall into another table. Do you have the amount of premiums collected by the state fund and by private carriers.

MR. SCHARRENBERG: Yes, I have that—I haven't the very latest figures but in 1948, the private carriers collected premiums of $75,938,000. The state fund collected $26,309,000. Of course the self-insurers don't collect any premiums.

CHAIRMAN GEDDES: All right, sir. Do you have anything else?

MR. SCHARRENBERG: No, I don't think so unless you have some further question.

CHAIRMAN GEDDES: Are there any further questions from members of the committee? (Pause.) On behalf of the committee, I want to thank you for coming, Mr. Scharrenberg. I thought that we should hear from some of those people whose experience goes back to the very beginning and you're one of them. When Mr. Gallagher suggested that he would like to have you cover that part of his presentation, the chairman was not only willing but delighted. We do appreciate your coming here and think you have given us a good historical insight into the inception and early workings of the fund.

MR. SCHARRENBERG: Thank you, Mr. Geddes, it has been a pleasure to do it.

CHAIRMAN GEDDES: Mr. Downey will you come forward please? Mr. Downey has presented the committee with briefs, which you have before you, and they have been supplemented. They are not in the grey binder. They are on separate sheets of mimeographed paper in the manila binder. Mr. Downey, I am going to, for the purpose of formality, hand you back a receipted copy which you filed with the committee, which signifies that it is in the record, and you can either read from that copy or the ones that you have—so long as we specify that they are one and the same. You start wherever you would like, commissioner.

COMMISSIONER DOWNEY: To begin with, Chairman Geddes wished me to give a brief of the similarities and dissimilarities of the state fund compared with private carriers from the viewpoint of the Insurance Commissioner's Office. I would like to stress that last phrase and I have summarized them in the brief which I believe is before you gentlemen.

CHAIRMAN GEDDES: That is Exhibit 2. All that has come from the commissioner's office has been labeled as Exhibit 2, so if you will just indicate from which page and paragraph you are reading, the members will be able to follow you. Then if there are any questions after the commissioner has concluded we will have them.

COMMISSIONER DOWNEY: If it is satisfactory to you, I'll just read this brief and you can interrupt me at any time. There is one little place here where I would like to add something and I'll tell you about it later.

CHAIRMAN GEDDES: Just notify us where and we'll write it in.

COMMISSIONER DOWNEY: (Reads from brief through *Item (1)* under *(a) Similarities* on first page of brief.) Then says: "At this point I would like to add another little matter with respect to the state

and local taxes. I believe that the state fund first leased, then later purchased the land upon which to construct an office in Los Angeles. It may have other local offices that it owns—I'm not sure of that—but those offices are not subject to local taxes and, therefore, they—the state fund—in such instances might have a slight advantage over a private carrier. But, with regard to its principal office, and the principal offices of other insurers, the statement that I made here in writing is completely accurate."

COMMISSIONER DOWNEY: (Continues reading through *Item (1)* under *(b) Dissimilarities Etc.* when Mr. Doyle asked permission to question Mr. Downey.)

MR. DOYLE: Why weren't they required to take the examination as well as the others?

COMMISSIONER DOWNEY: Well, they aren't brokers or agents within the definition of the code.

MR. DOYLE: They aren't licensed like other insurance agents?

COMMISSIONER DOWNEY: Well, I don't think that's the distinction. They just don't fall within the definition of agents, brokers or solicitors. That—solicitors—is another class too which I didn't mention there.

CHAIRMAN GEDDES: If they were regularly licensed under the same terms of the code as other agents would they have the right to solicit generally in the field?

COMMISSIONER DOWNEY: That's right. Yes.

MR. MALONEY: When they do take the examination, and are classified as experts to work as a member of this department, I assume that the questions propounded are all relative to compensation insurance.

CHAIRMAN GEDDES: In other words, you feel, Mr. Maloney, if I get your interpolation, that they are classified as experts in this particular line before they are assigned——

COMMISSIONER DOWNEY: Well they have to pass an examination on compensation insurance, sure, under civil service.

CHAIRMAN GEDDES: That's a question we can bring out later from proper authorities, thank you. Mr. Dunn.

MR. DUNN: May I request that we ask the Personnel Board for a sample copy of one of their examinations for a person who would be employed to perform this type of work.

CHAIRMAN GEDDES: Thank you Mr. Dunn, we'll do that.

MR. DUNN: And it might be well to have a similar sample copy of an examination for anyone who is going to be employed to do this kind of work for private carriers, so that we could, if necessary, make comparison.

COMMISSIONER DOWNEY: Mr Chairman, I'll accede to the request of the committee, of course, but that throws a terrible burden on us. We have to keep those examinations secret. There are people here in the State who have made a practice of getting examinations, one way or another, and selling them. If we limit it to compensation questions, we can easily change those but it would be a terrible job to prepare an examination of that sort because we give the same one every time and we have a committee now working, endeavoring to make variations of the same examination.

MR. DOYLE: Mr. Downey, I can't see your objection then if as you say you give the same one every time because those who have already taken it have the information that they could divulge to other people who might want to take it.

COMMISSIONER DOWNEY: Oh no they can't. There are 80 questions and 400 different possible answers and there is nobody that I know of who has a memory that good. We've tested that out and are satisfied that it can't be done.

CHAIRMAN GEDDES: Mr. Dunn, could the chairman suggest that we take that as a private document and consider it in executive session? We can make our comparison and not jeopardize the position of the commissioner's office. I think the committee can be trusted to not divulge information that shouldn't go out. Won't you blank out the other questions and let us see those—and yet I still think that those should be handled confidentially and let us see the questions which have been asked recently.

COMMISSIONER DOWNEY: Would the questions be all right without the answers?

ENTIRE COMMITTEE: Certainly, sure, etc.

CHAIRMAN GEDDES: All right. Will you proceed sir?

COMMISSIONER DOWNEY: (Resumes reading under (2) *Certificate of Authority.* Reads through (c) *Extent of Jurisdiction, etc.*) Then says: Now, I was also asked to give some views from our department standpoint as to what if any legislation is necessary on this subject. The comments on that subject are as follows: (Then reads paragraph 2—last paragraph on page when chairman interrupts).

CHAIRMAN GEDDES: Just let me interpolate for a minute. The bill in question, in its final form when it was voted down by the committee, is before you, gentlemen. There is an interesting history concerned with it. However, I think you should just state briefly, Commissioner, what purpose the department proposed to accomplish in the introduction of this legislation—just how it would bring all peoples together under a particular rule, and what is the desirability for such a rule?

COMMISSIONER DOWNEY: Well, our General Rating Act, which was passed here in 1947, which does not apply to workmen's compensation, contains a provision that the rates should not be unfairly discriminatory. It does not however, regulate dividend plans there. Now we have found in a few instances, not very many, that there have been some serious discriminations practiced by workmen's compensation insurers in giving back these refunds—or dividends. In other words, you've got Tweedledum and Tweedledee each being insured by the same insurer. They are just exactly the same as far as anybody can tell, and their experience has been the same, and yet one of them will get a different dividend than the other from the same insurer. There is nothing in the law presently to prevent that and we deem that to be unsound and unfair. There have been cases also where a dividend plan, as such, was impossible to find, in the course of an examination because it wasn't spread on the minutes of the company; and we have very strong suspicions that—at least in the case of one company—the dividend plan

was made up by its executive officer whenever he felt like it and he gave dividends to whomsoever cried the loudest for it. That man is no longer alive and the practice of that company has changed, but we have very strong evidence of that—and it was unlawful. We also had a case——

CHAIRMAN GEDDES: You mean it was to correct such a condition that this legislation was introduced?

COMMISSIONER DOWNEY: Yes sir. And we have other cases where plans seem to make distinctions without differences. In the main they are pretty fair but it seems to us that this is a place for antidiscrimination laws the same as you have for the rates of public carriers and the rates of the other insurers, because after all an employer looks at the net price that he pays, that is, the rate minus the dividend. Broadly speaking, that is the rate and not just what the man pays in the first place.

CHAIRMAN GEDDES: In other words, the rate he pays the first time on presentation of his bill for a premium is his initial rate and that is probably not the correct rate nor the final rate that he will pay?

COMMISSIONER DOWNEY: That's right.

CHAIRMAN GEDDES: And what about the minimum rate?

COMMISSIONER DOWNEY: That we can control, yes

CHAIRMAN GEDDES: That is subject to full control and to all parties.

COMMISSIONER DOWNEY: That is to the minimum amount.

CHAIRMAN GEDDES: That's right.

COMMISSIONER DOWNEY: Yes sir.

CHAIRMAN GEDDES: Are there any further questions on this particular phase that the Commissioner can explain? All right. Then will you proceed please and give us the resume of recent hearings. Section 11734 of the Insurance Code makes it necessary to hold hearings, does it not, where these minimum rates which you just referred to are set and which are in effect for the ensuing year for all insurers in California?

COMMISSIONER DOWNEY: Well to tell the truth, I don't know whether that requires a hearing or not but there always is one and I think any reasonable man would always want a hearing. You can't do those things secretly. I haven't looked up that point and I can't answer that question. At any rate, we have had hearings going on during the last five or six weeks regarding a change that is contemplated. "Hearings were conducted in January of this year by the Insurance Department in San Francisco and Los Angeles to determine whether the present Workmen's Compensation Insurance Manual, which contains the minimum rates, regulations, rules and charges," should be changed. Mr. Downey continued reading.

At the close of the reading of this resume, Chairman Geddes said: Then, let me interpolate here a reading of the code with reference to that section It says, under the heading "*Change of a Classification or System;* "The commissioner may change any such classification or system, previously approved or issued, if he first holds a hearings to determine the effect of the change upon the adequacy or inadequacy of rates. Such changes shall also be uniform as to all insurers affected." So, while it is not mandatory that you hold hearings, it is mandatory, in my interpretation, before you make any change on an existing rate——

COMMISSIONER DOWNEY: Well, I mean, our country works on the basis of public hearings and whether it is in there or not——

CHAIRMAN GEDDES: You would still have them even if it was merely permissive?

COMMISSIONER DOWNEY: Yes sir.

CHAIRMAN GEDDES: Mr. Dunn?

MR. DUNN: I wonder if Mr. Downey would define what is meant by producer organizations?

COMMISSIONER DOWNEY: Well, producers in the insurance business are the people in the insurance business who sell insurance, such as agents and brokers, and there is another classification called solicitors, but usually the solicitors work for somebody else. They don't have any organization of their own. They have trade associations and there are a number of them. There's the State Agents' Association and there are three or four brokers' associations.

MR. DUNN: In this instance a producer organization is a representative of the people who solicit insurance—not an insurance company?

COMMISSIONER DOWNEY: Yes sir. That's right.

CHAIRMAN GEDDES: Now I have also asked that the commissioner give us information as to the method of establishing these minimum workmen's compensation insurance rates in California. This will open the discussion on it and we will come back to it doubtless later on, but if you will give us this preliminary statement, we will appreciate it.

COMMISSIONER DOWNEY: (Then reads from article entitled "Method of Establishing Minimum Workmen's Compensation Insurance Rates in California.") Reads first sentence and then says: "I might say they are never available for the year just preceding because obviously when a workman is injured on the last day of December, you can't tell what his case is going to amount to for some time. Therefore, reliable statistics are always at least one year old, and that is dependent upon the time of the year that you take them Toward the end of any calendar year why they're nearly two years old."

MR. DUNN: Where will we find the statement that Mr. Downey is reading from now?

CHAIRMAN GEDDES: It follows the letter to the chairman—his letter of transmittal—and is in the manila folder.

COMMISSIONER DOWNEY: Resumes reading and interpolates after "current rates" in the third line of fourth paragraph, "You see when your wage rate varies—every time you give a man a raise that automatically will raise their premium; on the other hand, if wages go down, the rate is reduced." Resumes reading. Reads last words of fourth paragraph, "experience period" and then says, "Now, of course that's pretty obvious. If you raise the benefits your loss would be greater, and ultimately it will change your rate." Resumes reading and reads through second paragraph on second page of statement and then Mr. Doyle interrupts.

MR. DOYLE: Mr. Downey, are any of these rates changed according to the hazard that might be in any industry?

COMMISSIONER DOWNEY: Oh yes, but that shows up in experience—I can explain that a little bit later on, if you——

MR. DOYLE: I beg your pardon.

COMMISSIONER DOWNEY: First of all, what I'm talking about right now is within a group like say, oil refining. Now I don't know much about oil refineries but they probably employ almost all the trades. Nearly all of the trades like——

MR. DOYLE: We should get some smog experts down here.

COMMISSIONER DOWNEY: Well, we certainly have smog in Los Angeles County—maybe we need some smog experts! Well, they have boiler makers, painters, carpenters and cement workers—every kind of a trade almost that you can think of—and they are covered by an industrial rate. So, if you consider these cases, these figures, as applying to oil refineries, you have the answer right there.

MR. DOYLE: They're all classified?

COMMISSIONER DOWNEY: Yes, now of course you have your other classifications that aren't on an industrial basis. They are on a trade basis—like say carpenters or something like that. Where a man doesn't employ all these various trades you're going to get another answer. Resumes reading, starting with "It should be pointed out" in third paragraph on page 2, of *Method of Establishing Rates*, etc. Reads down to "indications to fluctuate widely from year to year" in same paragraph and then says: Well that means that although we've got an awfully big state here and its highly industrialized, we still have some things that are done in very small volume here. I don't right now think of such a case, but we don't have any coal miners that I know of, so if you want to find out about coal miners we would have to get the experience from some sister state; or, if we had a very few, why we would have to judge that in the light of some other state. If there was only one coal miner you couldn't establish a rating on him. There simply wouldn't be enough factual data to make a rate on him. Maybe my example isn't a very good one but you can think of others

CHAIRMAN GEDDES: We could probably take as an example the manufacture of plastics. It was a new industry not so many years ago. In that case you would perhaps have to make a determination which would be based on assumption, which might be a rather high loading, simply because we didn't have a great deal of experience either in or out of the state.

COMMISSIONER DOWNEY: That's right and of course you have to remember that awful explosion in Los Angeles a couple of years ago in that plating plant. Now that was done by a crazy man, undoubtedly, but nevertheless it's the kind of thing which upsets your experience rating. That was in an industry that is certainly well founded in this country.

Now it might be interesting to you that up until very recently we used—to a large extent in making California rates—figures that were compiled by what is known as the council. The council is a rating organization in the East which assembles all of these national figures, much as some of the fire rating boards assemble them for various states, groups of states, and the National Board of Casualty and Surety people, assemble their national rates. Those council rates were formerly widely used here in California but since the State has become so big, we have determined that we could pretty well stand on our own bottom. We don't have to

bother with those statistics which were always pretty stale—except in the few instances which I mentioned and the volume of those is extremely small. So, we are pretty well on our California experience basis now.

To continue on, if I can find myself here—Mr. Downey continues reading. Finishes reading that particular statement and then says: I think every state in the Union follows pretty much the same rate making arrangement.

Now there is one thing I would like to explain to you and then I shall be finished and can answer questions unless you want me to give further evidence; and that is the way this experience is reported. We have here an organization that was set up about the time compensation insurance was set up which is called the California Inspection and Rating Bureau.

The Department of Insurance has a representative on the two agent committees of their organization, one called the Classification and Rating Committee—the C. and R. Committee—and the other called the Governing Committee. Now, the department does not vote in those meetings. We have a representative there for purpose of information and, because it is a sort of quasi-public organization, to insure that all meetings are open and above-board and no monkey business.

There is also—I believe it is—the right of the representative of the State to break a tie, or vote in case there is a tie, to settle any controversy, but no one has had to use that in my time. Usually the people who make up that group are very high type people—they are very able—they are people of actuarial training—and while they don't have the title of actuary in a professional way they run that organization. That organization receives reports from every single compensation carrier in California, including the state fund, on what is called the unit statistical plan which is in a way exceedingly complex and probably couldn't be done at all if it weren't for the marvels of these modern bookkeeping machines. They use Hollerith cards and punch the experience of every little risk, the cost of every claim and so on, on those cards and, by running them through one of the shuffling machines, you come out with statistics that are exceedingly accurate. If they had to be done by hand, I am afraid there wouldn't be enough clerks around to do it. So, we have a certain number of permitted carriers here, and all of those units are added up so that you get the experience both as to premium and as to losses with reference to, say, waitresses, dentists' assistants, or everybody else. I think that out of those tabulations come about as accurate a set of rate making statistics as I have ever experienced in my life. I have spent many years in the transportation rate field and they have some pretty good statistics there, but nothing to compare with those used in workmen's compensation.

CHAIRMAN GEDDES: Pardon the interruption. Do I understand that some of the first punches to go into those cards would perhaps be the industry punch; that is, the laundry industry, the printing industry, the food purveying industry—would that be one of the classifications?

COMMISSIONER DOWNEY: Well, that's one of them. I wouldn't say it was the first because they have these people who are expert to punch those things, but all that information gets in there. I've asked about it but I don't know which one is first.

CHAIRMAN GEDDES: Somewhere along the line in the final tabulation you would find—let's say within laundries—that there are a certain number of press operators, flat work operators, and other different types of work employees reported. They might in point of fact have cafeterias where they have waitresses, which would be in a different classification within a general laundry class. Are those rates—correct me if I'm wrong—accumulated to finally build the individual premium which is going to be collected from the particular employer, that is, his minimum rate?

COMMISSIONER DOWNEY: Yes, as this report states there are some actuarial adjustments and so, but in general, that's true.

CHAIRMAN GEDDES: In other words, you would have a certain number of unskilled employees at nonhazardous occupations upon whom the payroll tax is at a minimum, or in the low brackets. Then perhaps you might have some particularly hazardous occupation—say, electricians around the plant, painters, riggers, etc.—who would carry higher rates, but the proportion of the pay of each one of those employees to the total payroll would help to determine the rate at which the premium would be set for that particular insurer.

COMMISSIONER DOWNEY: For that particular *industry*. Yes sir.

CHAIRMAN GEDDES: Suppose we have a large laundry that has a great many classifications of employees and we have little Sam Sing's laundry where you just have a number of hand finishers who send their work out to another laundry under contract. Now, would both of those laundries—for that is their classification—pay the same rate?

COMMISSIONER DOWNEY: Yes, I think they probably would.

CHAIRMAN GEDDES: You mean that both pay——

COMMISSIONER DOWNEY: Well, it's an average rate. There are two ways to work it, Mr. Geddes. You can either have a tremendous multitude of classifications or you can squeeze those classifications down. What we have in California is a compromise, and whoever is benefitted by it is very much pleased, and whoever feels that he can save a nickel here and there is always complaining about it. You can argue the case both ways All I can say is that in general we have a pretty fair set-up and the number of complaints that come to the office—considering the size of the industry in California—I think is pretty small.

MR. DUNN: That discrimination you spoke of. Let's take the two laundries Mr. Geddes spoke of. One laundry had a favorable experience during the year and the other one had an unfavorable experience. In a participating company—particularly let us say in the state fund—would there be an offset by the return of premium because of their particular experience?

COMMISSIONER DOWNEY: Well, that's the way it works out. Yes sir.

CHAIRMAN GEDDES: Of course that's the basic reason for participating plans, where a certain amount of equity and fairness can be established by the return of the—shall we say—excess premium to the employer.

COMMISSIONER DOWNEY: Yes sir, that's the way it is worked and it seems from what I gather—from listening around the country—that we have about the fairest plan in the country and less squawks here by far than there are in other states—at least in those I hear from.

MR. DUNN: Mr. Chairman, the reverse would hold true if it were not a participating plan. If you assessed an average premium for an entire industry, then the one that had a good accident record would be penalized because they would not receive any return on their premiums, in a nonparticipating plan.

COMMISSIONER DOWNEY: Well, it's just impossible, if you're going to use an industrial basis, not to get some people dissatisfied. Now, if you're interested in that I'll explain it to you.

CHAIRMAN GEDDES: I'd like to have just a little amplification.

COMMISSIONER DOWNEY: Well, I'll give you two examples that have been before the department recently. One of them is sawmills. As we all know, around the "head-rig" until you get around to what is called the "green chain," or at least to the beginning of it, is a pretty hazardous business. You have logs falling around. You have belts all over the place. A lot of them are kind of shaky structures; boilers blow up, and it is very hazardous. Now out at the end, there is very little difference after the lumber is once sawed up between the operations of the employees that sort it and the employees in an ordinary lumber yard In establishing rates in sawmill classification, the experience of all those employees was considered, from the pond clear out. Furthermore, I'm not so certain at the moment but that logging out in the forest was also taken into consideration. So you came out with an average rate. Well, everyone was satisfied with that though some fellow with a sharp pencil and a pretty good mind, saw that on employees out at the end of the line—he was having to pay more for their insurance than he would if he had been running a lumber yard in Sacramento. Naturally, they wanted just those employees cut off and the rate reduced Well, you don't have to be very much of a mathematician to see that if you did that it would just boost the rate on the other fellows in the sawmill—so there isn't an awful lot of justice to that sort of a complaint. Nevertheless, the complaint is always made.

I had another one the other day where a concern had a big warehouse and dealt in floor coverings like linoleums, carpets and things like that are pretty heavy. They had about half of their force as warehousemen and half were salesmen But in that industry they take the entire pay roll and get a rate for all of them. But, this fellow saw that if he just ran a warehouse, he would get a cheaper rate—not that he ran that—and if he had no warehouse, and just had salesmen, he could get a very cheap rate for the salesmen; so he wanted to have his cake and eat it too. He wanted to get the lower rate that he got on warehousemen and the still lower rate on salesmen. When it was explained to him though I think he was pretty well satisfied.

Now, there is one other thing I just thought of and that is schedule rating. Are you interested in that? That's just about a thing of the past in California. Schedule rating is a scheme whereby an employer is given credits on the basis of safety devices in his plant. Now that is kind of historical. Back, I guess when Mr. Scharrenberg was getting this bill

through the Legislature in 1913, probably they had a lot of old belt drive plants, and when they had belts they were open and exposed—they had cat walks without railings and things like that. But gradually, the Industrial Accident Commission set the minimum qualfiications for safety devices so high in this State that the worst plant is a pretty good one; so the reason for schedule ratings is just about eliminated. It's not completely so yet, but the California Inspection Rating Bureau has voted now that it's such an infinitesimal thing it's not worth worrying about and I'm sure they are going to seek to have our department no longer consider it.

MR. DUNN: Here again I think you see where any additional efforts that an employer makes toward safety compensates the employer by the return on his premium, if he is in a participating company.

MR. MORRIS: I was interested in the statement that the schedule rating is eliminated.

COMMISSIONER DOWNEY: No, it isn't yet but it is kept down.

MR. MALONEY: May I certify to that by saying that I know of two warehouses in my district in which they put in these water devices on the top of the ceiling and the rates were reduced. Now that is still in effect where a man makes?

COMMISSIONER DOWNEY: Well, that is in fire insurance—in compensation it has gotten down to an infinitesimal thing now. It doesn't amount to much but back 30 years ago it amounted to a lot

CHAIRMAN GEDDES: In other words, the point I think that the commissioner has been making is that through the very valuable work of the Industrial Accident Commission—where we started in with rewards in the form of reduced premiums to employers when they eliminated the hazards—it has become such widespread practice now that it has become one of the police functions of the State to insist as far as possible that workers work under safe conditions. That has worked for the benefit of the workers in industry and everyone. So, that would make these more or less bonus schedules, that you adverted to, sort of a thing of the past, inasmuch as we could get equity in another way; that is by the dividends which employers get for having had minimum charges against the fund.

COMMISSIONER DOWNEY: Pardon me. My chief rate analyst just called my attention to another point that I've missed here and that is that large risks are experience rated too, and that they all come out on those punch cards and in the unit's statistical plan, so that you've got Sam Jones' Foundry down there and it comes out of Sam Jones' Foundry and he gets credit for it. It isn't just mixed up with foundries in general.

MR. DOYLE: When you speak of insurance experience rating, does that mean lack of accidents? Just what do you mean?

COMMISSIONER DOWNEY: It's just the bonus anybody gets for being good. They go up and down. If a fellow is a bad egg and he is lax and careless and doesn't take care of his men, and so on, he'll get a debit rating. If he is careful and—particularly where nurses and doctors are available in big plants, where a man with a cut finger can go in and have it dressed, and save infection, he is back at work in a few minutes instead of being laid up with blood poisoning—why he or his company gets a very substantial credit rating.

CHAIRMAN GEDDES: Would you say from your experience as commissioner, and coming in contact with commissioners of other states, that the use of pay roll dollars as one of the factors of computation is throughly satisfactory, as against using the number of insured lives or individual exposures, as you do in most health and accident and life insurance? The pay roll dollars are a pretty good measure, you would say, rather than workers, actual persons?

COMMISSIONER DOWNEY: Well, I can only sort of give you my own opinion on that, but I don't think the two are comparable to each other. There is just no field in the world where you've got the statistics available to you in compensation insurance This rate making in compensation insurance is about as accurate a science as you can find. You get out in other fields like Accident and Health and the incidence of colds and flu and things like that are not so well known. You can't get the statistics.

CHAIRMAN GEDDES: Suppose, just for illustration—because you would need larger groups—you had 30 people at $40 or 40 people at $30 working on punch presses, your pay roll total would be the same but there is 33⅓ percent additional exposure as to people. By just the law of averages there are going to be more fingers come off in one group than in the other. I want to know if in your opinion that balances out.

COMMISSIONER DOWNEY: Oh I think it does. The actuary was telling me that it's the most accurate system there is.

CHAIRMAN GEDDES: As far as you know there has been no complaint as to that score, or proposals to change it to some other basis?

COMMISSIONER DOWNEY: Oh well, I don't know. I wouldn't say that. There is always some fellow who is, as Mr. Scharrenberg says, writing letters all the time about something.

CHAIRMAN GEDDES: That keeps the Postoffice Department busy.

COMMISSIONER DOWNEY: I would say that they are very infrequent and we have less complaints about compensation insurance (except for a few cranks) than just about any of the other major lines.

CHAIRMAN GEDDES: I would like to ask you just one other thing. I think it is relevant here. Would you just describe briefly—it isn't in your brief—the steps that are taken by you as the commissioner in the conduct of your office to guarantee, as nearly as possible, the solvency of permitted insurers in the State of California, particularly in the field of compensation insurance? Do you feel that there is any particular reason to be apprehensive about any of those going broke under present conditions?

COMMISSIONER DOWNEY: The law is so framed that, unless some employee just stole a lot of bonds, it is virtually impossible for a compensation insurer in the State of California to go broke. Assuming that we do a decent job in examination, and we certainly try—the standards of solvency are very very high. They are fixed purposely high by the Legislature to be sure that the injured workman is not left out on a limb after he is no longer able to work as the result of an industrial accident. Those standards are higher than any other form of insurance. The reserves, you see, have to be set up on a 70 percent basis for three

years and there is the so-called Schedule P in their report. If their case basis is higher than that they have to use whichever is the highest. So, actually it's pretty sound.

CHAIRMAN GEDDES: It's a pretty sound basis that the companies operate under today?

COMMISSIONER DOWNEY: Yes sir.

MR. DOYLE: If several new industries start in California, now how do you take care of the employees in those industries, say for the first month or so of their employment in case there is an injury?

COMMISSIONER DOWNEY: Well, we—you can't get statistics in a month. It takes several years to gather enough statistics, but if they don't have any such industry in California, we look to the national figures because if that industry existed some place else you can find out what the experience was there and use that. If it's something entirely new—an advancement in the arts—like—atomic business, or something like that, then you have to do just the best you can.

MR. DOYLE: Pay roll deductions are collected quarterly, aren't they, by the State? Or is it every month?

COMMISSIONER DOWNEY: This isn't pay roll deduction—this is compensation insurance.

MR. DOYLE: That's right. I mean compensation.

COMMISSIONER DOWNEY: They have various ways of collecting the premium. They usually charge a deposit premium and then go back and audit it.

MR. DOYLE: Yes, but as I said before, I know of several cases, particularly around Los Angeles, where they've started businesses and men were injured and never got anything. Where would they get their money if these people weren't covered? As far as I know under state law, you *have* to be covered.

COMMISSIONER DOWNEY: Well the employer is guilty of a crime. It's a crime in California that you can go to prison for if you don't carry workmen's compensation insurance and you've got an employee of your pay roll. Instances like these you spoke of undoubtedly happen. I've heard of it myself but they are pretty infrequent.

MR. DOYLE: Have you any way that they can be covered?

COMMISSIONER DOWNEY: No, we have no jurisdiction over that. They are in the same position as the fellow who runs over you down here on the street. If he runs over you in an automobile and he has no insurance and no money they you're just out of luck, that's all. The laws don't provide for——

MR. DUNN: As I understand it, if a person wants to employ someone, he's required to post a specified deposit, I imagine the deposit changes with regard to the number of employees perhaps and the type of industry. I think in the painting business we had to deposit something like $100 as premium on one person—I don't recall, it's been several years since. So that an honest employer has to, in effect, deposit what would be the premium on several employees. A dishonest employer is just like any other crook. If he goes into business and perhaps gets a state license to do business—if one is required—without getting workmen's compensation, then of course the redress is by suing in the courts for compensation in the same manner that would sue for injuries for anything else. Like Mr. Downey pointed out in the case of a person operating

an automobile without insurance, you might sue him and make him sell his home and compensate you for your losses. That's probably what you can do with a dishonest employer, in addition to which of course he is violating the law because he is employing someone without carrying compensation. Isn't that about it?

COMMISSIONER DOWNEY: Yes, but generally he never has a home, or if he has one, it is homesteaded.

CHAIRMAN GEDDES: In other words it would be either malicious or gross carelessness and it is not the function of the insurance department to see that people are insured, but it is their function to see that the insurance which is permitted in California is conducted under sound rules and according to provisions of the statute. Isn't that right?

COMMISSIONER DOWNEY: Yes sir.

CHAIRMAN GEDDES: So you're not a police power except over the insurance industry?

COMMISSIONER DOWNEY: That's up to the district attorney that prosecutes those folks.

CHAIRMAN GEDDES: Any further questions of the commissioner?

MR. DON GALLAGHER: I'm Donald Gallagher, attorney for the state fund, and I don't know just how far I can participate in these, and I ask to be excused if I transgress. There are a couple of questions that I would like to have the committee ask Mr. Downey, or ask them myself.

In Mr. Downey's statement he referred to dividend plans generally, and said that a need for legislation was prompted by the fact that sometimes these plans were discriminatory. I wondered whether Mr. Downey had in mind the State Compensation Insurance Fund when he suggested that some plans had been found to be discriminatory.

COMMISSIONER DOWNEY: I didn't have the state fund in mind —I don't know what their plans are——

CHAIRMAN GEDDES: You were explaining, I believe, the reason for the introduction of the bill which you recommended last season and which Mr. Maloney and Mr. Brown introduced.

COMMISSIONER DOWNEY: Yes, that's right.

CHAIRMAN GEDDES: Is that answer enough?

MR. DON GALLAGHER: And I presume that the same answer would cover his statement that in some instances employers had different dividends, and had no application to the state fund in particular.

COMMISSIONER DOWNEY: Well, I didn't have that in mind— I don't know—there were abuses in the field.

CHAIRMAN GEDDES: In other words, we were asking you for comparisons and then we asked you for your remarks generally, how ratings, etc., were established.

MR. DON GALLAGHER: One other question—in respect to solvency, I was wondering if the commissioner could tell us whether there have been any statutory or regulatory changes with reference to the basis for protecting insurers against insolvency today than there were in 1932?

COMMISSIONER DOWNEY: You mean Workmen's Compensation Insurance?

MR. DON GALLAGHER: Yes.

COMMISSIONER DOWNEY: Well, none come to my mind. The one we had here about reinsurance last year might effect them, but I don't believe it does because you've got a pretty good statute as it is on compensation insurance.

MR. DON GALLAGHER: Those are all my questions of Mr. Downey. Now, I wanted to make one or two other comments if I may, very short.

CHAIRMAN GEDDES: All right. Are there any further questions of the commissioner before we excuse him?

MR. MORRIS: I would like to ask Commissioner Downey, if in his opinion, solicitors for the Workmen's Compensation Insurance Fund who work for the State and are not licensed under his department, should be licensed or be subject to discipline in some way by your department. There have been complaints made to me that since these men are not under the jurisdiction of your department that they are able to make misleading statements in soliciting business away from private carriers; do you think that is a fact?

COMMISSIONER DOWNEY: I don't know anything about it, Mr. Morris, I have never met one of those gentlemen in my life, and know nothing about it whatever. There might be truth in it, but I know nothing about it.

MR. MORRIS: I understand that there have been many complaints made to your office about the manner in which these men solicit business.

COMMISSIONER DOWNEY: Well, I have had this complaint made to me, and only this complaint that has been made by several people, that these people that work for the state fund soliciting business are salaried employees. The particular complainant thinks it's wrong that an agency of the State should be soliciting business away from private people—but those are the only complaints that have been made to me. Now we've got a lot of people in the department, Mr. Morris, and there may have been some complaints made to others, but I get a pretty good resume of those once a month and I have never recalled that. I think I've, now that you mention it, overheard it some place around a banquet or some place where insurance people gather, but it's been in a very general way and I know nothing about it.

CHAIRMAN GEDDES: Any further questions?

MR. DUNN: I don't want to address this to Mr. Downey because it would maybe put him on the spot, but I would make this comment on the rate level paragraphs in Mr. Downey's statement. Since the rate levels are based on a percentage of the pay roll, the pay roll is increased in the amount that wages increase—even by the amount that's paid in overtime, as for instance time and a half or premium time for night work. Although no more hours are worked, the result is that every time wages are so increased there is an increase in the premiums to the insurance companies. The law is still based on something like the original law with reference to the payment of claims, that is 65 percent of 95 percent not to exceed something like $65 as I recall it; and only by action by the Legislature on one or two occasions has the compensation to the injured workman ever been increased although there has been a progressive increase in pay roll from 1913, when the law was first enacted, and it is

constantly being increased. It seems to me that the Legislature might well take cognizance of this fact and establish some method of compensating injured workmen on a different basis than merely by an arbitrary fixed fee when the compensation to the insurance carrier fluctuates with every effort of that workman to increase his wages and working conditions.

CHAIRMAN GEDDES: I think that's a point for discussion and we can take it up at a subsequent meeting of the committee. Of course, if there is any comment on it from any witness, it is within their province to make at any time.

COMMISSIONER DOWNEY: I was wondering if in your request for those examination questions—I am just afraid somebody will take what I am going to say in the wrong way and I don't want that—but we change those questions from time to time, so I wonder if a set that's not currently in use will be just as satisfactory as the present ones we're using at this moment. Then I can give you the answers to them and you'll have the whole thing before you.

CHAIRMAN GEDDES: Mr. Dunn, would the commissioner's suggestion be acceptable to you that he furnish a set of questions—relative to the examination in the field of compensation insurance—that are not current, but are in the immediate past, and then we'd also have the answers. That would be satisfactory, I think.

MR. DUNN: Yes, all we want, at least I think all we need, are typical questions asked of applicants for a license as well as those we ask of applicants for civil service positions.

COMMISSIONER DOWNEY: Did I understand you to say you only want that for compensation insurance?

MR. DUNN: As far as I'm concerned, yes.

COMMISSIONER DOWNEY: Oh well, that's a trivial matter, we can give you that.

CHAIRMAN GEDDES: Then, if you will make that in the form of a communication to the chairman, I'll send it to the members to insert in their binders at this place in the transcript.

MR. DUNN: Off the record, Mr. Downey, if you'd care to send a complete list of all the questions——

COMMISSIONER DOWNEY: I'm sure you'd find a ready market, I'll tell you that.

MR. DUNN: I wouldn't even bother taking the examination—I'd just sell copies.

COMMISSIONER DOWNEY: We have five new ones coming up in the next few months.

CHAIRMAN GEDDES: Thank you, Mr. Downey. I understand that you want to get back. If there's anything that would change your testimony or that you believe pertinent to the presentation you've made this morning, when you have that meeting tomorrow, you can communicate with the chairman on it. I don't believe though that it would amplify the statement that you have already made as to rate making.

COMMISSIONER DOWNEY: No sir. I might say this also, Mr. Chairman, that I brought with me Mr. Frank Montasini, the chief of our rating division, who is one of the ablest technicians on rate making there is. If anybody wants to ask any technical questions, I am sure he would be delighted to answer them. A lot of it's over my head.

CHAIRMAN GEDDES: Now, Mr. Gallagher, we have just a few minutes before noon, if you want to make a statement.

MR. DON GALLAGHER: It won't take me but a moment.

CHAIRMAN GEDDES: For the record, will you identify yourself.

MR. DON GALLAGHER: My name is Donald Gallagher, attorney for the State Compensation Insurance Fund. I wanted first of all, to make a clarification that I think you would wish to have made, and that is when Mr. Scharrenberg was on this stand several members of the committee referred to "your report," and as one looks over the record they won't find Mr. Scharrenberg's report, it's Mr. Gallagher's, J. J. Gallagher's report.

CHAIRMAN GEDDES: That correction is understood. While some of the matter was contained in the report filed by Mr. Gallagher, that is, the written material is his, the interpolations and the discussion by Mr. Scharrenberg are alone to be attributed to him.

MR. DON GALLAGHER: I would like to inquire whether the time for the filing of whatever complaints against the fund may be made is limited—whether that time is past, or whether the charges from third persons—I'm not speaking of the inquiry by the committee—but complaints from third persons may come in to the committee during the entire running of this committee hearing, or whether they're closed now and whether some time during the day we will know what they are and have an opportunity to study them.

CHAIRMAN GEDDES: I'll reply to you in this way; first of all the various members of the committee, or members of the Legislature, were approached in their home cities by various members of the insurance profession making certain complaints. Now, whether these complaints are well founded or not can only be ascertained by conducting hearings. It so happens that some of these people made their complaints not only to the members of the committee, but openly and through the press and on occasions where they were reported by the press. We don't know whether correctly yet or not—those are still allegations It so happens that certain members of the committee have written the chairman by means of open letter and made certain allegations which have been taken up and treated by Mr. Gallagher. Now, all of that is perfectly all right, but what we're trying to find out is what goes on in the insurance field. The committee itself, is making no charges—we want to get some information. As far as your question to the chairman is concerned, hearings are always open. There is a place on today's agenda for those who originated some of these complaints to speak and state their position. If there are enough members on the committee who want to go further into this, there will be further hearings, and certainly the committee isn't going to hear one side and not the other. Now, as far as a person could go, I think Mr Gallagher has gone—anticipating in some cases—in making a statement Because his was the longest and because part of his presentation included the statement of Mr. Scharrenberg, we gave him the opportunity to speak first. In other words and since it is a state agency, we want to know what the purpose of the fund is and how it is conducted. If he chose to consider some of the insinuations that have been made, why of course that was his privilege. He might have waited until a future meeting I've assured him personally that there would be future meetings I think that

that's fair. Now, if you want to jockey for position and let other folks speak first and get off of the prepared statement that is another question, but the insurance agents and brokers have filed a prepared statement which I haven't released, nor have I released Mr. Gallagher's statement before the hearing.

MR. DON GALLAGHER: That's what I have in mind, Mr. Geddes, the prepared statement that they have filed—that will be made available to us in the course of the day?

CHAIRMAN GEDDES: As rapidly as it can be copied down. We're not going to bring in a staff of stenographers. On the other hand, we haven't promised them that we'll give them a copy of your presentation for them to mull over. You're all here together and there is nothing secret here; it's an open meeting, and as rapidly as we can get stenographic help to take down the recordings, anything that isn't in writing will certainly be made available.

MR. MALONEY: Well, Mr. Chairman, that was what I was going to ask. There will be a stenographic report of this committee meeting?

CHAIRMAN GEDDES: That's right.

MR. MALONEY: And before there is a final determination made by the committee on what has come before it, we will all be given the opportunity to read the report of those who may have appeared before the committee—both those who are complaining against and those defending the fund?

CHAIRMAN GEDDES: That is correct. I'll state, Mr. Maloney, that at the organization meeting of the committee, which you were not able to attend, unfortunately, the rules for our internal conduct were worked out and it was specifically agreed that no finding by the committee would be except by a majority of the members thereof; not members present, but the entire membership, before any recommendation is adopted. On the other hand, any minority report will be included and given equal value in the presentation. I think that's the fairest manner in which to proceed.

Mr. MALONEY: I hope the record shows I was in the hospital at that time.

CHAIRMAN GEDDES: That's right, and we were wishing for your speedy recovery, and I'm glad that's been achieved.

All right, is there anything further? The chairman would like to suggest that we now recess until the hour of 2 o'clock.

AFTERNOON SESSION

CHAIRMAN GEDDES: Gentlemen, one thing was called to our attention this morning, and that was, that when anyone desires to speak if you will be sure and get the chairman's recognition—not so much that we may be in order—but to recognize you and thereby identify the speaker on the transcription record. This will make it easier for those who transcribe the records to pick out the testimony and questions So, if you will pause a moment after seeking recognition until you are recognized and will be sure the light is on your microphone it will be better for all concerned.

There's one matter that should come before the committee at this time.

I promised a person, who has written to the committee, that he could be heard—not at length today—but to get his complaint into the record, as he is here at some considerable expense to himself. We will give him a chance to make a statement and then we will hear from him later. Mr. Charles E. Lewis will you please come forward? Now, Mr. Lewis, will you please identify yourself as to your name and address?

MR. LEWIS: I am Charles E. Lewis, 1509 Cornell Street, Susanville, California.

CHAIRMAN GEDDES: Mr Lewis, you have previously written to the chairman of this committee stating a particular grievance that you had and in which you don't believe that you have obtained justice. Will you just give us a resume of what that grievance is and at a subsequent meeting the committee will take it under consideration.

MR. LEWIS: Well, the first thing that an injured man does when he gets hurt is go see a doctor. Now he figures that he's supposed to get compensation. Well, the time drags along and drags along and he's not able to work. He don't know what to do because he's not up on this stuff You go to a doctor and after that why then you go get a lawyer. You hear from this lawyer that he will do the job for you; then you have a hearing from the commissioners—they set the date. You leave that all up to your lawyer and when the hearing comes up you should have all your evidence at this hearing. In this particular case of mine, that's what I should have had, but my lawyer didn't get it that way. That's part of the trouble—I didn't have my evidence at the hearing and it was on account of my lawyer. The other is that you go to one doctor and he will want to do this to you and you go to another doctor and he tells you something else so you don't know where you're at. When you go to your own doctors, why then they never okeh it, and the last doctor I went to see he told me what was wrong with me and he didn't correspond with any of their doctors He said if I'd of went and had an operation it wasn't necessary. And when I first went down to San Francisco I went and seen Dr. Strain. He recommended an operation. This doctor said that wouldn't have been necessary at all, so that's about all I have to say gentlemen.

CHAIRMAN GEDDES: Well then to bring this to something definite, Mr. Lewis, you were employed with an insured employer, is that correct?

MR. LEWIS: Yes, sir.

CHAIRMAN GEDDES: And you were injured?

MR. LEWIS: Yes, sir.

CHAIRMAN GEDDES: And you had your case presented through an attorney?

MR. LEWIS: Yes, sir.

CHAIRMAN GEDDES: Was that case denied, or was allowance made?

MR. LEWIS: They gave me the hearing all right. My statement, just like I said, was on the attorney—he failed to subpena the witnesses and I give him the card and I figured the witnesses would be there, but when the trial came up my most important witness wasn't there—a safety engineer.

CHAIRMAN GEDDES: Then through no fault of your own, you have lost any benefits or awards that you feel would otherwise have been made?

MR. LEWIS: No sir, the insurance company is paying me right up—right on the money now, but for a while there, for about a year they made my family suffer; they would go from 60 to 90 days, I don't know the exact dates, but I could dig them up.

CHAIRMAN GEDDES: Then you believe that what this committee should investigate would be procedure whereby we could amend the laws so that cases such as yours would come to a quicker determination?

MR. LEWIS: That's right. Where they have to pay the man while he's laid up until the doctors decide whether he's well or he's not well. In the meantime, they don't pay and you lay there and you can't work and your family suffers.

MR. MALONEY: Mr. Chairman.

CHAIRMAN GEDDES: Mr. Maloney.

MR. MALONEY: The law was amended at the last session to provide for payment of a penalty for unnecessary delay of 15 percent. When was your injury?

MR. LEWIS: October 21, 1948.

CHAIRMAN GEDDES: So that would antedate this case. I will state for the benefit of members of the committee that Mr. Lewis was introduced to the chairman just shortly before we convened by Assemblyman Lester T. Davis, and he has come here at his own expense. Now, there will be a subsequent meeting and the material which you have sent already to the chairman will be analyzed, and you will be given an opportunity at that hearing to be heard further, but I didn't want you to have made the trip here today and not be heard. Is that satisfactory?

MR. LEWIS: That is satisfactory.

CHAIRMAN GEDDES: Mr. Dunn.

MR. DUNN: I wonder if Mr. Lewis could tell us a few things. For instance, Mr. Lewis, when you were injured, you were injured on the job?

MR. LEWIS: That's right.

MR. DUNN: What do you do?

MR. LEWIS: I was an edgerman in a sawmill.

MR. DUNN: Oh, you don't work on the railroads?

MR. LEWIS: No, sir.

MR. DUNN: Was there a report made of the injury at the time you were injured or as soon as possible thereafter?

MR. LEWIS: Yes, sir, I suppose there were. I was taken to the hospital.

MR. DUNN: When did you first start getting any compensation?

MR. LEWIS: I don't know the exact dates on this because I don't have them.

MR. DUNN: Within two or three weeks after you were injured?

MR. LEWIS: Well, they paid me right up to start with—right at the start of it.

MR. DUNN: They did commence to pay you within two or three weeks after you were injured? There is first the waiting period, and after that they began to pay you?

MR. LEWIS: Yes, they started, yes sir.

MR. DUNN: You received compensation for some period of time until there began to be a dispute between the doctors as to whether or not you were able to work?

MR. LEWIS: That's right.

MR. DUNN: That's all I wanted cleared up, Mr. Geddes.

CHAIRMAN GEDDES: Mr. Doyle.

MR. DOYLE: I want to say that I think it would be better when Mr. Lewis appears before the committee the next time to be prepared to give us all this information. You already have a little idea of what we might ask you, but be prepared to answer these questions because it is going to be absolutely necessary that we have all this information; because yours is not an isolated case with these insurance companies—I'll guarantee you that. I've got several that I'm going to put in here against my good friend Bill Kilgore in Los Angeles.

MR. MALONEY: The only question that comes to my mind, Mr. Chairman, is that the complaint of Mr. Lewis is not against the insurance company or anyone else except the lawyer.

CHAIRMAN GEDDES: It would appear so, but at the same time——

MR. MALONEY: I'm sorry to say that, but that's his statement. Your complaint is strictly against the lawyer?

MR. LEWIS: That's right, sir, but that's what happens to the most of the boys.

MR. MALONEY: But, there's no reason why you had to have an attorney though.

MR. LEWIS: If I was an attorney I wouldn't have gone after one.

MR. MALONEY: That's right, his complaint is not against the insurance company or the method of collecting or the amount he collected because he's being compensated, but against the gentleman who handled his case and didn't handle it in the right manner.

MR. LEWIS: That's right, sir.

CHAIRMAN GEDDES: Well, this not being a court, there's not much we can do except find out if there's any needed revision in the laws of procedure that we could recommend; thank you, Mr. Lewis.

Mr. Gallagher, would you like to resume now with your discussion of the operation of the fund and internal management? All right, Mr. Gallagher, are you going to place your entire transcript in oral presentation or are you picking up from it at various pages and paragraphs?

MR. J. J. GALLAGHER: That's what I was just going to ask you, Mr. Chairman. Starting with the formation; Mr. Scharrenberg, I believe, covered that section fairly well.

MR. DUNN: Mr. Chairman, there are two Mr. Gallaghers—I don't recall whether you used the first name of Mr. Gallagher, maybe you did, but for the benefit of those who are taking the transcript——

CHAIRMAN GEDDES: This is Mr. Joseph J. Gallagher and he is the manager of the State Compensation Insurance Fund. Correct, sir?

MR. J. J. GALLAGHER: That's right, sir.

CHAIRMAN GEDDES: And the other Mr. Gallagher who was before us this morning was Mr. Donald Gallagher who is counsel for the State Compensation Insurance Fund. Now, to get back to your original

question as to the place to start in, I think perhaps Mr. Scharrenberg brought us up in very good shape to page 10, touching somewhat on competition. Do you feel he covered that sufficiently or would you prefer to pick up at some other place?

MR. GALLAGHER: Well, there was one item on page 5, Mr. Chairman. In view of some of the questions this morning, I thought it might be interesting to the board to recall that under the original provisions of the Boynton Act, the state fund itself was to fix and establish the rates that were to be charged by the fund.

CHAIRMAN GEDDES: In other words, they would perform the same function as any independent company operating without regulations which would provide for uniformity—they would make their own.

MR. GALLAGHER: In California, Mr. Chairman, we have a uniform rating statute.

CHAIRMAN GEDDES: That's right. This copy of your brief which I have signed, identified and am returning to you is identical with that you're using, is it not?

MR. GALLAGHER: Yes, sir

CHAIRMAN GEDDES: This you can get after the hearing—your receipted copy—but you may use the one you have in your hands.

MR. GALLAGHER: Thank you very much.

CHAIRMAN GEDDES: Mr. Dunn, will you take over here—I have a long distance call. Proceed, Mr. Gallagher.

MR. GALLAGHER: During 1915, following the threatened insolvency of several carriers, and the actual insolvency subsequently of one, the Legislature passed the minimum rating statute. That's the statute that we have in effect now, and that provides for uniform rating in this State. That's what Mr. Downey was discussing this morning in the establishing of rates through the California Inspection Rating Bureau. When these rates have been established by the bureau and approved by the commission, they are used by every carrier—no carrier can charge less than those rates.

Commencing with page 6 are the objectives of the state fund. The fund believes that employers want their injured workers to receive their full measure of fair treatment; therefore, the first objective of the fund is to conform to the intention of the Legislature and to adjust the claims of the injured workers, and of their dependents, in a humane, rather than a self-serving or profit-seeking manner. The second objective is to relieve human hardship and protect lives by reducing the incidence and severity of accidents, among the employees; that we do through our safety work. And the third, in compliance with the legislative instruction, is to operate in full, free and fair competition with other insurance carriers and to carry out the terms of its insurance contract without profit. And, after establishing prudent reserves, as required by the law, to return all surplus to the employer. In that way, we reduce to its lowest cost the insurance tax which the Legislature has made compulsory for all insuring employers. I think from the standpoint of whether or not we have succeeded in these objectives, the growth of the fund over the years is about the best evidence and the best criteria of that—having grown from 547,000-odd dollars the first year to over

$26,000,000 in 1948. This is fair evidence of the satisfaction the employers have encountered with service rendered by the State Compensation Insurance Fund.

CHAIRMAN DUNN: Is that $26,000,000, Mr. Gallagher, before the return of any premiums or would that be the gross amount of insurance that you wrote in 1948?

MR. GALLAGHER: That was the gross amount in 1948.

CHAIRMAN DUNN: About how much of that $26,000,000 was returned to the insured?

MR. GALLAGHER: Based upon the calendar year, about 31 percent—I have the exact figure here—in 1948 we returned 31 09 percent.

CHAIRMAN DUNN: You returned 31 09——

MR. GALLAGHER: During the calendar year 1948.

CHAIRMAN DUNN: The $26,000,000——

MR. GALLAGHER: No sir—the dividends are earned under policies that were issued in preceding years, but in presenting the financial statement for the year, that is the amount of premiums that were refunded during the calendar year 1948.

CHAIRMAN DUNN: So if we wanted the amount of premiums that were refunded on the $26,000,000 figure, we would have to wait until the end of 1949?

MR. GALLAGHER: No, it would be some time longer than that, because the last policy written in 1948 would expire December 31, 1949. Before you have your pay rolls and your accidents properly valued, it would be some time in the middle of 1950.

CHAIRMAN DUNN: I had overlooked the fact that policies are written every day into the last day of the year.

MR. GALLAGHER: On page 8, there's an extract from an article written by Mr. Pillsbury—I quote "The purpose of the fund * * * to do so in the future." That was the opinion of one of the first chairmen of the Industrial Accident Commission. If there's no objection, I'll take up at the bottom of page 9, the conduct of the state fund.

Now, Mr. Dunn, this morning there was some question raised. I believe that you raised the point in connection with the mention of Mr. Scharrenberg on funds. In our brief to the committee, we made this statement "Almost all of the existing state funds, both exclusive and competitive, have been faced by constant and vigorous opposition from private casualty insurance interests" Whenever legislation has been proposed to create new insurance funds—and I'm speaking now of other states—private carriers directly and through influential allies have brought strong pressure to bear upon law makers in order to defeat such moves. Through printed circulars, articles, public addresses, these opposing interests have endeavored to belittle the achievements and to emphasize the shortcomings of existing state funds. While criticism of this sort cannot be classed as unbiased or impartial, nevertheless, it should be carefully considered and evaluated in the light of experience. Some of the criticisms most commonly voiced against the State Compensation Insurance Fund are here discussed, and we come then to the question of competition. Now, some critics of the State Compensation Insurance Fund are heard to say that it was never intended that the state fund should compete actively with other insurers. This is the reverse of fact. The State

Compensation Insurance Fund solicits workmen's compensation insurance coverage and does so in compliance with the will of the Legislature, and also at the express will of the people. We are referring to the act of the Legislature and then subsequently to the amendment to the Constitution in 1918.

The original Boynton Act as presented by Senate Bill 905, and also as enacted—provided—said funds shall, after reasonable time during which it may establish a business, be fairly competitive with other insurance carriers. The commission is hereby vested with full power, authority and jurisdiction over the State Compensation Insurance Fund, and may do and perform any and all things whether herein specifically designated or in addition thereto, which are necessary or convenient in the exercising of any power, authority, or jurisdiction over said fund. The commission, of course, has been superseded by the State Fund Board of Directors, part of the 1945 legislation; and our board of directors, under the provision of the law, are given the authority to control and govern the state fund as fully and completely as the governing body of a private insurance carrier might or could do. The board of directors of the fund may conduct all business and affairs relating to the State Compensation Insurance Fund whether herein specifically designated or in addition thereto. We then go on to a discussion of "fairly," and I think, looking back over the law and the purpose, that the word "fairly" must be looked upon in the same way as after a certain length of time the fund shall be reasonably competitive. There would be no other purpose of putting it in other than the fund shall be reasonably competitive with other insurance carriers after it had attained a certain growth. When you are talking of the word "fair"—I think we just have to concede that if you mean honorably or anything of that sort, then the State Fund insists that it must and should conduct its business in an honorable manner and that it should not practice discrimination of any kind.

MR. BRADY: Mr. Chairman, is it appropriate to ask a question while Mr. Gallagher is speaking?

CHAIRMAN DUNN: Proceed, Mr. Brady, I think you can ask your question.

MR. BRADY: Thank you. Mr. Gallagher, you mentioned when describing the word "fairly" that when the organization had grown sufficiently or something, what did you mean? I can't remember precisely what it was.

MR. GALLAGHER: Well, when the fund was originally established the Legislature appropriated $100,000 as capital to enable it to start business, and then put in the law that after it had a reasonable time in which to develop a surplus, why then it should be fairly competitive with other carriers. Now, actually the state fund in this first year wrote approximately $550,000. It therefore never received this money—in fact the appropriation remained in the State Treasury—we had nothing whatever to do with it.

CHAIRMAN DUNN: You never did get the $100,000 that the original act provided?

MR. GALLAGHER: No. It was never required. Then the Legislature passed a bill authorizing the state fund to pay a tax of 2 percent to make it competitive with other insurance carriers—to meet the same tax

that they had on the premiums we were to pay 2 percent on our premiums —and in addition pay 4 percent on $100,000 as long as it remained in our possession. It did for a few years longer and then we returned it back to the State.

MR. BRADY: Pursuing it just a moment further, Mr. Gallagher, you started in with $100,000—that is, that amount was afforded you as a credit by the Legislature. I can't quite understand what you mean by when the fund had grown sufficiently, then it should become fairly competitive. What was the practice, say the first year, when you were getting the $550,000 gross premium? At that time did you compete unfairly—I'm just trying to get some answer to your statement.

MR GALLAGHER: No, as a matter of fact, right from the start we were competing with other carriers, and in the very beginning the competition was on rates; there was no control over rates then. The Industrial Accident Commission after looking around and listening to the stories of what the insurance carriers were going to charge, were all set to establish the rates for the state fund when an eastern organization that is now known as the National Council on Compensation Insurance, and was at that time the Workman's Compensation Service Bureau, brought out a manual of rates The carriers, generally speaking, were going to follow those rates so the Industrial Accident Commission authorized the fund to use the same rates and with the exception of a few companies who cut those rates, they were rates that were generelly charged the next couple of years. We will go into it further probably later on.

MR. BRADY: Thank you, Mr. Gallagher.

CHAIRMAN DUNN: Would you Mr. Gallagher, interpret fair competition as meaning offering the ultimate in service to the insured and to the injured workman with reference to medical attention and the prompt payment of claims? Would that be considered unfair?

MR. GALLAGHER: Not to my mind, it wouldn't. I think that's the purpose.

CHAIRMAN DUNN: If as a result of that kind of competition, you attracted perhaps more than your share of business, you consider you'd be doing it in fair competition? Is that correct?

MR. GALLAGHER: Exactly

MR. GRUNSKY: Mr Chairman, that was the issue that Mr. Gallagher satisfied me on, and was the one on which the general public and the agents particularly took issue with. Down in my district, I know for sure that the agents had a feeling that the fund was not to compete in any sense of the word with private industry—that it was to be there if someone wanted it—but that it was not to compete in the sense that it was to solicit business or anything of that nature. Mr. Gallagher, as he's outlining it here, has satisfied me that the law does allow competition and I don't think anyone wants to quibble on "fair" or otherwise. It was actually as broad and as general an issue as it was framed—it was either they were not to compete or they *were* permitted to compete. As I see it they had been by the law permitted to compete. Now it's just a question whether that's the present wish and desire of the Legislature that we permit them to continue to compete. Then as to practices, well I think you will get into that. We'll probably get into it further along in this discussion as to what are fair trade practices or practices within the industry. I'm sure these will develop as we go along with the hearing.

CHAIRMAN DUNN: Mr. Maloney.

MR. MALONEY: On the basis of Mr. Grunsky's remarks it is readily understood that they couldn't exist if they couldn't compete, because any person in the insurance business would tell you that they'd be the scavengers for the insurance business.

CHAIRMAN DUNN: You have the same situation that you have in the automobile industry, insurance where there are certain—what do you call them—bad risks Proceed, Mr. Gallagher.

MR. DOLWIG: Well, Mr. Chairman, is there any question about what the law is as far as this committee is concerned, from a competition standpoint? If there is, I'd like to get more enlightenment on it. I read over a portion of it In my opinion, the law is clear.

MR. GRUNSKY: Well, Mr. Chairman, the point is that perhaps we are going into matters which we are already familiar with. To get right down to the meat of the issue, I want to tell you what I find in my district. Believe me I've never seen the interest, or the volume and intensity of it, that has been generated over just this issue we're hearing here. What it boils down to is this—there are certain accusations against certain practices which persons down home say are being committed, and the fund either denies it or says "well, we do it, but it's permissible and perfectly proper under fair competition." I think, possibly, if we can get right down to those issues, we will accomplish something, rather than to go along on trying to prove what we already know, which is that the law permits it to be fairly competitive

CHAIRMAN DUNN: Then it appears from the expressions of Mr. Dolwig and Mr. Grunsky that the attorneys on the committee unanimously agree that the law expresses that there shall be competition.

MR. MALONEY: Mr. Chairman.

CHAIRMAN DUNN: Mr. Maloney.

MR. MALONEY: May I say—this morning when this meeting opened up—I specifically made a statement that I think is prevalent right now, if there are accusations against the Fund, the accusations should be made. Mr. Levering and I were talking about it all morning here, and instead of going around and discussing the Fund and everything else pertaining to it—I think Mr. Geddes did right by calling Mr. Scharrenberg and Mr. Gallagher to tell you the functions—let's get down to where the complaints are and find out whether there's any justification to them.

CHAIRMAN DUNN: Mr. Geddes, do you want to take over?

MR. GEDDES: I'd like to make a statement here if I may, Mr. Dunn, and members of the committee. First of all, I think that Mr. Gallagher has set a very noteworthy example. We heard by the same method that Mr. Grunsky and everyone of us have heard of the complaints against the Fund. When he heard that the committee had, through its chairman, promised the insurance industry that they would have a chance to be heard, he came and offered, very properly, his full cooperation—in a personal visit that he made to the chairman at the committee offices. At that time, I told him that he would be afforded an opportunity to make a presentation and he's made a good one. Now, that's in the record, and I believe should be, whether we want to hear it all in detail or not. The question has been asked as to what was the legislative intent when it

adopted the word "fairly" and when it adopted the word "competitive," and I can't answer it—I'm not an attorney. Probably the members of the committee can come to some agreement as to what a majority of us think is meant by it and that's all right, but if there's any final determination it will be made by current legislation sometime after this matter is reported. Now, I'm perfectly willing to go to the specific items of charge and counter-charge and you will find those—with a little patience—right here, because Mr. Gallagher again, being very human and very aggressive for the Fund, has taken cognizance of the accusations which have been aired in the public prints, so he proceeds to answer those at some length You may or may not agree with it. Now, it's all right to short cut this and get right down to it and let somebody come in and make a formal accusation and go into a debating society, or we can get an orderly presentation of what we want. It's perfectly all right with me, I'm just the chairman. and we have tried to give you something that you can base future recommendations on.

MR. MALONEY: But, Mr. Gallagher, from what he said this morning, and the other gentlemen are at a loss to know what—the complaints that have been drawn against them.

MR. GEDDES: If you will turn back to the exhibits in Mr Gallagher's brief, Mr. Maloney, you'll find for yourself that he pretty well knows what they are. I don't take any position at this time as to whether I agree with him or the complainants, but I think that inasmuch as he's devoted some 82 pages or thereabouts to answering them—there you have the answers, whether you want to go into them or not First of all we've got the question—with a good deal of talking back and forth —of what we mean by competition and we're all agreed that the law said there should be competition I think Mr Grunsky has pointed out that by competition we mean going out and each one working our side of the street and doing things on the same basis If on the other hand somebody has an advantage that another man doesn't have, isn't that more or less what you want to find out? Isn't that what we're getting down to, as to whether there is an undue advantage or disadvantage in certain segments of the industry, one as compared with the other?

MR GRUNSKY: Yes, that's correct. The objections insofar as specific ones made by persons in the industry to me—and in my district I hear primarily, of course, from the agents—is that there are certain unfair advantages which are inherent in a business which is operated by the State. Presumably under such a premise, it's impossible for a state-owned industry to engage in business along with private owned industry and not have unfair competition If for no other reason because one has to pay a profit to its owners or to its shareholders and a government business does not, so, you get right into the question there that the Legislature presumably intended that there should be a state fund or they never would have created it. Then it just becomes a question as to what fair competition is or what would be unfair competition. And, as I said, whenever the committee is ready to hear specific complaints, I know of some which I can give indirectly, which have been made to me by persons in my district, and I presume there will be others throughout the State who will have similar complaints.

MR. CONDON: I was just wondering if it wouldn't be more orderly to follow out Senator Maloney's suggestion. I feel that if we have Mr. Gallagher go ahead and anticipate—that is put in a defense before the specific charge is made—he's obviously going to have to come back for some sort of rebuttal when the full detail is made clear to him. I was wondering if it wouldn't be a helpful procedure if Mr. Gallagher could spend a little time giving us the picture of the fund as it is, without worrying anything about any specific charges of misconduct, and then allow some of these other folks who are here who do want to show practices that they disapprove of to come forward, and then allow Mr. Gallagher to come in and in whatever manner he sees fit to meet some of these charges; because it's hard to defend something until you know what the specific accusation is.

MR. DUNN: Well, it seems to me we had a rather academic discussion on the state fund this morning which I think covered the creation of the fund—more or less the reason for its creation—and the way it operates, and I don't think it's entirely necessary that we should go into a lot of discussion as to how much money they've taken in and paid out each year and things of that sort. Apparently what we are going to have to decide as a result of this committee's activities is whether or not—since we all are agreed apparently that competition is written into the law—we should recommend to a future session of the Legislature that competition should be continued or that it should be curtailed or eliminated. From that point of view certainly the fund—or the board of directors of the fund—who are representing the Legislature in this matter, should be given an opportunity to find out whether or not they feel that competition should be continued Now that it is in our record, I don't think it's entirely necessary that we go into it now. For my part, I think that if there are charges against the state fund, we should hear the charges, and then after the charges have been made, give the state fund or the management of the fund an opportunity to answer the charges. If part of the charges are that competition should not exist, they can answer that at that time as well then as they can now in anticipation.

MR. GRUNSKY: Well, I think I might have a practical suggestion, Mr. Chairman. You will find when you actually get into the complaints that are made that if Mr. Gallagher gave you a full statement now of the workings—for instance of how the fund solicits business and how they handle their records of accounts and how they keep records of all of the various policies written throughout the State which every company keeps, etc.—that he would be repeating all that when he was answering accusations. One of these surely will be—because I had it in through an accusation or charge that had been made through me—that they have access to all public records, etc., which is unfair competition when others wouldn't have the same information Well, in the course of answering that—which I think Mr. Gallagher can capably answer—he would be going back and telling you how the fund does it, and how the other companies do it, and you would just be getting a repetition of the various points involved in the organization and structure of the state fund. I think that you probably would get just as far or farther in less time if

you let these various complaints be made and then have Mr. Gallagher explain the workings of the fund in order to show—give us a basis upon which to conclude—whether it's fair or unfair competition.

MR. DOYLE: Well, Mr Chairman, I think it's absolutely necessary that we should know why the State thinks that they should remain in this insurance business and be in competition with these people—there's certainly some good reason for it. We've already had one fellow here today that showed what might be one of the reasons. I think it's only fair that these people be shown why they should remain in competition with these private insurers, because there certainly must be some good reason. We have that same thing in other different agencies of the State. I don't believe in the State going into any business that interferes with free enterprise, but sometimes it's necessary for them to do it, and I believe that this is one of the cases. I know that in some other different types of insurance that's going to be brought up here, that you will be shown that it is necessary that they remain in that one particularly, and I think that this one is in the same catagory. I think somebody should tell us why they think it necessary for the State to remain as a competitor in the insurance business, and I'd like to have that question answered before we're through here.

CHAIRMAN DUNN: I think the only question at issue is whether we should hear that now before the complaints are made or hear it after the complaints are made. In that way, we'd only have to hear it once instead of twice, because certainly the complaints will have to be answered. Mr. Dolwig, pardon me.

MR. DOLWIG: Mr. Chairman, I notice here on page 26, Mr. Gallagher has gone into this matter of competition. Now, if competition is going to be an issue, why certainly we want to hear the merits and demerits and I suggest that Mr. Gallagher proceed with the summarization of what he has here. We can get the details out of this presentation if he will just summarize the reasons that he has given us insofar as competition is meritorious, and I imagine the opponents will have something to say about that.

CHAIRMAN DUNN: Any objection to that procedure? If not, will you proceed, Mr. Gallagher?

MR. GALLAGHER: You wish me to take up page 26, Mr. Dunn?

CHAIRMAN DUNN: Well, Mr. Dolwig suggests that you summarize what you are offering here—knowing that much of it will be repeated later.

MR. GALLAGHER: Getting on to the subject of competition, I would like the committee to take a look at page 24. Now, the suggestion has been made that the state fund, by its competitive activities, has driven private enterprise from the field, or unless it is restricted it will drive private enterprise from the field. Will you just run down that tabulation showing the percentage of premiums written by the fund out of the total compensation business? Now, as Mr. Scharrenberg indicated this morning, we dropped down during the war years, but the highest percentage the state fund ever wrote was in 1921 when they wrote 36.9. In 1948 it was 25.6. The figures aren't out for '49 as yet, but if you're only writing 25 percent of the business, I hardly can see how anyone can accuse you of driving your competitors out of the industry.

MR. BRADY: On that point, Mr. Gallagher, do you have any figures to show the personnel that was used in those same years and the moneys that you spent on overhead in those years?

MR. GALLAGHER: The overhead of the fund has varied, naturally, year by year, but it has consistently maintained an average throughout the 35 years of slightly under 15 percent. For 1948 it was 13.30. For 1949 it was 14.55, showing an indication of rising costs as well as a slight drop in premium value. Nothing as far as our overhead is concerned has any indication that you have in mind of a more determined drive Now, in that connection I might say at this moment, that one of our competitors has put out some competitive criticism of the fund, that you can't expect service from the fund; that they haven't got enough employees to properly service your business. Apparently that competitor thinks we ought to have more people out working

MR. BRADY: Mr. Gallagher, do you have figures on, we'll say specifically the number of special agents over the years—that would give us some clue as to the point I'm going to try and make.

MR GALLAGHER: Yes, as a matter of fact, in one of the exhibits that was given to the committee this morning—it is Number 35—I furnished the committee with a complete list of the employees by classification.

MR BRADY: Summarily, could you analyze, or could you make a statement, as to whether or not they have been maintained constant for 35 years?

MR. GALLAGHER: No, no. Oh, no. With the growth in your business, the number of employees has increased, naturally.

MR. BRADY. It might be decreased by one-third then from 1921, now shouldn't it?

MR. GALLAGHER: No, because while the ratio to the total has dropped, the premiums in the State have increased—the total volume of premiums written in the State has increased tremendously since 1921. The fund itself is now writing more than the total volume in the early days The volume in the State now is over a hundred million, as compared with the first year of our existence when it was four million.

MR. DUNN: In 1921 the census showed something like a population of between three and four million people in the State of California. Now that the population shows somewhere around ten and a half million, you can assume that there's the same ratio of employed people to population now that there was then—perhaps even higher because of the transition from an agricultural to an industrial economy; besides which there has been a constant decrease in the number of hours for an employee—in 1921 they worked perhaps 48 hours a week whereas now they work 40. That would effect the cost of your overhead too, wouldn't it?

MR. GALLAGHER: It would tend to reduce your overhead because as you pointed out this morning, Mr Dunn, the premium of the carrier is increased in direct relation to the increase in the hourly rate of pay. Your liability remains fairly constant due to the limitation—the ceiling on benefits with the exception of course of medical and hospital which have shown a decided tendency to go up.

MR BRADY: Just one thing more. Now, in the matter of, we'll say, the special agents, tell me how many you have now?

MR. GALLAGHER: On December 31st, we had 62 covering the entire State. Now, they're not in the sense of special agents—that term is used rather loosely in the insurance business Those men do everything; they not only service the risk, take care of the employer, any particular question that may come up; and in addition look after new accounts.

MR. BRADY: And do they search for new accounts?

MR. GALLAGHER: Yes.

MR. BRADY: In other words, then they are in the capacity also as salesmen?

MR. GALLAGHER: That's right. And service men.

MR. BRADY: I'd like to get a little more specific information. About what percentage of the time of the 62 men would you say is devoted to sales activity?

MR. GALLAGHER: I would say the minor portion of their time, Mr. Brady.

MR BRADY: How many special agents did you have, we'll say 10 years ago?

MR. GALLAGHER · That I couldn't answer.

MR BRADY: Will you get those figures for me, please?

MR. GALLAGHER: I'm not quite sure whether I can, but I'll try. Records of that kind are not continuously available as far as the breakdown of our employees are concerned.

MR. BRADY: Well this exhibit Number 35, is a very thorough one, but just glancing through it I don't seem to see that particular classification listed

MR GALLAGHER: Oh yes.

MR. BRADY: It is? Where is it?

MR. GALLAGHER: For instance, you'll find that naturally occurring in the class where they would use it. Now, look under Home Office Field Service on page 4 Now those compensation insurance representatives are the men that we are talking about; and executive special agents are the men we're talking about.

MR. BRADY: Has that classification been renamed of recent date? Wouldn't your previous record show how many insurance compensation representatives you had and how many executive special agents you had heretofore?

MR. GALLAGHER: We might be able to get it, and I will try to get it, but those are not very easy to pick out.

MR BRADY: You see my thought, fundamentally, is that if it could be shown for instance that your number of special agents had increased by two or doubled in 10 years, we will say, or if instead of devoting a minor part of their time to sales activity, they were now devoting twice as much time to it as they did heretofore—if either of those things could be shown—why I think we could reasonably conclude that if we pursued things far enough and get enough of special agents in and give them more time to devote to sales activity, then over a year or two or more you might reasonably move your 25 percent up much higher and still be able to show factually that you are not competing to the extent that you're going to shove everybody out the window except yourself.

MR. DUNN: May I say this; you'd also have to know, it seems to me, how many companies have been in the field during the term that you're studying this subject—how many companies are in the field now and then assess whether or not and how far they are carrying out the intent of the law which says that they must compete actively. And it can be interpreted that they are doing a better job with legislative intent by putting more competition in the field When are you going to come back here, Ernie?

MR. LEVERING: I was only going to make this remark—what's the difference whether they have 1 or 500 representatives? It's a self-contained agency, and as I understand it it's a matter of rates and service as to whether or not they get the business. Now, if that's true, why don't we draw the complaints in—find out what the complaints are against this fund so that we know where we're going. This doesn't indicate—this chart on page 24—that there's any monopoly here. We don't know how much they're charging customers. We don't know what the rebates are In fact, we've been here all morning and we've just been getting history. Now, I think it would be beneficial to us to get some actual accusations of what's going on

MR BRADY: I don't quarrel with that at all, Mr. Levering, it was just my thought that if another table was available here on the personnel that had been employed to get this amount of business it would help. I just wondered where it was.

MR. LEVERING: But the net result is, how much business did they get; so what's the difference how many employees they had if the rates are competitive?

MR. BRADY: Well, that's not necessarily true, I think, but let's not stay here all afternoon on just one point.

MR. GRUNSKY: In order to get right down to the meat of the thing and I can see the logic of it, because as Mr. Levering points out as to how many people they may have, that's internal administrative organization. That's just like your grocery business or anything. If you can make more money with 10 clerks and I've got a little store down the street, cash and carry, and I can do it with one, it's still fairly competitive Here's what the whole objection is, and I'm going to bring it out and make a complaint here myself which I think in answering will bring it out. Now, as I understand the complaints of the agents and presumably of the industry—what it amounts to is this: The State of California has put itself in the insurance business. That means that you have state money underwriting it, which they say they haven't needed. The $100,000 was never used presumably; as it started out more or less as a self-sustaining organization. However, you do have the element that it is a nonprofit organization. Therefore, presumably, if you have two organizations operating—one as a state organization and one as a private enterprise—then the State is going to be able to underwrite you on premiums every time. Now, that in itself possibly was the legislative intent, and that's all right, but here are the criticisms which I have heard and which Mr Gallagher answered in a very enlightening conference with me when he came down home just to answer the complaints that we had down there. The complaints which were made will,

I think—just as he answered them to me and answered them to you—frame the issues. I don't say he's convinced me we shouldn't do away with competition in the fund, but he did answer it so far as the present law is concerned which will phrase our issue as to whether we should change the law. Now, one of the criticisms, definite ones, was with regard to confidential information which would be available to the state fund and not available to private organizations. My local agents down home seem to feel that there was information available and information that the state fund agents had which they in the private industry never could have access to or get their hands on. In other words, the state fund always seemed to know when a particular employer's policy was about to expire, even though it was written through one of our local agents in a private company. Then the next year all of a sudden they were written with the state fund and they'd go around to see about it—in a small town where everybody knows everybody—and say "Joe, you wrote with me last year. Now this year you're with the fund" and he would say "Well, the state fund man came around and made me an attractive offer and just sold me on writing with the state fund." "Well," they would say, "how did he happen to know that your policy was about to expire, etc.?" Well, right away, the independent agent with a private company says "Sure, I know what it is, they go in and get all this information from the particular state department which has it—it's supposed to be confidential, but then it's the state fund and they probably can go in and get it and we can't "

All right, that's one of the criticisms which I think Mr. Gallagher can answer in good part. The other is with regard to abuses on refunds, etc. The agent representing a private carrier is limited in what he can do He can only offer certain premiums and, as far as refunds and rebates go, there are certain limitations and restrictions by law. If not, why there is the fact that a private industry has to show a profit—you can't give back to the employer up to the hilt the way you can in the state fund. You must reserve profits if you are going to continue as a capitalistic private enterprise system. So, they say, they write the policy one year and then the state fund comes down and regardless of what they can do, the fund can go them one better; just more or less by a calculated preconceived method of just outbidding them If they try to do better, why the state fund comes back and does them one better in another jump. They feel that is something which their competitors in private industry cannot do but, because we have put the State in business and the State doesn't have the overhead or the necessity to show a profit, they can just continually keep chiseling away and making better deals. The impression given me by my local agents is that there is just no limit to the inducements and deals and refunds and rebates that the state fund not only can, but has continually been offering where they want a piece of business. Then, of course, when they get it why that's one less that private industry has.

Now, those can be answered in whole or in part by Mr. Gallagher, and when you're all through I think you're going to be faced with the issue—do you want the State in the insurance business competing with private industry? If you do, your agents down home and I presume there are some of them here, will ultimately convince you that they're losing business to the state fund. If it continues that way, though the

chart doesn't show it, what the present fear of my agents down home is that they're ultimately going to lose not only business they're glad to have the state fund take—junk they don't want and are glad to have the state fund take—which is fine, but they're beginning to lose some of the nice business now, and it's beginning to hurt.

Now, those are just a few of the complaints I make, and you may say why aren't their witnesses here to testify to that Well, if I was stopped on the street and told of one of these complaints I would say "why don't you come up and testify before the committee," his answer would be "how are we going to do that?" Let's just say John Doe complained or it was Doe, let's say, that got a refund of $1,500. Would you expect him to come up here before the committee and say that and then have them say "oh it was just a mistake—a clerical error—and you owe us $1,500 or whatever it is, simply because they feel that there is certain unfair competition there, which if were made known would cease? The particular employer who is benefited by it is not quite so altruistic that he wants to sacrifice a $1,500 rebate or refund just to come up here and make a presentation before a legislative committee So I, like everyone else find difficulty in finding persons to make complaints, but that's inherent in everything; we get it whether it's in sex crimes or in insurance; you run into the same difficulty. So that's my opening kick-off statement. I say there's a definite condition right there and the ultimate result of it is going to be that the state fund's going to be writing not only the insurance nobody else wants, but they're going to have the cream too.

MR. DUNN. As I understand it, Mr. Grunsky, you have complaints from what are described as producers, to the effect that the State offers what are in the net effect, more reasonable rates for writing workmen's compensation than some of these other producers. Is that right?

MR. GRUNSKY: Absolutely right.

MR. DUNN: Have you had any complaints from that other segment of private industry, the people who buy the insurance?

MR. GRUNSKY: No, and that's the whole point, but let's not argue socialism—state socialism—or you'll win every argument on that basis and wind up socialistic.

MR. DUNN: I'll never comment on that. I can make this statement, Mr. Chairman, on behalf of Assemblyman Lincoln, because he asked me to make it, that the two companies in which he is interested, one a lumber company, the other a home building company, are very well satisfied with the manner in which the state fund has operated in offering rates to their companies and with, I think, the 40 percent rebate they receive on their premiums this year. I state that because Mr Lincoln asked me to.

CHAIRMAN GEDDES: Thank you, Mr. Dunn. May I say for purposes of the record, that the chairman will introduce tomorrow at the proper time at the conclusion of this hearing, a number of letters which have already been received by him, probably written voluntarily expressing satisfaction with the state fund.

Mr. Morris, Secretary of the Sacramento Labor Council is here and he would like to testify to the same thing which is perfectly okeh, and I think it's taken for granted that the customers are by and large well satisfied as they should be, and that isn't particularly the question. I think, however, that I'll call your attention to the fact that you have

before you a document, the contents of which are not suggested by anyone, but was filed voluntarily by Mr. Gallagher for the fund and is something you're going to have to read and peruse between now and the next hearings. These hearings I have tentatively scheduled as follows: April 10th and 11th in Stockton; April 17th and 18th at San Diego; April 24th and 25th at Chico; May 1st and 2d at San Francisco and then with a gap of two weeks to allow for final presentations, May 15th and 16th at Los Angeles. These hearings are arranged in pairs because of the allegations, representations and requests made by insurance agents that we hear not only this complaint, but others which don't have to do with the fund.

MR. MALONEY: Mr. Chairman, don't forget that June 6th is election day and we want a lapse in between there——

CHAIRMAN GEDDES: Of course, you can always take your choice between doing something for those people who elect you or wait until afterwards.

MR MALONEY: Well, we want to come up here and do it again.

CHAIRMAN GEDDES: As I said, those dates are tentative. Now, I would like to call your attention to the fact that you will have an opportunity to digest this presentation since it has been made a part of the record. It has been filed voluntarily, that is the subject matter—what has been put down is voluntary—and as the author's exhibit Number 15, Mr. Gallagher inserted my letter to him of January 30th in which it says: "The Assembly Interim Committee on Finance and Insurance will meet in Sacramento at the State Capitol beginning at 10 a.m. Monday, February 20th, and continue through the 21st. At this meeting you are requested to make such presentation as you desire on the formation, objectives, operation and conduct of the California State Compensation Insurance Fund. Naturally, 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. I do hope, however, on my promise for a full rebuttal later, you can make this initial presentation as factual, historically and otherwise, as possible so that one net result will be to give to the Legislature at least a clear view of the state fund."

The other matter is technical, as to the manner of preparing the brief. I complimented Mr Gallagher this morning on preparing such an excellent brief. Now, I think if the committee desires, we can go to hearing some of the other men who have come here to testify. Mr. Gallagher has already had my previous assurance that he would have ample opportunity for rebuttal. He certainly has every opportunity to come to these different meetings where specific representations will be made. Now, the very fact is—if you will gaze through the other exhibits—that Mr. Gallagher has appraised at least what some of the claims are Since they largely correspond with the statement made by Mr. Grunsky, he has been answering them as we've gone along and we weren't very much violating the rule of orderly procedure in letting him go through his brief. However, to save time, I will now suggest that we call on representatives of the insurance agents to make their formal statement, which is

also before you. Then we will hear from the representative of the Department of Finance and the Controller's office who also have material which should be in the record, and which you can study. Does that meet with the committee's approval? Then, we will excuse you for a few minutes, please sir.

MR. GALLAGHER: Well, Mr. Chairman, could I just take a couple of minutes to answer Mr. Grunsky?

CHAIRMAN GEDDES: Yes, certainly.

MR. GALLAGHER: Mr. Grunsky mentioned the complaint that the state fund had some method or means whereby they could obtain lists of expirations that were not open to other carriers. That's not correct at all. There is no way in which the state fund can obtain lists of expirations that are not open to every other carrier. There's no state agency that has such a list, to begin with. The only agency that does have a list of policy expirations, is the California Inspection Rating Bureau. The California Inspection Rating Bureau will certainly not give that information out to the state fund or anyone else.

MR. DUNN: Why not, Mr. Gallagher? If it's competitive why not give it out to anybody?

MR. GALLAGHER: No.

MR. DUNN: Well, I'm asking why not? If it is competitive why not give it out? You say you can't—why can't you?

MR. GALLAGHER: Oh no, you would just simply be demoralizing the insurance business.

MR. MALONEY: And the industry can go plumb to, I guess.

MR. DOLWIG: Mr. Chairman, at this point may I ask a question?

CHAIRMAN GEDDES: Mr. Dolwig.

MR. DOLWIG: Is there anything in the statute—is there anything in the rules and regulations of the State Compensation Fund or any other agency—that could prevent that from being done, or is it just a practice that has arisen? I'd like to know.

MR. GALLAGHER: Well, no—certainly—as far as the rules of the Rating Bureau that are in existence, but I don't think it's on the basis of any specific instruction from the insurance commissioner's office. I might be wrong.

CHAIRMAN GEDDES: Well, Mr. Dolwig, continuing your remark——

MR. DOLWIG: No, I have one more question, that is, do I understand that the rules and regulations of the Inspection Rating Bureau itself would prevent that?

MR. GALLAGHER: That's right.

MR. DOLWIG: In other words, if an employee gave out that information, he could be disciplined by that department—by his superior, etc., under those rules and regulations?

MR. GALLAGHER: That's right. It's not a state agency.

MR. DOLWIG: Has that ever been done?

MR. GALLAGHER: I've never heard of any one giving out that information. Never heard of it at all.

MR. DOLWIG: I think for the record then—let's get it into the record—I know there was some previous testimony this morning on this, but was that a voluntary agency—was that a private agency?

MR. GALLAGHER: That's a voluntary association of insurance carriers. Actually, however, every insurance carrier writing compensation insurance must belong to the Rating Bureau, because the Insurance Commission more or less requires you to. Every insurance carrier.

MR. GRUNSKY: Now in line with this, I hope the committee realized that in framing these issues, it is so you'll see them and so that when you ultimately come to the decision you've got to make as to whether you want competition of this sort or not, you'll have all the premises before you. So this point I think is important—that Mr. Gallagher pointed out to me in conference in my office some time back—that most companies in competition—and correct me if I'm misstating this, Mr. Gallagher—most companies do over a period of years build up what is called a customer list or potential customer list so that they all have that available, even as I presume the state fund has as a business attempting to compete with private companies who do keep it. After all there are only so many employers in the State and a diligent company in the course of 10 or 20 years is bound to have a list of expiration dates, etc., which they acquire from the employers when they solicit them. As Mr. Gallagher points out, you go in and he says "no mine doesn't expire until June 30th." Well, if he's a smart agent he writes that down and that goes to the home office. So, that is what I presume the state fund does when they're contacting customers of these various constitutents of mine who are complaining or kicking about it, and saying that he has this inside information. He probably has it from a tickler file or master sheet just as every other company has. Now, is that a correct statement, Mr. Gallagher?

MR. GALLAGHER: That's right. That's exactly how you build up your prospect list.

MR. MALONEY: We all do that.

MR. GRUNSKY: Well, the point is, it's developing these situations which are competitive which is putting the bite on the agents of the private companies.

MR. GALLAGHER: Well, there's one thing more, Mr. Grunsky. While it may be singing the praises of our competitors, there is one carrier in the State that has never conceded that the state fund dividends exceed theirs. Of course, we don't concede that, but at least there's always a battle between us as to the rate of dividend being paid. I contend, of course, that the state fund year in and year out will pay the highest rate of dividend.

MR. GRUNSKY: Well, specifically framing the objection that has been made—while I don't know the truth or falsity of at this point—what is the attitude that you have when you go down to Santa Cruz County say, and your agent is down there trying to induce an employer to place his insurance with the fund—as is proper if competition is wide open with only the limitation that it be fair and honest—what latitude does that agent have to make a deal with that employer down there as to inducements of promised refunds or rebates or anything else in order to get that contract?

MR. GALLAGHER: There's no inducement that he can give the man that he is not also going to give to the man next door. There's no special arrangement—we have no trick arrangements or special deals. Every employer receives exactly the same treatment. Every employer

paying the same premium and with the same loss ratio receives exactly the same dividend and return. We have no special deals of any kind. When that man calls on the employer, he's selling him on the basis of the service that he will receive plus the fact that with a lower operating cost, we should be able to return him a higher percentage of dividend.

MR. GRUNSKY: Of course you just hit it when you said lower operating cost and that's taxpayer's money being used in competition with the private insurers.

MR. GALLAGHER: There's no taxpayer's money in there. Now, I make that statement even though it may be challenged later as to the small amount of taxation that the state fund may not be required to pay. But, it isn't tax money, Mr. Grunsky, it's the premiums of the employers. Now, another thing that we do—the mere fact that we don't write the business is important as far as that employer and his employees are concerned because our competition definitely raises the tone of the service of every other carrier in the State. So the employer benefits as a result of our competition; and the injured man certainly benefits, because we're out there competing.

CHAIRMAN GEDDES: Now, Mr. Gallagher, not to take unfair advantage of you, but there is one statement which you've made rather directly which I think perhaps should be qualified. You do not know of your own knowledge, do you, that any employee of the state fund has—by inspecting an employer's records—taken advantage of that procedure to solicit his business? In other words, if that were done, it wouldn't be with your knowledge or consent on a personal level, would it?

MR. GALLAGHER: You mean some other state agency?

CHAIRMAN GEDDES: An agent of the state fund?

MR. GALLAGHER: He could only be in that employers plant if he carried his insurance with us or had formerly carried it with us.

CHAIRMAN GEDDES: Well, could he be in there auditing the pay roll?

MR. GALLAGHER: He could only audit the pay roll if the man was insured with the state fund.

CHAIRMAN GEDDES: Well, that's a definite question and it answers an allegation which may be made, at least it has been pointed out. Did you have any other statement at this time?

MR. GALLAGHER: No, I just wanted to answer Mr. Grunsky, but I'd be very glad to come back at any time.

CHAIRMAN GEDDES: Thank you. Now, I'd like to have Mr. Marsh—Mr. Marsh, will you stand up please? All right, Mr. Marsh, I understand that you're a Secretary of the Sacramento Labor Council and that you at this time would like to go on record that the council is here to testify that you are entirely satisfied with the service rendered by the state fund.

MR. MARSH: Yes.

CHAIRMAN GEDDES: Then at some future time if we afford you an opportunity for a more extended statement or if you want to send it in the form of a letter it will be incorporated with the committee's record as others are. Will that be satisfactory?

MR. MARSH: Yes.

CHAIRMAN GEDDES: Thank you very much. Now, will the representatives of private insurance agents and brokers come forward please? Will you identify yourself please, sir, for the record?

ANSWER: I am Mr. Stewart Walsh, Mr. Chairman, Director of Industrial Survey Associates of San Francisco. We are consulting economists, and have been retained by various groups in the producers end of the insurance industry to represent them today, specifically by the California Association of Insurance Agents; by the Insurance Brokers Exchange of California and by the Insurance Brokers Society of Southern California. I should just like to make the point that these are not insurance companies—these are associations of the people who are in business as firms and individuals in placing insurance.

MR. GEDDES: Pardon the interruption—are you going to use this exhibit which you filed with the committee?

MR. WALSH: Yes.

CHAIRMAN GEDDES: All right then, I'll return you this signed copy which you'll give your principals For the benefit of the committee it is labeled as Exhibit Number 5 and is in the manila folder.

MR. WALSH: I might just add, if I may, that these three agencies —three organizations—represent some 3,100 agents and firms and about 20,000 individual employees. Now, referring to that exhibit, Mr. Chairman, we'd like to just call your attention to the second paragraph in it which states briefly the basis of our position where it says there has been some publicity regarding the hearings to be held by your committee which has particularly referred to competitive practices of the State Compensation Insurance Fund. We believe that this subject is properly within the scope of the investigations to be made by your committee, and we also believe that that subject, of course, is only incidental to other matters which you will wish to consider And then on page 3 of the same exhibit, your attention is called to the fact that there has been no inquiry by the Legislature as to how the fund has operated with respect to the provisions of this and immediately succeeding sections of the code since the fund was established. So it was our desire that this committee go into the matter as you have indicated this morning that you intend to do. Our groups felt some responsibility for assisting the committee, and to that end we have prepared a list of questions which we are suggetsing that the committee might ask the management of the state fund, bearing upon the matters that have been discussed this morning. If I may, I will hand you that list of questions now, and I would be glad to read them if you care to have me do so—they are very short.

CHAIRMAN GEDDES: Would you hand Mr. Gallagher an additional copy?

MR. WALSH: I'd be very glad to. Now, if this hearing had gone on longer, we probably wouldn't have needed to file any of these questions because I think that you gentlemen in the course of another day or two would have asked them all. You've already asked several of them. They fall into three main categories. First, let me say that the groups represented here are not all in disagreement with the fund or with the committee as to the desirability of the state fund continuing in existence. We are concerned somewhat about some of the details and methods of its operation, which will be made clear, I think, by the questions. Now,

the first question in the number of questions dealing with the operation and method of the fund has already been asked by Mr. Brady, and it relates to the number of special agents employed by the fund who are exclusively engaged in soliciting insurance placement, and Mr. Gallagher has already indicated what the answer to that would be. And the second part of the question—how many other employees of the fund devote part of their time to soliciting the placement of insurance. Now, the second question is along that same line and relates to the activities of these employees. Are records kept for the purpose of comparing the respective amounts of business secured by each of these special agents of the fund? The third question, does the state fund have any representatives other than those regularly employed to whom it has paid any commissions for business placed with the fund? That is, any other persons outside of the immediate staff of the fund who are assisting it in securing business. Number 4. Are the fund's agents, as State Civil Service employees, in a position to act freely on behalf of the fund's clients to represent their interests as the independent contractor—which is the term used to describe agents and brokers—is able to do. I think the meaning of that is clear. If there's any question.

CHAIRMAN GEDDES: Mr. Dunn.

MR. DUNN: Just to clarify that question, would you mean to the extent that the independent contractor could?

MR WALSH: Yes, that would be a fair amendment to it. In other words the point is, Mr. Dunn, that the independent contractor represents his client. He's not the employee of any company and he's not the employee of a state agency.

MR. DUNN: Merely as the representative of a client there are some things he can undertake and some things that the client would not permit him to undertake.

MR. WALSH: That's right. Number 5. Does the fund accept all of the risks that are tendered?

MR. DOLWIG: Is that all you have to that question?

MR. WALSH: Yes.

MR. DOLWIG: I think a little elaboration would be in order.

MR. WALSH: Well, there's one question a little further on that bears upon it, and perhaps that will come up when we get to it. Number 6. Does the fund ever supplement its policy provisions with statements or letters assuming additional indemnity? And that is further clarified by the next question. Does the fund cover, under Clause 1-B in its policies, the risks entailed by such federal statutes as the Jones Act, the Railroad Employers Liability Act, the High Seas Death Act, Maintenance and Cure under Admiralty Law, and the liability laws of monopoly insurance states which Mr. Scharrenberg described this morning, and among which are our neighboring states of Washington, Oregon, and Nevada. In other words, does the fund in addition to covering the direct liability under California law include the broad coverage under Clause 1-B, which is a standard clause in private policies, that indemnifies the employer against these other risks such as the ones listed here. Number 8. Does the fund earmark any of its surplus for what are usually described in company statements as declared but undistributed dividends; that is funds definitely earmarked for distribution, but not actually paid out. Number 9. Are the facts available as to whether the

mandatory coverage of state, county, and local government agencies, represents a profitable part of its operation and is there any accounting by the fund which segregates the required portion of its coverage from the portion which it obtains by solicitation? Number 10. Does the state fund make use of any facility or services from other state departments which are not available to private insurers? That question has already been discussed in one phase and there may be others which should be cleared up also. In other words, does the state fund because of its being a state agency enjoy any assistance from other agencies that is not available to private insurers. Number 11—and this bears directly upon one of those points—does the state fund have access to the records of the State Unemployment Compensation Fund? Can it discover instances of fraudulent claims where a person might possibly make a concurrent claim for disability and for unemployment thereby obtaining information which is not available for private agencies. If it does have such access would the fund be willing to have the same records made available to private insurers? Now, the last question under this heading regarding the operation of the fund: Are all claims adjusted by the fund strictly in accordance with the facts and the statute, or are some claims adjusted according to appraisal of the equities and circumstances of the case?

Now, the next group of questions deals with the taxes paid by the fund, to which some reference was made this morning, and we come to question 13. Does the state fund pay the California gross premium tax, or some equivalent payment in lieu thereof, and if so on what principle or for what reason has the fund voluntarily undertaken to pay this tax equivalent? Question 14. Does the state fund pay the federal corporation income tax? If not, would the fund consider assuming this tax for the same or similar reasons that has induced the fund to assume the state gross premium tax? The other question dealing with taxation, Number 15. Does the state fund pay federal excise taxes on transportation, telegraph, telephone messages—those sort of things from which state agencies ordinarily are exempt?

Now, there's just one more group of three more questions—dealing with basic policies of the fund. We come to question 16 under that heading: Since the fund is a member, as Mr. Gallagher has already explained, of the California Inspection Rating Bureau, would it also be agreeable to joining with private insurers in an assigned risk plan, either by statutory enactment or by voluntary action? That assigned risk plan, as I imagine you gentlemen all understand, deals with these cat and dog risks, these high risks and these hazardous risks which nobody particularly wants, including the fund itself, and which in some other characters of insurance are taken care of through some such plan as this. In other words, would the fund which has already joined the Inspection Rating Bureau be agreeable to joining such a plan if it were set up?

CHAIRMAN GEDDES: Let me ask you a question to clarify that question—do the private insurers now have a voluntary or other arrangement whereby they have an assigned risk plan?

MR. WALSH: Such a plan is under consideration—is under discussion.

CHAIRMAN GEDDES: Not part of your regular business procedure?

MR. WALSH: Not to my knowledge. Would the fund be agreeable to having its special agents who act as solicitors be subject to licensing by the insurance department? That was touched on this morning, and Mr. Downey, I think it was, explained that at present the special agents of the fund are not licensed by the insurance department. The last question which again you will bear in mind was asked before Mr. Scharrenberg's statement this morning: Does the fund today support the principle of competitive activity with private insurers as distinguished from a state monopoly of compensation insurance such as representatives of the fund have advocated in the past? We had Mr. Scharrenberg's very clear statement on that point this morning and perhaps that question is now superfluous, but it might be well to have it on behalf of the fund officially since I believe Mr. Donald Gallagher pointed out this morning that Mr Scharrenberg's statement did not necessarliy represent the position of the fund itself Let me simply say, Mr. Chairman——

MR. MALONEY: What statement are you referring to when you said that Mr. Gallagher said that Mr. Scharrenberg's statement did not—was not concurred in by the fund—what statement was that?

MR. WALSH: Mr. Donald Gallagher.

MR. MALONEY: Yes.

MR. WALSH: I believe he said something to the effect that he wanted it cleared up in the record that Mr. Scharrenberg was speaking as an individual.

MR. MALONEY: No, I don't think any statement was made to that effect this morning.

CHAIRMAN GEDDES: The witness is here—would you give us——

MR. SCHARRENBERG: I thought I was speaking as the director of the Department of Industrial Relations, here by your invitation and as the Chairman of the Board of Directors of the State Compensation Insurance Fund.

CHAIRMAN GEDDES: Whatever you said is in the record. Now, what did you want to clear up, Mr. Gallagher?

MR. DON GALLAGHER: If there's any need of clarifying what I meant it is this—that you have a statement before you of some 67 or 70 pages and that statement is signed by Mr. J. J. Gallagher: Some of the members of the committee in asking questions of the director said "Mr. Scharrenberg, looking at your statement on Page 6" and I said "this is a wire recording system and someday, somebody, in looking over this wire recording, is going to say "where is Mr. Scharrenberg's statement—the statement is Mr. J. J. Gallagher's," but I'm not trying for a minute to say Mr. Scharrenberg isn't the Director of Industrial Relations and is speaking for himself.

CHAIRMAN GEDDES: And he made his own statement?

MR. GALLAGHER: Certainly.

MR. WALSH: The question is: Does the fund today support the principle of competitive activity with private insurers as distinguished from a state monopoly of compensation insurance such as other states have? Mr. Scharrenberg pointed out, that this was the principle, that in the past has been supported by representatives of the fund.

CHAIRMAN GEDDES: That might be some time in the past?

MR. WALSH: Yes, as a matter of fact, I think it was about 10 years ago.

CHAIRMAN GEDDES: I would like to point out that some of these questions have been more or less discussed today. Some, to my knowledge—having leafed through the brief of Mr. Gallagher—are touched upon in the presentation which he has made and which the committee now has. Others can be answered at a subsequent hearing and this I understand, is the request that you are making, that these questions be filed with the committee for future answers.

MR. WALSH: These are merely suggestion questions

CHAIRMAN GEDDES: That's right. Now, in order to save time at a subsequent hearing, I would like to ask Mr. Gallagher that he furnish you, as the representative of these three groups in the insurance industry, and the committee with the answers to your questions. We could perhaps find that the answers already exist in the statement which he has made, where he was anticipating some such questions or replying to questions that had been asked, or inferentially asked in the past.

MR. WALSH: No doubt what he has prepared will answer many of these questions.

CHAIRMAN GEDDES: That's right, I think we'll find that it will. Are there any further questions of Mr. Walsh? Then—thank you very much. The members will all receive copies of these questions just as soon as we can get them typed and get them to you to complete your files. Mr. Dunn.

MR. DUNN: I'm going to suggest another question be added which, of course, is not Mr. Walsh's question and that is relative to the amount of real property which the fund may own which is not subject to local taxation, and if it can be obtained, the estimated amount of taxes that would be paid if that property was on the tax roll. I think that is relevant —it's not your question—but the question was raised this morning and if you wouldn't object, I think it should be included.

CHAIRMAN GEDDES: All right, sir. Thank you very much. Now the representative of the office of the Controller, please. Will you please identify yourself for the record, so that we can again greet you?

MR. BRONNER: My name is Herbert Bronner of the State Controller's office.

CHAIRMAN GEDDES: Mr Bronner, I am returning you herewith your copies of exhibits marked Nos 3 and 3A, being material which has heretofore been filed with us. You gentlemen of the committee will find it in the blue binder. Now, I think that unless there is a particular desire on the part of the members, you won't have to go through all the figures which have been furnished for our study, but instead only emphasize such things as you wish. All right, sir, then you are appearing for Mr. Kuchel to whom the original request was made?

MR BRONNER: Yes, sir.

CHAIRMAN GEDDES: You may proceed, Mr. Bronner.

MR. BRONNER: The question has been asked, Mr. Chairman, as to the manner in which claims for reimbursement are filed with the Controller, having to do with payments made by the Compensation Insurance Fund out of their cash revolving fund, and an explanation of that point

was the purpose of this letter which was written by the Controller to the chairman of this committee. As far back, I believe, as about 1913, a provision was set up in the Workmen's Compensation Act, providing for a working revolving fund for the Compensation Insurance Fund to pay their usual operating expenses such as medical payments, benefits to injured to whom awards had been granted, medical examinations, refunds of premiums and the usual operating expenses of a concern of that sort. The Code at the present time, which is substantially the same as has been in effect for a number of years, provides that out of the State Compensation Insurance Fund in the State Treasury, there may be withdrawn a revolving fund in the sum of $1,000,000 for the use of the Compensation Insurance Fund for these current payments; and that the Compensation Insurance Fund—speaking of the agency—may file claims for reimbursement of expenditures made by them out of this revolving fund and, in support of those claims for reimbursement, shall submit such abstracts or statements as may be required by the Controller. For a great many years—I would say at least 10 years that I know of prior to 1942—the manner in which these claims were supported upon being filed with the Controller was through the submission of copies of these revolving fund checks—carbon copies. Some time during the war, in order to save expense and to save time—particularly expense by reason of curtailed personnel—that requirement for furnishing these revolving fund check copies was discontinued and in its stead was required, and still continues, the requirement that these claims be supported by a statement showing the nature of the expenditures made for which reimbursement of this revolving fund is claimed. In other words, this statement shows the numbers and amounts of the revolving fund checks drawn and generally the purposes of those checks.

CHAIRMAN GEDDES: Now, will you read the Controller's statement—the last paragraph on the first page, that is the effect of Section 11793.

MR. BRONNER: "The effect of Section 11793 and form of statements used is to place the entire responsibility for accuracy of computations leading up to payments, and for the payments themselves, in the hands of the State Compensation Insurance Fund subject to a post audit which is made by the Audits Division of the State Department of Finance. I have felt that this procedure is lacking in control and that this office should be provided with sufficient appropriation to employ a competent staff to make at least a sample audit of the computations and the billings in order to assure accuracy and legality in the payments made. Accordingly, in each of the last two preceding budget requests of this office, I have included requests for auditing staff to provide what I believe is a valuable and possibly an essential check of this and other expenditures where present procedures do not appear to me to provide a sufficient guarantee of accuracy and legality of payment. However, appropriations have not been made, and the procedure remains one which I believe should be improved. How much auditing is performed by the Audits Division of the Department of Finance in connection with the payments made from the revolving fund provided for in Section 11793, I do not know. The report of that division in connection with their last audit of the books and records of account of the State Compensation Insurance Fund does not mention a sampling check of the payments made

from the revolving fund, nor does it call attention to any inaccuracies that may have resulted in connection with these payments."

CHAIRMAN GEDDES: Then, you include with this brief the sample statements made under Section 11793. Those are photostatic copies of the records taken from the files of the Controller? Is that right?

MR BRONNER: That is correct.

CHAIRMAN GEDDES: Any questions by the committee?

MR. BRADY: How much has the Controller asked for in the budget that is being prepared?

MR. BRONNER: Well, in connection with this and other audits that we felt should be made, in '48 we requested five people, and in our original prepared budget request in '49, I think we asked for the same number. I say in our original prepared request—that was the budget which we prepared and was presented to the Department of Finance.

MR. BRADY: Five people. Well, how many pertained to this Compensation Insurance Fund?

MR. BRONNER: We didn't break it down that fine, Mr. Brady.

MR. BRADY: Well, who was included—can you tell me that? In other words, what departments were included? I can remember we made an enormous appropriation because of one particular matter. I just wondered how many funds you had in mind when you asked for the five people

MR. BRONNER: One in particular that I can think of offhand, is the additional work which we encountered in connection with flood control activities in California.

MR. BRADY: Then only a small part of the five people, perhaps, would be used in this compensation fund checking?

MR. BRONNER: That's right, yes

MR. BRADY: Thank you.

CHAIRMAN GEDDES: Mr. Lipscomb.

MR. LIPSCOMB: Does the State Compensation Insurance Fund reimburse the State Controller for doing this disbursing work?

MR. BRONNER: No, sir. Well, I should stand corrected on that. There is a provision for the charging of overhead expense against all special fund agencies, and the Compensation Insurance Fund would participate in that reimbursement

MR. LIPSCOMB: That includes auditors and the clerks and——

MR. BRONNER Well, it would include auditors, definitely.

MR LIPSCOMB: How would that prorate in figures?

MR. BRONNER: I'm not familiar with the details, but I believe it's a proration of the expense of the Controller, the Department of Finance, the Personnel Board, and, I believe, the Attorney General's Office. That is prorated according to the expenses of operation of those departments and in connection with general fund activities as compared with special fund activities. It's all expenditures out of the several funds —that is the general fund and the special fund.

CHAIRMAN GEDDES. Any further questions of the witness? Mr. Doyle.

MR. DOYLE: In other words, you don't know just exactly what this $61,000 is—item without cause, is that the idea? You don't know whether it was based for some insurance claim or whether it was for transportation or anything else, is that correct?

MR. BRONNER: Well, this type of claims, Mr. Doyle, as far as we know, since we don't make an audit of the books of the Compensation Insurance Fund, as far as we know, have been paid out for the purposes as stated on these claims—that is for compensation or medical payment.

MR. DOYLE: Well, some of them are pretty low—$1.31 here.

CHAIRMAN GEDDES: That's just a gargle. Now, gentlemen, the hour of 4 o'clock is practically here. We have quite a presentation that could be made by the Office of the Director of Finance and one that I would like to go into in some detail, because I think it has direct bearing on some of the things that we have discussed. We could have that presentation the first thing in the morning. Then following that we could have further statements that those who have been here today would like to make. On the other hand we can go on through for another hour or so. However, I would like very much, tomorrow, to have as many of the committee members present as possible to go into executive session and discuss some of the problems that are before the committee. What is your pleasure, gentlemen?

MR. MALONEY: I think Mr. Brady ought to invite the committee down where he is going tonight, the dinner only costs $100.

MR. GEDDES: We will reconvene tomorrow morning at the hour of 9.30.

MORNING SESSION—TUESDAY, FEBRUARY 21

CHAIRMAN GEDDES: The committee will be in order and the record will show the following as being present: Geddes, Chairman; Dolwig, Doyle, Dunn, Levering, Maloney, and Morris. I'll call the members' attention, and the attention of those present and interested, to the committee rule which empowers us to meet as subcommittees either to make independent and preliminary investigation or to conduct other work on behalf of the committee. Remaining on the agenda are several matters which we will take up in executive session of the members present for recommendation to the whole committee, but primarily there is the presentation to be made by the Office of the Director of Finance. We are sorry that we had to have you gentlemen come back here today, but it was a little too long to handle properly yesterday, and it's quite important, in the chairman's opinion, to the study that we're making. So might I ask at this time who is here to make that presentation? Will you please come forward and bring your witnesses with you? I'm going to hand you back your presentation which is to be known as Committee Exhibit No. 4. That is your certified copy—proof that it is in the record. Will you identify first yourself, then the other gentlemen who are with you.

ANSWER: My name is Pierce Fazel, representing the Director of Finance. I have with me Colonel Rouble, Chief, Audits Division, Department of Finance; George Halpin, Principal Auditor, in charge of the San Francisco branch of the Audits Division, and Peter Gee, Auditor. Colonel Rouble and Peter Gee are certified public accountants.

CHAIRMAN GEDDES: Thank you, sir. Will you open the presentation at this time, and might I ask your cooperation in that if anyone speaks he will identify himself so that it will be easier when we take off the transcription to identify the person who is giving the testimony.

CHAIRMAN GEDDES: Mr. Maloney.

MR. MALONEY: I wonder if the Department of Finance has anything more to add than what is in this book here to date? In other words, if what they are going to testify to is already in this book here, why I don't know whether it would be necessary to have any more testimony outside of reading the book and see what's in there.

CHAIRMAN GEDDES: I'll ask you, sir. Do you have other testimony?

MR. FAZEL: Well, there are some items that came up yesterday that I obtained some information on that I thought might be of value to the committee.

CHAIRMAN GEDDES: In other words, there's no use of rereading all that is already here. If any of the members have any questions on this material which I hope you had an opportunity to read last night, you can direct questions, or you can just more or less catch up on what the exhibit covers and then make such remarks as you may care to.

MR. FAZEL: The chairman of the committee had asked the Director of Finance to describe the relationships between the Department of Finance and the Workmen's Compensation Insurance Fund. The exhibit includes a letter of transmittal from the Director of Finance to the chairman of the committee, a statement outlining the relationships between the State Compensation Insurance Fund and the Department of Finance showing in detail, somewhat, the varied relationships that the Director of Finance has with the fund, covering items of compensation insurance for state agencies; the budget function of the Director of Finance in relation to the fund; the part that the Director of Finance plays in the investment picture and the responsibility for post auditing which is presently authorized by the Government Code. Then there is a section that shows the code sections covering the relationships between the State Compensation Insurance Fund and the Department of Finance. There is a letter from the Director of Finance to the Attorney General asking for the Attorney General's opinion in respect to the recommendations that have been made to the Workmen's Compensation Fund and the Attorney General's acknowledgment of receipt of that letter.

CHAIRMAN GEDDES: May I break in here and have an expression from you as to why the Office of the Director of Finance felt that it was necessary to get this clarification by having an opinion from the Attorney General?

MR. FAZEL: In the last audit report, there were certain recommendations made which were taken up with the Workmen's Compensation Insurance Fund and they declined to follow the recommendations—as a consequence the Director of Finance felt that he should have the Attorney General's opinion as to his power to require the Workmen's Compensation Fund to conform to the recommendations.

CHAIRMAN GEDDES: And then—pardon the interruption—that would go back to the opening paragraph of the relationships between the State Compensation Insurance Fund and the Department of Finance on page 1, of the exhibit, where it states "The State Compensation Insurance Fund is a business-type enterprise, essentially *unlike* most state agencies." That rather epitomizes the situation in this case, doesn't it?

MR. FAZEL: That is right.

CHAIRMAN GEDDES: And so the question arose as to whether or not the Office of the Director of Finance would have the same control as to enforcing the compliance—or asking for compliance with certain code sections—in this case, as in others.

MR. FAZEL: That's right. That "business-type enterprise" relationship exists and runs through all of the functions of the Department of Finance from a budgetary standpoint. I guess you gentlemen know that the budget does not include the operations of the Workmen's Compensation Insurance Fund. We merely put in the appendix an estimate of the operating costs.

CHAIRMAN GEDDES: And so the request for the opinion was the desire of your department for an opinion as to whether or not the State Compensation Insurance Fund is subject to the provisions of Section 13290 of the Government Code and must comply with the accounting system prescribed by the Department of Finance.

MR. FAZEL: Yes, sir.

MR. DOYLE: Doesn't that hold true in all the agencies?

MR. FAZEL: No, it's different than the other departments of State Government.

MR. DOYLE: I mean all the social welfare departments.

MR. FAZEL: We include them entirely in the budget. They are not involved in the question presented to the Attorney General, because the recommendations of the Director of Finance in respect to the installation of accounting systems, etc., carry with any of the regular departments.

CHAIRMAN GEDDES: Then, passing to page 6 of the presentation, we have acknowledgment from the Office of the Attorney General, dated as of February 3d, in which he states that "this matter is receiving our attention, and we shall advise you of our conclusions as soon as possible." Has any further reply been received to date?

MR. FAZEL: No, sir.

CHAIRMAN GEDDES: So, we're still waiting for that reply. May we ask then, on behalf of the committee, that when that reply is received we have a copy of it so that we can include that either as a footnote or immediately following this presentation so that we have a clear understanding on the matter. Thank you very much. Are there any further questions from members of the committee on this phase? Let us pass then to the audit. As Mr. Maloney has pointed out, the audit is before the members of the committee. It should be studied by them and of course by others who are interested. I would like to pass then to the recommendations, or the findings, particularly as to the accounting system—on page 7 of the audit—dealing with the financial records and procedures. I believe that is something that is properly before us. Let's either epitomize those paragraphs starting with "cash" or read that little duplication at this place.

MR. FAZEL: I'd ask Colonel Rouble to carry on.

CHAIRMAN GEDDES: All right, Colonel Rouble, would you do that, please, and make any remarks that you care to as to each paragraph or statement made.

COLONEL ROUBLE: Now, the accounting system of the fund is different from any other state organization in view of the fact that it is more specialized and deals peculiarly with insurance matters. Our

audit usually concerns itself only with that feature which is imposed upon us by the statute. The statute says that the fund should every year—it used to be every quarter—prepare certain financial statements, and we are required to audit them as to accuracy. Now, before entering upon an audit, of course we must have a very comprehensive picture of what we must do, in order to prescribe what the audit is to accomplish. Now, we do enter very carefully into every item of expenditure made by the fund. We have a list of items, which comprises something like 30 or 40 things, that we require them to check into Now, the audit is complete in every respect, but we do not delve into matters that are purely insurance features, because we presume that the Insurance Commissioner makes an annual audit and deals with those questions. Our questions pertain exclusively to the accountancy transactions—complies with the law governing the operation of the fund, delinquencies if any, or errors, which we might discover and bring to the attention of the management Now, in yesterday's discussion with the Controller's office, the question was brought up of the adequacy of the particular audit we are making, because no mention is made in the report as to how far we have gone into it. We would ordinarily mention in a report only something that is wrong. Nothing wrong having been discovered, naturally we passed over that feature, but our working papers contain a full detail of every item of work we are doing We make it annually, and we complete at the same time and publish a report as required by the statute. Now, the recommendations you will find rather insignificant. There are only four—three of them being rather minor—and the fund has not expressed any exception to it and I wouldn't be surprised if possibly by this time they will have corrected those things we found. Item 4 is the question we submitted to the Attorney General for decision on, as to whether we had the power to enforce those things. We make some comment on the dividend policy because we wanted that in where the public and everyone will know just exactly that it appears on the minutes of the board. Aside from that, you will find nothing in this report that reflects on the operation. There's a complete internal check over there, and all the expenditures that are submitted to the revolving fund are checked properly, and we find nothing in it that conflicts with proper management. Now, I don't think you want all the items we go over and check. The working papers contain a great many data which we find no particular reason to incorporate in the report, but they are available for anybody who wishes to know how closely we check the accounts and verify them

CHAIRMAN GEDDES: In other words, pardon the interruption, that would be pertinent only if someone was challenging the accuracy of this particular audit or the methods commonly used by independent auditors, shall we say, as contrasted with those doing a job for the State, and in that case you would fall back upon your detailed instructions and your work sheets. Let me ask you, sir, had you some considerable experience as a certified public accountant before working for the State?

MR. ROUBLE: I have been working for the State for 30 some-odd years.

CHAIRMAN GEDDES: Your experience has been mostly with the State? However, holding the title of certified public——

MR. ROUBLE: I do not hold the title of certified public accountant.

CHAIRMAN GEDDES: Oh, you don't—I understood that you were a CPA.

MR. ROUBLE: Mr Gee is a certified public accountant. We have some 11 certified public accountants on the staff.

CHAIRMAN GEDDES: Then may I interpolate a question here to Mr. Gee? Will you take the microphone please, Mr. Gee? Mr. Gee in pursuing your studies which led to your being qualified as a certified public accountant, you had an opportunity to study the methods which you might pursue in auditing, we'll say a private insurance concern did you not?

MR. GEE: Yes, sir.

CHAIRMAN GEDDES. If you made an audit of a large manufacturing concern or shipyard, you would have certain basic procedure that you would recommend and follow? Is that correct?

MR. GEE: That is correct.

CHAIRMAN GEDDES: From your personal experience and in the light of your study, you feel that there has been nothing which could be slanted in any way either to make it an easier report or a more stringent report than would be required in private industry?

MR. GEE: That's right, sir. We take an independent view of the fund.

CHAIRMAN GEDDES: In other words, there's no coercion or dictates as to what shall be done or what won't be looked at or anything like that?

MR. GEE · That's right, sir.

MR. MALONEY: Mr. Rouble, either you or Mr. Gee can answer this question. You found in your audit of the fund that it is run in a very highly efficient manner? Is that true?

MR. ROUBLE: For years we have never found anything radically wrong.

CHAIRMAN GEDDES: Then the current recommendations are as found on page 9—instructions to the banks as to the signature requirements on checks being brought to a current basis, and that is explained in the text. *Two* That the checking of branch office revolving fund reports should not be permitted to lapse; and that, of course, would be a recommendation you'd make to any state department. *Three.* That press numbered invoice forms be used in billings for initial and additional premiums. That's a good method of internal control. *Four.* That premiums, both initial and additional, in the course of collection be made a part of the general book and ledger accounts of the fund.

MR. ROUBLE: That's also explained in the text

CHAIRMAN GEDDES: So, while the fund has the right to—perhaps under the law—operate in their own particular manner, in this instance it is not a commonly accepted practice.

MR. ROUBLE: It is a commonly accepted practice with insurance carriers, but we do not think it conforms with good accounting procedure.

CHAIRMAN GEDDES: So those recommendations are made without bias, but merely for performing a function that——

MR. ROUBLE: That in our opinion could be improved.

MR. MALONEY: May I ask you this, Mr. Rouble—on Number 4—would that conflict with any ordinary method of bookkeeping as now conducted by insurance companies?

MR. ROUBLE: Now, when we enter the insurance field—since we have no opportunity to examine the insurance companies—we can not state as to that.

MR. MALONEY: That is the reason I asked the question.

MR. ROUBLE: We don't know what their practice is. We know that good accounting would provide that all outstanding premiums be placed on the ledgers, the moment the risk is incurred. Now, I was chief examiner for the insurance department for some years, and my recollection is that they don't do that in ordinary practice but they want to be a little tougher with a state agency—that is, anything that even has the color of a state agency—and require them to go a little beyond the ordinary procedure.

CHAIRMAN GEDDES: As to dividend payments, I would like to call your attention, and that of the committee, to the paragraph on page 8—"The plan of the fund on dividends * * * procedure to be followed, etc." Do you want to expand on that?

MR. ROUBLE: It is a recommendation in order to give more publicity, if possible, to dividend policies so that everybody will know about it, and I understand that since being adopted it was corrected in the minutes of the board.

CHAIRMAN GEDDES: So that we would have compliance then—the recommendation has been made and has been followed.

MR. ROUBLE: Correct.

MR. MALONEY: May I suggest, Mr. Chairman, that if the director of the fund hasn't got a copy of the report of the Department of Finance, that he be furnished with one?

CHAIRMAN GEDDES: I think that this testimony is rather interesting and pertinent, in view of the fact that some members of the committee have questioned the audit procedure and inasmuch as the office of the Controller has pointed out what they have felt to be certain shortcomings in the present procedure. I appreciate the manner, for myself at least, and on behalf of the committee unless someone disagrees, in which it has been presented. Would you have anything that you care to add at this time?

MR. ROUBLE: The only possible thing I would like to add is the questionable charge that was made, not directly to us but to the committee, that the State doesn't bear a certain portion—a required portion—of the overhead expenditures incurred on behalf of and for the fund and to that extent it might be discriminatory and not fair competition. Well, the situation is entirely different. The fund does pay an adequate portion of all the costs of the Controller's Office and of the Personnel Board. There is a charge made against them the same as for all special agencies and collections are made every year. The amount runs to something like $12,000 to $15,000 a year.

MR. FAZEL: I have those figures. I got them before I came over this morning.

CHAIRMAN GEDDES: Would you like to read those into the record, please, sir?

MR. FAZEL: Yes. They're divided into two parts—the general administrative charges and the Personnel Board charges. Beginning with the year 1943-44, the total charge against the fund—taking into consideration the credit for interest that they were entitled to for money which was in the fund, deposited with the Treasury, and which in all equity they were entitled to, and the method of paying the interest was to deduct it from the gross charge—so the net charge for the year 1943-44 was $16,370 39. That included the pro-rated charge for the Treasurer, Department of Finance, Controller—as provided by Sections 11270 to 11275 of the Government Code and 1113 of the Government Code—and the Personnel Board as provided by Section 18750 of the Government Code. In the year 1944-45 the total was $17,480.45. 1945-46—$22,150.16. 1946-47—$28,787.43. 1947-48—$33,757.96 1948-49—$29,038.71. The estimate for the '49 fiscal year, or the current year is $34,500. And the estimate for next year, 1950-51, is $35,750.

MR. DOYLE: Now, how is that reflected in the budget of the Controller and the Department of Finance? Is it in the form of an abatement?

MR FAZEL: No, it's not in the form of an abatement. It's treated as revenue to the General Fund, separate and distinct from the departmental operations. In other words, the Director of Finance or the Controller don't get any credit for this amount on their appropriations.

MR. DOYLE: Well, how is it shown on their books then? How is it pro rated as to their administrative costs? I understood you to say that, did I not?

MR. FAZEL: Yes, it's a charge against the Workmen's Compensation Fund and credited to the General Fund.

MR. DOYLE: And then from the General Fund it goes——

MR. FAZEL: Then on your appropriation to the Director of Finance and the Controller, etc., that appropriation is made out of the General Fund

MR DOYLE: It's really hidden though as to the purpose—it don't show that its for administration in this insurance fund? It should be shown there some way or other.

MR. FAZEL: It is shown in the budget as revenue to the General Fund. In the recapitulations, your summaries, it's considered as a part of the miscellaneous revenue to the General Fund.

MR. DOYLE: At the same time—those of us who are not auditors —if we went looking through the budget and we saw there this refund to the General Fund, and then it wasn't shown in the Department of Finance's budget, we would consider that they were asking for too much, wouldn't we, or we might ask why they were asking for that amount of money?

MR. FAZEL: From a budgetary standpoint we cover in the appropriation that is requested for the Director of Finance, all of the money that is required for all of the manpower and furniture and equipment and support The credit from the Workmen's Compensation Fund accumulates to hundreds of thousands of dollars when you consider all the rest of the special funds, and it would be necessary to take each one of those and show them as a credit back to the Department of Finance and to the Controller, etc., to accomplish, I think, what you have in mind.

MR. DOYLE: I know it would probably cost the State more if it were done, but a lot of people might be wondering why. I realize it would cost more, you would have to have more employees and all that to bring about that system, but I think there should be some way of showing in the budget those different items. In other words, not to accuse Mr. Dean of asking for too large a budget and all that, when we realize that every day he's having more and more work poured on his department—that people don't see, it's all hidden, as it were—that is all I have in mind.

MR. FAZEL: The reason we didn't include this in the first instance was that we forgot it, Mr. Chairman; it was a function which is the responsibility of the Board of Control, but is done by the Department of Finance for the Board of Control.

CHAIRMAN GEDDES: I notice you have given these figures from a work sheet. If you would reduce them to writing, in order that we may be absolutely sure of the accuracy of the figures quoted, because the girls could make a mistake—in transcribing these records and I think it will allow both you and the committee an opportunity to be sure that we have the exact figures quoted.

MR. FAZEL: We will be glad to send those. There is another matter that came up yesterday. The representative of the Controller's Office said that they had requested in the budget five auditors to extend or expand their claims audit check on the Workmen's Compensation Fund. I merely wanted to state that the position of the Administration in the seven years that I have been with the State has always been that the Workmen's Compensation Fund, having a completely autonomous business enterprise in itself—with the Controller and all of the functions he has to perform—to add to the check or to expand it in the State Controller's office would be another duplication of the claims auditing function. For that reason, at least so far, no positions have been provided to expand their check other than the mechanical check that they put on it now.

CHAIRMAN GEDDES: Then you probably feel that the duplication of audit would also run to the suggestion that is made by some parties that there should be an independent and outside audit made. You're satisfied in your own mind, are you not, that the audit that has been made by the department is full and sufficient and that no other audit, no matter how extensive, would show any different results or laxities or anything, except as might exist in the minds of an individual who put himself in a critical position.

MR. FAZEL: We believe that no matter how many times you piled up audit on top of audit you would still find some errors, but the economical position—the economy of doing it—is that we don't believe there is any economy in digging up additional minor clerical errors.

CHAIRMAN GEDDES: In other words, it might be like cost accounting in a manufacturing concern where we find we could save $10,000 by changing the size of a bolt and it cost us $20,000 to make the survey?

MR. FAZEL: That's right.

CHAIRMAN GEDDES: Do you have anything else, sir?

MR. FAZEL: This is voluntary information from my own personal knowledge. The committee, yesterday, ran into the situation—one of the members said that he thought that the pay roll audit had divulged dates—expiration dates. I thought it might be of interest to the committee that under a former insurance commissioner, Judge Caminetti, about 10 years ago the insurance department, separate and distinct from workmen's compensation, organized a pay roll audit crew of about 15 auditors to go out and check the workmen's compensation cases of all companies to determine whether or not they were reporting their total pay roll, that is in connection with collection or assessment of the gross premium tax. That happened in the last decade and although they're not doing it now, possibly some of the employers thought that it was the Workmen's Compensation Fund that was making the pay roll check. So, I thought that might be of interest to you in consideration of that complaint.

CHAIRMAN GEDDES: There would be several places where a pay roll check could be and are made. First, you have the auditors for the department of the collector of internal revenue—they certainly don't spare very many of us who are in business—coming around from time to time. Then we have those from the State Franchise Tax collector and the Board of Equalization who like to review our books from time to time. Certainly if the contract as to the amount of premium that is going to be paid is depending on a certain down payment, shall we say, or first payment and then the other amounts are depending on what the total pay roll is, why it's perfectly proper for folks to make sure that they're getting the proper premium on the pay roll, regardless of whether it goes to a private insurer or to the State Fund. Thank you, sir. Have you anything else?

MR. FAZEL: That's all I have.

MR. ROUBLE: I would like to merely emphasize that the thoroughness and accuracy and extensiveness of the audit performed by the Department of Finance on the financial functions of the State Compensation Fund is more rigid and possibly more thorough than any possible audit that can be performed by a public accountant.

CHAIRMAN GEDDES: In other words, it's a state responsibility. If we didn't have the audits that are made by the Department of Finance, made in this manner, we might as well save the money that we spend on auditing.

MR. ROUBLE: That's correct, sir.

CHAIRMAN GEDDES: The Division of Audits occupies some considerable floor space right here in Sacramento, doesn't it?

MR. ROUBLE: Some two floors at 1215 15th Street. We have a staff of over a hundred.

CHAIRMAN GEDDES: Those audits include the auditing of different state institutions?

MR. ROUBLE: Every state institution.

CHAIRMAN GEDDES: Every place that the state money goes. We have traced that back, I believe and the difference might be in making a review of a firm's year's operation—while a spot audit is one which is made from time to time to see if anything's wrong or perhaps to support an application to sell securities on the part of a private venture capital concern. There are some distinct differences.

MR. ROUBLE: Well, every audit of ours is a complete audit.

CHAIRMAN GEDDES: So the balance sheet generally—outside of error in addition of figures which would show up under any competent bookkeeping system—is a true reflection of the amount of money that comes in and the amount of money that is paid out.

MR ROUBLE: And also individually—every item and every classification—complete in every respect. In addition to the work that a public accountant would perform, we also verify compliance with the law, which is not necessarily a function of a public accountant.

CHAIRMAN GEDDES: Now, this question may be pertinent and I believe that it is In making your audit have you noted any considerable number of employees of the state fund who are shared with another department, for instance the Department of Industrial Relations, or the Industrial Accident Commission?

MR ROUBLE: We have not encountered any such situation.

CHAIRMAN GEDDES: In other words, the employees of the fund work for the fund.

MR. ROUBLE: The personnel and the records are complete in every respect and account for the full time of every member of the fund.

CHAIRMAN GEDDES: All right, sir. Any questions by any member of the committee? Mr. Dolwig.

MR. DOLWIG: I think this is just information for the committee. You have an item shown in the audit of $39,000,000 worth of bonds. Is that approximately the amount that is now in the fund insofar as investments are concerned? Does that represent, as of the time of this report, the total investment funds available?

MR. ROUBLE: At that time, 1948, by actual vertification we found the bonds aggregated the amount of $39,578,430.

MR. DOLWIG: And those are the bonds that are in their portfolio?

MR. ROUBLE: Yes sir.

MR. DOLWIG: Is that reflected in your reserves? It says "reserve for compensation benefits and expense" Is there any relationship between those reserves and the bonds that were held at that time?

MR. ROUBLE: The relationship is definitely there.

MR. DOLWIG: What I'm getting at is that you have less reserves than you have bonds in the portfolio at that time.

MR. ROUBLE: Yes.

MR. DOLWIG: I'd just like to have an interpretation of that.

MR. FAZEL: If you will turn to Exhibit 1, it shows the status as of December 31, 1948, and shows you the admitted assets and liabilities and reserves—the complete picture.

MR DOLWIG: In Exhibit 1, you show $39,000,000 in bonds—correct?

MR. FAZEL: Correct.

MR. DOLWIG: You have all of your assets which amout to $42,000,000. You handled the $27,000,000 as reserves.

MR. FAZEL: As a reserve for compensation benefits and expense.

MR DOLWIG: Comparatively speaking, that's about the relationship that's been maintained over a period of years——

MR. ROUBLE: It fluctuates slightly, possibly with subsequent increases in proportion to the excess assets over the liabilities.

MR. DOLWIG: What I was wondering, on what basis is the reserve set up?

MR. ROUBLE: The reserves are statutory reserves, established according to statute.

MR DOLWIG: That's right I'm not interested in the details.

MR. ROUBLE. They're just statutory reserves required by law, and additional reserves which prudence dictates to establish against catastrophes and possibly emergencies

MR. DOLWIG: And these bonds are used as part of your reserve?

MR. ROUBLE: Like cash or any other asset.

MR DOLWIG: Thank you very much.

CHAIRMAN GEDDES: In other words, Exhibit 1, is perhaps easier understandable to the layman because you have the cash account, or assets account, then your liabilities and reserves where they're included and the other. This, as shown on page 4, is more the detail of your bond portfolio, and still adds up to your $39,000,000.

MR ROUBLE: And explains the nature of the bonds.

CHAIRMAN GEDDES: Thank you sir. We certainly want you to convey to Mr. Dean our personal thanks and appreciation for the very complete and full report and the manner of its presentation is appreciated.

MR FAZEL: Thank you very much.

CHAIRMAN GEDDES: Now, is there anyone else who would like to make a statement at this time. (Pause) I would state then for the purpose of the record that the chairman is in receipt of a number of letters which ordinarily would be read in detail into the record; however, these letters all are of the same purport and that is that employers who are insured under the state fund have written to the chairman expressing their satisfaction with the fund as their insurance carrier. They give no details whatever and I believe to put those letters in in full—unless there's something that would be material—would just take up a good deal of time and space in the published report. However, acknowledgment will be made of all letters and the subject matter entered as a heading and the names and number of people making the endorsement will of course be listed.

MR. MALONEY: May I say, also, that many of the builders in San Francisco rang me up and asked that they be made part of the record—that they also favor the way that the state fund is operating—the home builders.

CHAIRMAN GEDDES: I think that properly belongs in the record. I also imagine that for the most part those who are insured with other carriers are pretty well satisfied, or they wouldn't continue.

Now, it has been pointed out here that there are certain grounds of friction. If there is any one who feels that this hearing has in any manner been unfair or that each side hasn't had a chance to make its full presentation, I would like to have that in the record also. We have tried to attain a truly objective approach to all of these matters. I might point out to you that—as a layman and having only some cursory experience with insurance—when I started studying the Insurance Code I found that there were a great many cross references. A good deal of study and research is necessary. I envision most of the Members of the Legislature—not all, but a great many of them—are in the same state of ignorance as I may be, which isn't a good place for a legislator to be. Therefore, one of the functions of the report of this committee will be to epitomize the statutes and to give the members a usable handbook. We must also treat both sides of the controversy and if any light is to be thrown on the matter make recommendations, but this we can only do after we have pursued our research to the point that will permit us to reach good conclusions I want to point out that Mr. Dean very carefully enumerated not only the sections of the Insurance and other codes which I had pointed out and asked clarification on, but also those which out of his wide knowledge he knew had direct relationship on this subject. There is nothing except good to be gained from that kind of information

As announced, there will be future hearings. These hearings will not be devoted entirely to the subjects that have occupied us at this hearing, but will also include matters of anticoercion and recommendations by either state departments, private industry or others as to necessary changes in the laws. With these extended hearings before we come up here next January—those of us who do come back—we will be in a position to do a better job I think, particularly, that the committee should study Assembly Bill 1824, which was before us as a standing committee, and see whether in the light of evidence brought before us we want to take a different position on that bill than that previously taken. It would be interesting, I think, to go back and trace the history of that bill, so that will be placed in your hands, gentlemen. I think Mr. Maloney and Mr. Brown got their recommendations from reliable sources when they introduced that legislation. Now, are there any further remarks from members of the committee?

CHAIRMAN GEDDES: Mr. Morris.

MR MORRIS: What has happened to all of these complaints? I came up here—I came 500 miles to hear a lot of complaints against the manner in which the state fund is getting business from the private carriers. So far today, and also yesterday, we have heard nothing but the manner of operating the fund and the fact that all the people that are taking insurance from the fund are satisfied with the operation of the fund. I didn't think that that was a matter of question. I think everyone who is taking insurance from the fund is well satisfied with the manner in which the fund operates; but I understood that there were matters of serious controversy as to the manner of getting business. Inasmuch as I came to hear some of those complaints, which were voiced

very extensively down in my part of Los Angeles by various agents and brokers, I would like to hear a few of them. The room was full of agents and brokers yesterday, but I don't see any here today. What's happened to all those complaints?

MR. DOYLE: Mr. Chairman, I take it, that inasmuch as they all sat here yesterday and heard all the testimony that they're perfectly satisfied; that they just thought there was no use in their being here; not that they thought that we would be arbitrary, but that they accepted the testimony as of yesterday that everything was being properly handled.

CHAIRMAN GEDDES: I don't believe that, necessarily. All right Mr. Williams. Will you identify yourself for the record please?

MR. WILLIAMS: W. F. Williams, California Association of Insurance Agents. We are by no means satisfied that the entire matter has been completed. As a matter of fact, it was our hope that at this meeting yesterday and today, the committee would find a basis for making further study of this entire matter. It was our understanding that the purpose of scheduling further hearings throughout the State would be to give people in various communities and various areas in the State an opportunity to come before the committee and voice complaints they have. Now, because we think that these things should be done carefully and not having people going out making statements for publicity only, we think this was not the proper time to have a complete airing of differences. We think it should be carefully studied; we think this committee doesn't want to hear a bunch of people getting up here arguing about having lost two or three insurance policies. We are not in any way interested in putting the state fund out of business. We simply believe that it is a proper time for the Legislature to review its activities, and we want to see that done in a fair and dignified manner. We don't think that can be done in a two-day hearing here in Sacramento with only a few weeks' notice, and that is all the time we have had prior to this hearing. In due time, when future hearings are held, we will have much more to say. Furthermore, the state fund will be advised in plenty of time so that there will be no undue advantage taken by springing some dramatic charge at the last moment. We don't want to operate that way.

MR. MALONEY: Well, Mr. Williams, your industry knew that the committee was meeting up here. You know that we have a business to operate. We don't live on legislative business. We've been here for two days to hear anything that could be said by either the fund or private industry or the insurance agents, brokers or insurance companies. We have to come up here, as Mr. Morris says, and sit down and listen to you folks. Naturally, we get a day's pay, but we'd be better off in our own offices attending to our own business. Now, your argument is very weak on that particular point. You say that you're not coming up here now to offer complaints. Are you only going to call us back again for the purpose of not giving us anything for another two days? Now, we have no quarrels with agents or brokers. I'm a broker myself and I voted—if you want to know—against extending the workings of the fund here two years ago and four years ago when there were bills in to extend

its operations. At least, I protected the brokers and myself, but for you to make the statement that there are other meetings coming and that we ought to come running back here any time you people want a meeting, that's not the way we operate the State Legislature.

MR. WILLIAMS: I quite understand that, Mr. Maloney. And I understand fully that we have no authority to call any meetings of this committee. It was announced here yesterday that there *would* be future meetings, however, and——

MR. MALONEY: They may be on unemployment insurance.

MR WILLIAMS: The announcement was made that it would be on this subject, and we took it on that basis that there would be more time to study this question. We submitted 18 questions here yesterday. In due time, if the committee may see fit to ask them of the fund, we presume those questions will be answered and when they are, then we believe there will be a basis for further inquiry. Let me give you an example without going into a great deal of detail. A governmental agency, for example, in one of the communities in the State has been making a study of the handling of its compensation business. Now, they have not completed their study, but they tell me that in another month or two they will and at that time, if the committee is still looking into the subject, they may see fit to present their findings to the committee. They could not do it today, they just simply aren't ready. It is a governmental agency and certainly we, as a group of insurance people, have no right to try to force the issue with them or to tell them that they have to do it today.

CHAIRMAN GEDDES: Mr. Doyle.

MR DOYLE: Has your association at any time written in any of these complaints that you say you have? It's strange that all we get is the letters that Mr. Geddes has received to date all commending the state fund on the way it is being handled. Now, we haven't anything from you except probably a lot of verbal stuff and your suggestions as of yesterday about your complaints.

MR. WILLIAMS: Mr. Doyle, I think you will find that if these questions we presented are answered, the committee will have a great deal of meat to discuss in executive sessions—right in those questions and how they're answered. We don't think that we want to stand up here and make a bunch of charges.

MR. DOYLE: Well, why would we have to have those answered in executive session?

MR. WILLIAMS: Well, I simply mean that if those questions are answered—when they are answered, you will find them the subject for a great deal of discussion.

CHAIRMAN GEDDES: The chairman would like to make a statement at this point and see if we cannot clarify this matter. After all, it is on my responsibility that you gentlemen are put to this inconvenience. It is the first time that Mr Morris has graced us with his presence, although we have had a number of meetings; and that is also true of some of the other members. Regardless of that, Mr. Grunsky has stated that members of the insurance profession have come to him in his home town

making certain allegations. He probably could have gone on and added his experience to mine and have said that they come and we have told them: "I'd like to give you an opportunity to give that information before the committee." Some of those men have said: "I'm not going to do that, because I'd put myself in jeopardy. I'm afraid of retaliation. I'm afraid that if I call the employer in, in this instance, to back up my statement, and he's the only witness that I would have, he will cancel the other insurance that he has with me and now that I've lost his compensation insurance, I'd lose the rest." That's why I asked some of the questions that I did yesterday. Because of those things I believe that it is certainly right and proper for the committee to go as close to the agents as possible. At the same time, as I announced yesterday, we will conduct hearings as to the experience of these agents in matters of anti-coercion and others. I believe that a legislative committee is for the benefit of the people. It is the instrument by which they can petition the Legislature, and certainly no wrong has been done to the fund here that I can see. The matter submitted by them is in anticipation and recognition of a great many of the charges and quite properly, I think from their standpoint, a refutation has been made and maybe the refutation will stand. They certainly want a chance to come back and talk again, and unless the committee overrules me, at least a sub-committee will hear these at the time I have announced.

MR. DOLWIG: In your behalf, Mr. Chairman, I think you are proceeding in a very orderly and consecutive manner here. I read certain things that have been published here. I was interested in finding out what was behind it I think that the insurance agents should have a chance to have a thorough hearing of whatever views they have and certainly the fund is interested in presenting their position on this matter. Now, yesterday, there were a lot of questions asked. I am interested in having those questions answered and I presume that they will be answered in due time, so I think as this matter goes on it is going to be an education for us, and at the same time it should serve to clear the atmosphere on this whole problem.

MR. MALONEY: Now, Mr. Chairman, I'm not kicking about any further meetings. I think you're going to have them. It is going to take other meetings to have the questions answered. The only thought that comes into my mind is that Mr. Williams is the only one here when a big major question has been given undue publicity in California and here we have the room empty instead of having those who made the complaints. I think that you leaned over backwards yesterday, Mr. Chairman, in putting the fund on first. I believe that they should have followed—they were the recipients of the charges.

CHAIRMAN GEDDES: They quoted the charges.

MR. MALONEY: But I mean, they were the ones that were the recipients, and it gave the public a bad idea that the fund was stepping out and going into or interfering with private business. Now, I have nothing against it—I think Mr. Williams has been very decent. He and I spoke about this yesterday. I don't think any harm has been done in saying what has been said, but at the same time I think if we have a meeting that we ought to have those who are interested here. I think that the fund should answer the fifteen or twenty questions that have been asked—in fact I could answer ten of them myself and there'd be nothing to them.

I don't believe anybody's kicking against the meetings or the way they were conducted or anything else. The only thing is we have an empty room here on major charges.

CHAIRMAN GEDDES: Let me point out that it wasn't my intention to hear anything further on charges this morning. I announced yesterday that there was one thing uncompleted on our agenda, and that was the presentation from Mr. Dean's office, and that is what we have heard this morning.

MR. DOYLE: Mr. Chairman, I'd like to ask you a question, if I may please.

CHAIRMAN GEDDES: All right, Mr Doyle.

MR. DOYLE: Wasn't the purpose for calling this meeting that some certain people had made charges? Yet after the meeting yesterday, they all seemed to walk out here. I don't see any familiar faces that we usually see here during the session out here this morning, and perhaps they were some that made the charges.

MR. WILLIAMS: I think the chairman has just answered that. The reason for that is the announcement that was made yesterday that nothing would be heard today except the statement of the Department of Finance, so the other gentlemen who were here yesterday, who came some distance also, have gone back.

MR. DOYLE: Well, Mr. Williams, none of them got up at that time and made any requests or asked for any information or anything.

MR. WILLIAMS: Mr. Walsh represented all of us and he asked that these questions be answered. When those questions are answered, we will be in position, I believe, to furnish more information to the committee.

MR. MALONEY: Well then I suggest that we proceed with the orders for the next meeting and go into executive session and see what you wish to take up.

CHAIRMAN GEDDES: All right. I would like to thank every one for being present. I want to assure you all that it was only my intention to do just one thing and that was to air the matter where it should be aired and to give the Legislature a full and unbiased report.

MR. GALLAGHER: Mr. Chairman, in view of Mr. William's statement, I think the record ought to show that the state fund certainly will answer those questions, and send a copy of the answer to Mr. Walsh and also to Mr. Williams. There will be no question about that. We will be very glad to answer them.

CHAIRMAN GEDDES: If you will, please answer them through the committee. You welcome future hearings, you have assured me, so you may send them in advance, of course, to each of them as well as to the committee.

MR. DOLWIG: Well, Mr. Gallagher, if you will answer the questions, certainly we will be interested in perhaps getting some additional information and I am sure that you would be available for that. Isn't that correct?

MR. GALLAGHER: I've assured the chairman that I will be very happy to attend every meeting of the committee.

CHAIRMAN GEDDES: Mr. Gallagher, let me say that I personally appreciate, and on behalf of the committee, commend you for the thoroughness with which you have prepared the initial presentation. I think it is very complete and certainly gives a statement, as I understand it, of the position of the manager of the fund, and of the directors who hire him and whom he serves. I think we have a good bunch of material now pertaining to the fund, and out of it we have a good deal that we can present to the Legislature—not the matters of controversy—but a clear picture or a blueprint of how the fund operates.

MR. GALLAGHER: Thank you, Mr. Chairman. I want to say on behalf of the fund also that we have been impressed with the very fair attitude with which the committee has conducted this hearing.

CHAIRMAN GEDDES: All right, Mr. Donald Gallagher, do you have something——

MR. DON GALLAGHER: I merely wanted to ask, Mr. Chairman, as a matter of convenience, whether you intend to take the fund matters on first in these various communities or whether they will just fall in as the calendar dictates.

CHAIRMAN GEDDES: We will make some determination and notify you and all parties as to that. I might say that there is a mailing list of some 420-odd people receiving notices of these committee hearings, and will continue to do so. We will also try to work out our agenda so that this matter can if possible, be covered in one day.

Thank you ladies and gentlemen. This concludes the formal part of the meeting.

GUESTS EXTENDED COURTESIES OF ASSEMBLY

On request of Speaker Sam L. Collins, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Kenneth E. Lynch, of Los Angeles, and Mrs Eugene Huston, of Sacramento.

On request of Mr. Caldecott, the usual courtesies of the Assembly for this day were unanimously extended to Prof. May, University of California, and the following Graduate Seminar in State Administration: John W. Baker, Burt G. Scheuer, James E. Deem, Thomas R. Talamini, Harold S. Eldredge, Hugh E. Wallace, Jr., Al Baccari, Jr., John B. Keliiaa, Marcia Garbus, and Kenneth Decker.

On request of Mr. Maloney, the usual courtesies of the Assembly for this day were unanimously extended to Frank H. Stone, of Chicopee Falls, Massachusetts.

On request of Mr. McCollister, the usual courtesies of the Assembly for this day were unanimously extended to Francis Shafer, teacher, W. H. Van Dyke, superintendent, Tamalpais Union High School, of Marin County, and the following pupils: Donald Andrich, Nan Boyer, Ray Forster, Phil Jones, Wm. Ramsey, and Eleanor Zobel.

On request of Messrs. Weber and Hoffman, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Dorothy Stephens, teacher, of the Stockton College, and the following pupils: Bessie Pettis, Lois Grude, Bill Sexton, Lola Miller, Jay Cogorno, Carole Coldani, Don Williams, Daniel Stahl, Mary Lou Celsi, Marlene Bacon, Marlene Jones, Lillie Williams, Joan McRay, George Weaver, George Murrison, Harry Kester, Mozelle Van Dever, Mildred Terzich, Johnnie Langenbach, Colene Gilder, Alice Gates, Rosalie Settlemoir, Camila Benitez, Elizabeth Rice, Dee Lois Askew, Mona Keith, Zina Adler, Gretchen Lewis, Linda Cramer, Shirley Little, Ronald Matthews, Mary Rios, Billie Manzer, Charles Warner, Phil Hardymon, Martha Huffaker, Dick Hagerman, John Scott, and Carole Bruno.

On request of Messrs. Moss and Fleury, the usual courtesies of the Assembly for this day were unanimously extended to Miss Criswell, teacher of the Courtland Joint Union High School and Bates Joint Union School, and the following pupils: Henry Andreucetti, Geramina Baber, Alfonso Chacon, Sabino Chacon, Consuelo Chavez, Jack Cole, Jo Anne Cole, Peggy Collier, Edward Delgado, Dean Mae Ferreira, Agapito Garcia, Raymond Garcia, Gene Graf, Glenda Hill, Barbara Hoyt, Marlene Huestis, Robert Jackson, Lester Jonson, Leona Lujan, Richard Lujan, David Luna, Frank Macias, Densil McGinnis, Kenneth McGinnis, Dale Miner, Bernard Novotny, Lupe Nunez, Thomas Phillips, Kenneth Pylman, Sebastian Rojo, Ralph Rose, Stanley Sakata, Carole Stewart, Marcia Vierra, William Werlinger, Tresa Werlinger, George Yabu, Grace Yabu, and Lovey Young.

On request of Mr. Lindsay, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Frances Latimer and Robert Corbett, teachers of the Placer High School of Auburn, and the following pupils: Nobie Nakamura, Roy Nomura, Sally Paul, Nadine Petroni, Barbara Pryor, Jean Richards, Polly Rikard, Henry Sahota, Chuck Skelton, Bobby Speelman, Dale Sprain, Shoki Tenma, Evonne

Towers, Dorothy Uyemura, Mae Wakinaka, Nancy Warner, Lynn Wickstrom, Claire Yokota, Janet Yokota, Helen Banbrock, Frances Bentley, Evelyn Burlin, John Clark, Travis Daniels, Doloros Dawn, Bill Donnelly, Bill Emery, Frances Fisher, Alyce Fujimoto, Ruth Jones, Leland LaFaille, Edward Lakso, Janice Makimoto, Betty Metz, Hollis Pate, Margie Peden, Ronald Shelton, Barbara Steever, Shirley Weltz, Joan Widing, Doy Ray Wilson, Kathryn Albright, Anita Andersen, MaThein Bahrs, Vernon Baker, Norine Barry, Richard Bell, Marcella Bloxham, Bob Bradbury, Dot Brown, Harold Brunkhorst, Charles Burt, Bob Cane, Angie Cowan, Jo Ann Edison, Tom Eldridge, Fillmore Emerson, Rudolph Espinoza, Betty Ford, Clara Freitas, Margaret Gobar, Mary Hada, Sue Horikawa, Bob Hoover, Bob Howington, Peggy Hughes, Bill Husse, Donald Jenks, Richard N Johnson, Edna Jull, Vernon Krause, Ben Lawson, Kenneth Lind, Jayne Lynch, Eloy Macias, Esperanza Macias, Sumi Maeda, Satoko Makishima, Richard McClellan, Jacqueline McCullough, Richard Miles, and Ronald Murray.

On request of Messrs. Thompson and Kirkwood, the usual courtesies of the Assembly for this day were unanimously extended to Lawrence C. Curtis, district superintendent, Elda Lindsay, and Robert Muscio, teachers, Tony Silveria, bus driver, of the Jefferson School of Santa Clara, and the following pupils: Frances Baker, Edna Barreras, Delbert Burns, Raymond Caperello, Betty Carpenter, Raymond Clark, Barbara Cloud, Eddie Costa, Joseph Costa, Bennie Ruth Cunningham, Bruce Eaton, Beverley Enos, Mary Alice Escobar, Sally Eto, Shirley Ewbanks, Geraldine Fontes, Gary Futamase, Dorothy Garcia, Beverley Gilstrap, Rosemarie Gomes, Gloria Gonzales, Frank Goularte, Mildred Hadden, Marilyn Hall, JoAnn Hays, Billy Horn, Karl Jarone, Donald Johnson, Billy Jones, Virginia Kajima, Alfred Machado, Robert Marshall, Anthony Medieros, Erlinda Munoz, Senovio Munoz, Phyllis Namimatsu, Carl O'Gwin, Kiyoshi Oshiba, Lena Palacios, Patsy Pacheco, Mary Louise Pasqual, Edward Patz, Shirley Periera, Clement Raras, Edward Ritchie, Betty Rivera, John Robinson, Ruby Rogers, Velma Rogers, Marilyn Schlosser, Robert Schlosser, Angie Scotti, Tommy Sherrill, Jesse Simas, Carolyn Smets, Opal Staniford, James Tapley, Sandra Turner, Leo Watkins, Bobby Jean Wright, Clark Yamasaki, and Thomas Yokoi.

On request of Messrs. Moss and Fleury, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Leora S. Keema and Miss Anna Kirchgater, teachers of the Elk Grove School, and the following pupils: Willeta Backer, Edmund Badella, Donald Briggs, Larry Byrnes, Mary Clark, Richard Crump, Elsie Dockter, Fern Eisenbeisz, Arlene Falloon, Donald Falloon, John Fizer, Barry Forrester, Ruth Fox, Evangelina Garcia, Donald Glavich, Robert Hill, Kiyoshi Hisamoto, Gary Idzinga, Ann Jeselink, James Knauf, Orlen Littke, Harvey MacDonald, Freddie Meaker, Delton Meyer, Margaret Miller, Norma Miller, Ruth Mills, Walter Mills, Douglas Mitchell, Leonardo Moreno, Kathleen Morris, Kathleen Neisen, Russell Newland, Dolores Patrice, Martin Radke, Carl Rauser, Kaye Riggs, Elsie Rohrer, Robert Schauer, Daniel Strickland, Jerry Strong, Dean Todd, Donna Triebwasser, Joyce Triebwasser, August VanSanten, Melvin Voos, Neil White, Kikuye Yamanaka, and Lee Yount.

On request of Mr. Rosenthal, the usual courtesies of the Assembly for this day were unanimously extended to Jerry Posner of Los Angeles.

On request of Speaker Sam L. Collins, the usual courtesies of the Assembly for this day were unanimously extended to Julian N. Cole and Bud Whiser of Los Angeles.

On request of Messrs. Thompson and Kirkwood, the usual courtesies of the Assembly for this day were unanimously extended to Miss Ruth Cadwallader, teacher; C. H. Kast and Mrs. Kast, superintendents, of the Sunol School, and the following pupils: Rosalie Acosta, Joyce Alario, Donald Amori, Sherilyn A. Aylesworth, John D. Blair, Richard Burton, Alice Buzolich, John Caccamo, Corrine Cassetta, Robert Castaneda, Dominic Civiletti, Eugene Colopy, Sandra L. Consolo, Manuel Cordova, Myrna Cordova, Rose Corrillo, Julio Cruz, Berniece Davis, Robert Davis, Ida DeLuca, Robert DeSoto, Douglas A. Giese, Barbara J. Helms, Ronald Janisch, Karen L. Jones, Marquis Kelly, Dan Kimbel, Delmar Kimbel, George Laptalo, Frank Leone, Gloria Magliocco, Carmella Mannina, John Marfia, Ruth M. Marquez, David A. Martinez, Richard J. McNiel, Allen Miller, David J. Porria, Douglas A. Porria, Dan A. Proost, Rochelle Rice, Jessie Rodriquez, Carleton B. Smith, Shirley Stalions, and Doris Wolf.

On request of Mr. Crowley, the usual courtesies of the Assembly for this day were unanimously extended to Robert K. Malcolm of Dixon.

ADJOURNMENT

At 10.10 p m, on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Wednesday, March 22, 1950.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

TWELFTH LEGISLATIVE DAY

SEVENTEENTH CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Wednesday, March 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, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—77

Quorum present.

Request for Unanimous Consent That Names of Members Attending Committee Meeting Be Placed Upon Morning Roll Call

Mr. McCollister asked for, and was granted, unanimous consent that the names of the following members who are attending the meeting of the Committee on Rules, at this time, be placed upon the morning roll call: Messrs. Crowley, Dickey, Doyle, Dunn, Fletcher, Geddes, Hollibaugh, Maloney, Thompson, and Waters.

ANNOUNCEMENT

Speaker Sam. L. Collins announced that the Chief Clerk will, of necessity, be away from his desk in the Assembly Chamber most of the day for the purpose of registering legislative representatives pursuant to the provisions of Chapter 4 of the Statutes of the First Extraordinary Session of 1949.

PRAYER

The following prayer was offered by the Chaplain, Dr. Torrance Phelps:

God of Youth: The eyes of youth look up today with awe to the majestic dome that over arches us, and to the historic mementos about us.

May the famous scenes in the stately halls, and the resplendent figures who have made our history remind them of our debt to the heroic past.

Let the venerable past inspire them with great ambition to preserve this heritage, and to follow in the steps of our illustrious great and maintain this State as the paradise of opportunity.

May they realize that the tasks of future years in the Atomic Age will require more wisdom and devotion than even the pioneers displayed.

God grant they may have strength equal to their day and give to the future the glory the past has given us.—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 member was granted leave of absence for the day, because of illness:

Mr. Crichton, on motion of Mr. Clarke.

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

Mr. Kilpatrick, on motion of Mr. Beck.

REPORTS OF STANDING COMMITTEES

Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, March 22, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 1

And reports the same correctly re-engrossed.

HUYCK, Chairman

Above reported bill ordered to third reading.

Committee on Ways and Means

ASSEMBLY CHAMBER, SACRAMENTO, March 22, 1950

MR. SPEAKER: Your Committee on Ways and Means, to which was referred.

Senate 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 SENATE BILLS (BY UNANIMOUS CONSENT)

Senate Bill No. 1—An act making an appropriation for the support of the Government of the State of California and for several public purposes in accordance with the provisions of Section 34 of Article IV of the Constitution of the State of California, to take effect immediately.

Bill read second time, and ordered temporarily passed on file.

CONSIDERATION OF DAILY FILE

CONSIDERATION OF HOUSE RESOLUTION NO. 21

By Messrs. Morris, Geddes, and Doyle:

House Resolution No. 21—Relative to commending Thomas V. Maloney.

Resolution read.

Request for Unanimous Consent That Names of All Members Present Be Placed Upon House Resolution No. 21 As Co-Authors

Mr. Cooke asked for, and was granted, unanimous consent that the names of all members present be placed upon House Resolution No. 21, as co-authors.

House Resolution No. 21

Relative to commending Thomas V. Maloney

WHEREAS, Thomas V. Maloney, son of our most esteemed colleague, Thomas A. Maloney, began his distinguished career of state service in 1929 at the age of 17; and

WHEREAS, Since 1929 Thomas V. Maloney has served the State of California well and faithfully in the State Department of Motor Vehicles and has held the position of Registrar of Motor Vehicles since 1942, except for the period during World War II in which he served as Aviation Supply Officer at the Naval Air Station at Attu, Alaska; and

WHEREAS, In the position of Registrar of Motor Vehicles, he has been responsible for many improved procedures and practices to facilitate the registration of motor vehicles; and

WHEREAS, Thomas V Maloney has recently retired from his position as Registrar of Motor Vehicles to take up duties on March 1, 1950 in Cincinnati, Ohio, as assistant manager of the motor statistics department of the R. J. Polk Company; now, therefore, be it

Resolved by the Assembly of the State of California, That the Members of the Assembly do hereby commend Thomas V. Maloney on his many years of outstanding service to the State of California and express their very sincere good wishes to him for success in his new career; and be it further

Resolved, That the Chief Clerk of the Assembly is directed to transmit an engrossed copy of this resolution to Thomas V. Maloney

Resolution read.

Motion to Amend

Mr. Cooke moved the adoption of the following amendment:

Amendment No. 1

Strike out the last period in the resolution, and insert ", and that copies of this resolution be sent to the Secretary of the Navy, and to the Chief of the Bureau of Supplies and Accounts of the Navy Department, Washington, D C."

Amendment read, and adopted.

Consideration of House Resolution No. 21, As Amended

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

House Resolution No. 21

Relative to commending Thomas V Maloney

WHEREAS, Thomas V Maloney, son of our most esteemed colleague, Thomas A Maloney, began his distinguished career of state service in 1929 at the age of 17; and

WHEREAS Since 1929 Thomas V. Maloney has served the State of California well and faithfully in the State Department of Motor Vehicles and has held the position of Registrar of Motor Vehicles since 1942, except for the period during World War II in which he served as Aviation Supply Officer at the Naval Air Station at Attu, Alaska; and

WHEREAS, In the position of Registrar of Motor Vehicles, he has been responsible for many improved procedures and practices to facilitate the registration of motor vehicles; and

WHEREAS, Thomas V. Maloney has recently retired from his position as Registrar of Motor Vehicles to take up duties on March 1, 1950, in Cincinnati, Ohio, as Assistant Manager of the Motor Statistics Department of the R. J Polk Company; now, therefore, be it

Resolved by the Assembly of the State of California, That the Members of the Assembly do hereby commend Thomas V. Maloney on his many years of outstanding

service to the State of California and express their very sincere good wishes to him for success in his new career; and be it further

Resolved, That the Chief Clerk of the Assembly is directed to transmit an engrossed copy of this resolution to Thomas V. Maloney, and that copies of this resolution be sent to the Secretary of the Navy, and to the Chief of the Bureau of Supplies and Accounts of the Navy Department, Washington, D C.

Resolution read, as amended, and adopted.

REQUEST FOR UNANIMOUS CONSENT THAT BUSINESS REPRESENTATIVES BE PERMITTED TO ENTER ROOM 225A

Mr. Dickey asked for, and was granted, unanimous consent that those business representatives who desire to register be permitted to enter Room 225A during sessions of the Assembly, for that purpose.

CONSIDERATION OF DAILY FILE (RESUMED)
THIRD READING OF ASSEMBLY BILLS (RESUMED)

Assembly Joint Resolution No. 8—Relative to location of the Air Force Academy in California.

Resolution read.

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

AYES—Anderson, Babbage, Beck, Berry, 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, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Yorty, and Mr. Speaker—70.

NOES—None.

Resolution ordered transmitted to the Senate.

REPORTS OF STANDING COMMITTEES

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, March 22, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

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 resolution ordered on file for adoption.

ASSEMBLY CHAMBER, SACRAMENTO, March 22, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred:

Assembly Joint Resolution No. 6
Assembly Joint 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 engrossed.

CONSIDERATION OF DAILY FILE (RESUMED)
THIRD READING OF ASSEMBLY BILLS (RESUMED)

Assembly Bill No. 1—An act making appropriations for the support of the Government of the State of California and for several public purposes in accordance with the provisions of Section 34 of Article IV of the Constitution of the State of California, to take effect immediately.

Bill read third time.

Demand for Previous Question

Messrs. McCollister, Lipscomb, Lincoln, Silliman, and Burke demanded the previous question.

Demand for previous question sustained.

The question being on the passage of Assembly Bill No. 1.

Point of Order

Mr. George D. Collins arose to the following point of order: That a vote, at this time, on the Budget Bill, Assembly Bill No. 1, is not in order because it does not comply with Section 34, of Article IV, of the Constitution of the State of California.

Ruling by Speaker

Speaker Sam L. Collins ruled the point of order not well taken.

Question of Personal Privilege

Mr. Lewis arose to a question of personal privilege.

Ruling by Speaker

Speaker Sam L. Collins ruled the question not well taken.

The question being on the passage of Assembly No. 1.

The roll was called, and the bill passed by the following vote:

AYES—Babbage, Beck, Bennett, Berry, Brown, Burke, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Huyck, Kirkwood, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—65.

NOES—Anderson, Brady, Burkhalter, George D. Collins, Condon, Elliott, Hagen, Hollibaugh, Levering, Lewis, Reagan, and Yorty—12.

Bill ordered transmitted to the Senate.

Explanation of Vote by Mr. Levering

When the budget was presented to us by the Governor and the Committee on Ways and Means, it was a sound budget and was balanced.

Since that time amendments were made that increased it to a point where the budget now calls for more expenditures than there are estimated revenues. This is deficit financing. For this reason I voted, "No," on the Budget Bill, as amended.

HAROLD K. LEVERING

Explanation of Vote by Mr. Reagan

I have consistently opposed unnecessary expenditures, upheld amendments eliminating extravagance and supported economy.

Now when California taxpayers are paying more for government than for food, I will not be a party to voting for a deficit budget. Therefore, I voted "No" on the Budget Bill, as amended.

BRUCE V. REAGAN

Explanation of Vote by Messrs. Anderson, Condon, and Elliott

We voted against the Budget Bill because we feel it is inadequate to meet the needs of the people of our State. It contains no provisions for a program for the destitute unemployed; to stimulate employment; for additional educational requirements; and to alleviate certain very deplorable conditions in our mental institutions. It has many other shortcomings which make it inadequate to meet the minimum needs of the people.

GLENN M. ANDERSON
ROBERT L. CONDON
EDWARD E. ELLIOTT

REPORTS OF STANDING COMMITTEES

Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, March 22, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined
Assembly Joint Resolution No. 6
Assembly Joint Resolution No. 7
And reports the same correctly engrossed.

HUYCK, Chairman

Above reported resolutions ordered on file for adoption.

FURTHER CONSIDERATION OF SENATE BILL NO. 1

Senate Bill No. 1—An act making an appropriation for the support of the Government of the State of California and for several public purposes in accordance with the provisions of Section 34 of Article IV of the Constitution of the State of California, to take effect immediately.

Bill read second time.

Request for Unanimous Consent That Proposed Committee Amendments to Senate Bill No. 1 Be Deemed Read and Adopted

Mr. Sherwin asked for, and was granted, unanimous consent that proposed committee amendments to Senate Bill No. 1, now pending at the desk, be deemed read, and adopted.

Committee on Ways and Means Amendments As Adopted by Unanimous Consent

Amendment No. 1

On page 1 of the printed bill, as amended in the Senate on March 17, 1950, after line 23, insert

"repairs and equipment, incurred in connection with the institution, department, board, bureau, commission, officer, employee, or other agency, for which such appropriation is made.

Whenever herein an appropriation is made for construction and improvements, it shall include equipment necessary in connection with such construction or improvements.

Whenever herein in any item of appropriation the amount of such appropriation as set forth in words differs from the amount thereof as set forth in figures, the lesser amount, whether in words or figures, is the amount appropriated by such item.

Whenever herein any item of appropriation is made for acquisition of land or other real property, it shall include all necessary expenses in connection with the acquisition of such property.

LEGISLATURE

Item	Amount
1—For salaries of Senators	$144,000
2—For pay of officers, clerks, and all other employees of the Senate	45,000
3—For mileage of Lieutenant Governor, Senators and statutory officers of the Senate	3,000
4—For contingent expenses of Senate and legislative committees thereof composed in whole or in part of Members of the Senate $400,000 To be transferred by the State Controller to the Senate Contingent Fund.	
5—For expenses of Members of the Senate	57,600
6—For salaries of Assemblymen	288,000
7—For pay of officers, clerks, and all other employees of Assembly	45,000
8—For mileage of Assemblymen and statutory officers of the Assembly	5,000
10—For expenses of Members of the Assembly	115,200
11—For legislative printing, binding, mailing, etc., to be transferred by the State Controller to the Legislative Printing Fund 412,439	
12—For contingent expenses of the State Capitol Committee	10,000
13—For support of Legislative Office in Alameda County	6,059
14—For support of Legislative Office at Los Angeles	5,500
15—For support of Legislative Office in San Diego	6,405
16—For support of Legislative Office at San Francisco	5,878

Item		Amount
17—For support of Legislative Counsel Bureau, in accordance with the following schedule and in addition thereto any amounts collected for services to other agencies which by law are available for support of said office.		299,687
Schedule:		
(a) Salaries and Wages	286,689	
(b) Operating Expenses	27,324	
(c) Equipment	19,679	
Total of schedule	333,692	
Less: Estimated reimbursements:		
(d) For services to Code Commission	32,505	
(e) For services to other state agencies	1,500	
Net appropriation	299,687	
18—For support of California Code Commission		33,035
19—For support of California Commission on Uniform State Laws		3,275
JUDICIAL		
20—For support of Supreme Court of California		360,573
21—For support of Judicial Council		80,976
22—For additional support of Judicial Council, to be expended for extra compensation and traveling expenses of judges assigned by the Judicial Council		20,000
23—For support of the District Court of Appeal, First Appellate District		174,629
24—For support of the District Court of Appeal, Second Appellate District		265,974
25—For support of the District Court of Appeal, Third Appellate District		95,312
26—For support of the District Court of Appeal, Fourth Appellate District		100,252
EXECUTIVE		
27—For support of the Governor and of the Governor's Office (exempt from the provisions of Sections 12410, 13320, and 16003 of the Government Code)		251,409
28—For support of the Governor's residence (exempt from the provisions of Sections 12410, 13320, 16003, and 17031 of the Government Code)		12,000
29—For special contingent expenses (secret service), Governor's Office (exempt from the provisions of Sections 12410, 13320, 16003, and 17031 of the Government Code)		7,500
30—For support of the California State Disaster Council, in accordance with the following schedule		19,993
Schedule:		
(a) Salaries and Wages	10,728	
(b) Operating Expenses	9,165	
(c) Equipment	100	
Total of schedule	19,993	
31—For salary and support of Lieutenant Governor	27,800	
GENERAL ADMINISTRATION		
32—For support of Board of Administration of the State Employees' Retirement System, in accordance with the following schedule and in addition thereto any amounts collected for services which by law are available for support of said board.		207,417
Schedule:		
(a) Salaries and Wages	306,416	
(b) Operating Expenses	66,250	
(c) Equipment	8,416	
Total of schedule	381,082	
Less: Estimated reimbursements:		
(d) For services to contracting agencies	173,665	
Net appropriation	207,417	
33—For support of California Commission on Interstate Cooperation		28,230
34—For support of State Personnel Board, in accordance with the following schedule and in addition thereto any amounts collected for services, which by law are available for support of said board.		1,413,251

Item		Amount
Schedule:		
(a) Salaries and Wages	1,218,863	
(b) Operating Expenses	257,423	
(c) Equipment	29,954	
Total of schedule	1,506,240	
Less: Estimated reimbursements:		
(d) For services to other state agencies and units of local government	92,989	
Net appropriation	1,413,251	
35—For support of Secretary of State, in accordance with the following schedule and in addition thereto any amounts collected for services to other agencies, which by law are available for support of said office.		197,210
Schedule:		
(a) Salaries and Wages	139,290	
(b) Operating Expenses	44,500	
(c) Equipment	19,420	
Total of schedule	203,210	
Less: Estimated reimbursements:		
(d) For services to other agencies	6,000	
Net appropriation	197,210	
36—For printing constitutional amendments and other ballot measures, Secretary of State		90,000
37—For printing Roster of Public Officials, Secretary of State		4,000
38—For printing constitutional amendments for the special elections held in November 1949 and in June 1950, Secretary of State ——$90,000 Notwithstanding other provisions of this section, the amount made available by this item is available during the 1949-50 Fiscal Year, or for repayment of any amounts advanced from the Emergency Fund provided by Item 278, Budget Act of 1949.		
39—For support of Division of Collection Agencies, Secretary of State's Office, payable from the Collection Agency Fund, in accordance with the following schedule		32,006
Schedule:		
(a) Salaries and Wages	19,429	
(b) Operating Expenses	12,259	
(c) Equipment	318	
Total of schedule	32,006	
AGRICULTURE		
40—For support of Department of Agriculture and the State Livestock Sanitary Committee, in accordance with the following schedule and in addition thereto any amounts collected for services to activities supported out of other funds which by law are available for support of said department		4,530,215
Schedule:		
(a) Salaries and Wages	3,244,243	
(b) Operating Expenses	1,476,424	
(c) Equipment	82,636	
Total of schedule	4,803,303	
Less: Estimated reimbursements for services rendered to activities supported from other funds:		
(d) Departmental administration	142,072	
(e) General marketing service	118,016	
(f) Reimbursements by packing plants for overtime and expenses	13,000	
Net appropriation	4,530,215	
41—For cooperation with the Federal Government in marketing research under the provisions of Public Law 733 (Seventy-ninth Congress) and Section 1286 of the Agricultural Code, Department of Agriculture		90,000
42—For control and eradication of pullorum disease as authorized by Chapter 1179, Statutes of 1947, Department of Agriculture		85,000
43—For maintenance and repairs, Department of Agriculture		16,795

Item		Amount
44—For support of Department of Agriculture, payable from the Department of Agriculture Fund, in accordance with the following schedule		3,416,126
Schedule:		
(a) Salaries and Wages	2,327,931	
(b) Operating Expenses	1,045,183	
(c) Equipment	65,712	
Total of schedule	3,438,826	
Less: Estimated reimbursements.		
(d) For services to activities supported out of other funds	22,700	
Net appropriation	3,416,126	
44.5—For support of the Department of Agriculture, seed testing and certification service, payable from the Department of Agriculture Fund in accordance with the following schedule all or any part of which may be withdrawn for use as a revolving fund for the seed testing and certification service during the 1950-1951 Fiscal Year.		13,530
Schedule:		
(a) Salaries and Wages	11,000	
(b) Operating Expenses	1,650	
(c) Equipment	880	
Total of schedule	13,530	
45—For support of Poultry Improvement Commission, payable from the Poultry Testing Project Fund and in addition thereto any amounts collected for services to employees which by law are available for support of said commission. Said appropriation, shall be expended in accordance with the following schedule.		65,843
Schedule:		
(a) Salaries and Wages	26,980	
(b) Operating Expenses	35,977	
(c) Equipment	3,570	
Total of schedule	66,527	
Less: Estimated reimbursements:		
(d) For maintenance furnished employees	684	
Net appropriation	65,843	
46—For augmentation of the Poultry Testing Project Fund payable from any moneys in the Fair and Exposition Fund available for permanent improvements upon the property of the state, citrus, county, or district agricultural associations for fair purposes, allocated by Section 19626 of the Business and Professions Code to be transferred by the State Controller to the Poultry Testing Project Fund		33,988
CORRECTIONS		
47—For support of Departmental Administration, Department of Corrections, in accordance with the following schedule and in addition thereto any amounts collected for services to other agencies, which by law are available for support of said department.		243,296
Schedule:		
(a) Salaries and Wages	210,164	
(b) Operating Expenses	33,105	
(c) Equipment	5,347	
Total of schedule	248,616	
Less: Estimated reimbursements:		
(d) For medical services to other state agencies	5,320	
Net appropriation	243,296	
48—For transportation of prisoners to and between state prisons, including the return of parole violators to prison		115,500
49—For expenses of returning fugitives from justice from outside the State		215,000
50—For court costs and county charges, payable under Section 4700 of the *Penal Code*, in connection with trials of inmates charged with commission of a crime or crimes while incarcerated in a state institution or prison under the Department of Corrections		10,000
51—For support of Board of Corrections, Department of Corrections		1,800

Item		Amount
52—For support of the Medical Facility, Department of Corrections, in accordance with the following schedule and in addition thereto any amounts collected for services to employees.		714,854
Schedule:		
(a) Salaries and Wages	464,524	
(b) Operating Expenses	258,500	
(c) Equipment	3,050	
Total of schedule	726,074	
Less: Estimated reimbursements:		
(d) For services to employees	11,220	
Net appropriation	714,854	
53—For support of California Institution for Men, Department of Corrections, in accordance with the following schedule and in addition thereto any amounts collected for services to employees, for services to prison industries, and from inmate work projects, which by law are available for support of said institution.		1,608,030
Schedule:		
(a) Salaries and Wages	1,089,728	
(b) Operating Expenses	662,170	
(c) Equipment	28,595	
(d) Inmate Pay-work Projects	40,050	
Total of schedule	1,820,543	
Less: Estimated reimbursements:		
(e) For services to employees	26,715	
(f) For services to prison industries	19,200	
(g) Estimated receipts from inmate work projects	166,598	
Net appropriation	1,608,030	
54—For support of California State Prison at Folsom, Department of Corrections, in accordance with the following schedule and in addition thereto any amounts collected for services to employees, to prison industries and other agencies, and from sale of surplus products, which by law are available for support of said prison.		2,076,149
Schedule:		
(a) Salaries and Wages	1,252,803	
(b) Operating Expenses	853,205	
(c) Equipment	57,626	
Total of schedule	2,163,634	
Less: Estimated reimbursements:		
(d) For services to employees and sale of surplus products	56,030	
(e) For services to prison industries, and to the Division of Architecture	31,455	
Net appropriation	2,076,149	
55—For support of California State Prison at San Quentin, Department of Corrections, in accordance with the following schedule and in addition thereto any amounts collected for services to employees and inmates, for services to correctional industries and other agencies, which by law are available for support of said prison.		3,231,104
Schedule:		
(a) Salaries and Wages	2,089,997	
(b) Operating Expenses	1,478,930	
(c) Equipment	64,317	
(d) Inmate Pay-work Projects	76,845	
Total of schedule	3,710,089	
Less: Estimated reimbursements:		
(e) For services to employees and inmates	95,735	
(f) For services to correctional industries and to the Division of Architecture	46,120	
Estimated receipts:		
(g) For services to U. S. Forest Service	172,965	
(h) For services to Division of Forestry	164,165	
Net appropriation	3,231,104	

Item		Amount
56—For support of California State Prison at Soledad, Department of Corrections, in accordance with the following schedule and in addition thereto any amounts collected for services to employees, from sale of surplus products, and for services to other agencies, which by law are available for support of said agency.		767,172
Schedule:		
(a) Salaries and Wages	565,257	
(b) Operating Expenses	348,340	
(c) Equipment	14,058	
(d) Inmate Pay-work Projects	27,420	
Total of schedule	955,075	
Less: Estimated reimbursements:		
(e) For services to employees and sale of surplus products	84,760	
(f) Payment for services to Division of Forestry	103,143	
Net appropriation	767,172	
57—For support of California Vocational Institution, Department of Corrections, in accordance with the following schedule and in addition thereto any amounts collected for services to employees, and prison industries which by law are available for support of said institution.		981,652
Schedule:		
(a) Salaries and Wages	703,422	
(b) Operating Expenses	278,870	
(c) Equipment	23,304	
Total of schedule	1,005,596	
Less: Estimated reimbursements:		
(d) For services to employees	16,800	
(e) For medical services to California Institution for Women	3,504	
(f) For services to prison industries	3,640	
Net appropriation	981,652	
58—For support of California Institution for Women, Department of Corrections, in accordance with the following schedule and in addition thereto any amounts collected for services to employees, from sale of surplus products, and for services to prison industries, which by law are available for support of said agency.		407,413
Schedule:		
(a) Salaries and Wages	247,865	
(b) Operating Expenses	169,769	
(c) Equipment	9,819	
Total of schedule	427,453	
Less: Estimated reimbursements:		
(d) For services to employees and sale of surplus products	18,105	
(e) For services to prison industries	1,935	
Net appropriation	407,413	
59—For support of Adult Authority, Department of Corrections, in accordance with the following schedule *and in addition thereto any amounts returned by paroled or discharged* prisoners in repayment of cash assistance advanced, which by law are available for support of said agency.		556,537
Schedule:		
(a) Salaries and Wages	420,527	
(b) Operating Expenses	121,145	
(c) Equipment	16,825	
Total of schedule	558,497	
Less: Estimated reimbursements.		
(d) From parolees for cash assistance advanced	1,960	
Net appropriation	556,537	
60—For support of Board of Trustees, California Institution for Women, Department of Corrections, in accordance with the following schedule		51,734

Item		Amount
Schedule:		
(a) Salaries and Wages	35,605	
(b) Operating Expenses	15,055	
(c) Equipment	1,074	
Total of schedule	51,734	
61—For support Departmental Administration, Youth Authority, in accordance with the following schedule		922,011
Schedule:		
(a) Salaries and Wages	696,015	
(b) Operating Expenses	205,635	
(c) Equipment	22,161	
Total of schedule	923,811	
Less: Estimated reimbursements:		
(d) For food consultant services to other state agencies	1,800	
Net appropriation	922,011	
62—For per diem and other necessary expenses in connection with consulting services and conferences of the California Youth Committee, created pursuant to Section 1520 of the Military and Veterans Code		6,000
63—For deportation of nonresidents committed to the Youth Authority		20,000
64—For transportation of persons committed to the Youth Authority to or between its facilities, including the return of parole violators		70,000
65—For maintenance of persons committed to the Youth Authority and paroled to the custody of private foster homes		50,000
66—For support of Youth Authority Camps, Youth Authority, such sum, not to exceed $100,000, as the Director of Finance by executive order shall direct, to be transferred by the State Controller to this item from Item 194 for use in defraying expenditures of such camps pending receipt of reimbursement for services rendered to the Division of Forestry. This item shall be augmented by any amounts collected by the Youth Authority for such services rendered by such camps.		
67—For support of Fricot Ranch School for Boys, Youth Authority, in accordance with the following schedule and in addition thereto any amounts collected for services to employees and sale of surplus products which by law are available for support of said school.		234,121
Schedule:		
(a) Salaries and Wages	156,361	
(b) Operating Expenses	85,150	
(c) Equipment	4,280	
Total of schedule	245,791	
Less Estimated reimbursements:		
(d) For services to employees and sale of surplus products	11,670	
Net appropriation	234,121	
68—For support of the Fred C Nelles School for Boys, Youth Authority, in accordance with the following schedule and in addition thereto any amounts collected for services to employees and from sale of surplus products, which by law are available for support of said school.		633,149
Schedule:		
(a) Salaries and Wages	500,193	
(b) Operating Expenses	146,220	
(c) Equipment	13,486	
Total of schedule	659,899	
Less: Estimated reimbursements:		
(d) For services to employees and sale of surplus products	26,750	
Net appropriation	633,149	
69—For support of Paso Robles School for Boys, Youth Authority, in accordance with the following schedule and in addition thereto any amounts collected for services to employees and sale of surplus products, which by law are available for support of said school.		269,637

Item		Amount
	Schedule:	
	(a) Salaries and Wages	191,285
	(b) Operating Expenses	80,480
	(c) Equipment	7,852
	Total of schedule	279,617
	Less: Estimated reimbursements:	
	(d) For services to employees and sale of surplus products	9,980
	Net appropriation	269,637
70	For support of Preston School of Industry, Youth Authority, in accordance with the following schedule and in addition thereto any amounts collected for services to other agencies, services to employees, and from sale of surplus products, which by law are available for support of said school.	1,211,743
	Schedule	
	(a) Salaries and Wages	935,888
	(b) Operating Expenses	318,285
	(c) Equipment	14,950
	Total of schedule	1,269,123
	Less Estimated reimbursements:	
	(d) For services to employees and other agencies, and sale of surplus products	57,380
	Net appropriation	1,211,743
71	For support of Los Guilucos School for Girls, Youth Authority, in accordance with the following schedule and in addition thereto any amounts collected for services to employees and from sale of surplus products, which by law are available for support of said school.	246,896
	Schedule:	
	(a) Salaries and Wages	178,513
	(b) Operating Expenses	65,685
	(c) Equipment	12,478
	Total of schedule	256,676
	Less: Estimated reimbursements:	
	(d) For services to employees and sale of surplus products	9,780
	Net appropriation	246,896
72	For support of Ventura School for Girls, Youth Authority, in accordance with the following schedule *and in addition thereto any amounts collected for services to employees and from sale of surplus products, which by law are available for support of said school.*	442,434
	Schedule:	
	(a) Salaries and Wages	345,012
	(b) Operating Expenses	105,940
	(c) Equipment	12,537
	Total of schedule	463,489
	Less: Estimated reimbursements:	
	(d) For services to employees and sale of surplus products	21,055
	Net appropriation	442,434
	EDUCATION	
73	For support of Department of Education, Superintendent of Public Instruction and State Board of Education, in accordance with the following schedule and in addition thereto any amounts collected for services to other activities, for sale of bulletins, and for services to local school districts, which by law are available for support for said department	1,692,691

Item		Amount
Schedule:		
(a) Salaries and Wages	1,260,352	
(b) Operating Expenses	463,977	
(c) Equipment	44,732	
Total of schedule	1,769,061	
Less: Estimated reimbursements:		
(d) For services to other activities, for sale of bulletins, and for services to local school districts	76,370	
Net appropriation	1,692,691	
74—For vocational education, Department of Education, of which the sum of $357,191 is appropriated in lieu of the appropriations made by Education Code, Sections 5705, 5706 and 9161 to be transferred to the Vocational Education Fund upon order of the State Controller. At the end of the fiscal year, any unencumbered balance of money so transferred shall revert to the General Fund to the credit of this item		661,706
75—For teacher training and preparation of instructional materials for related instruction in connection with apprenticeship and on-the-job training and institutional-on-farm training programs, Department of Education to be transferred to the Vocational Education Fund by the State Controller on order of the Director of Finance. At the end of the fiscal year, any unencumbered balance of money so transferred shall revert to the General Fund to the credit of this item.		61,803
76—For fire training and fire training institutes, Department of Education to be transferred to the Vocational Education Fund by the State Controller on order of the Director of Finance. At the end of the fiscal year, any unencumbered balance of money so transferred shall revert to the General Fund to the credit of this item.		81,209
77—For vocational rehabilitation, Department of Education, of which the sum of $180,000 is appropriated in lieu of the appropriations made by Education Code Sections 5803 and 5804 $820,000 of which is to be transferred to the Vocational Rehabilitation Fund by the State Controller in such amounts as will provide therein the sums necessary to meet the State's matching requirements under the federal act or acts relating to vocational rehabilitation, and $5,000 of which is to be transferred to the Vocational Rehabilitation Fund which shall not necessarily be subject to federal matching requirements. At the end of the fiscal year, any unencumbered balance of money so transferred shall revert to the General Fund to the credit of this item.		825,000
78—For additional vocational rehabilitation, Department of Education, for administration of Chapter 524 of the Statutes of 1945, providing for the installation of vending stands in public buildings and the operation thereof by licensed blind persons to be transferred to the Vocational Rehabilitation Fund by the State Controller. At the end of the fiscal year, any unencumbered balance of money so transferred shall revert to the General Fund to the credit of this item.		35,000
79—For support of Division of Libraries, Department of Education, in accordance with the following schedule and in addition thereto any amounts collected for services, which by law are available for support of said agency.		378,776
Schedule:		
(a) Salaries and Wages	277,533	
(b) Operating Expenses	39,480	
(c) Equipment	62,163	
Total of schedule	379,176	
Less: Estimated reimbursements:		
(d) For photostat services	400	
Net appropriation	378,776	
79.5—For administration and support of child care centers, Department of Education, to be apportioned by the department directly to school districts maintaining child care centers pursuant to Chapter 11, Division 9 of the Education Code and to the governing authorities of state institutions maintaining child care centers, in the discretion of the department, upon the basis of demonstrated need		6,000,000

Item		Amount
80—For support of Chico State College in accordance with the following schedule		609,782
and in addition thereto the amount of such receipts from the Federal Government for the education of veterans and such student fees as may otherwise be made available by law for support of said college.		
Schedule:		
(a) Salaries and Wages	679,352	
(b) Operating Expenses	73,609	
(c) Equipment	48,900	
Total of schedule	801,861	
Less:		
(d) Estimated student fees appropriated by Education Code, Section 20344	53,977	
(e) Estimated receipts from Federal Government for the education of veterans, appropriated by Education Code, Section 20344.1	138,102	
Net appropriation	609,782	
81—For support of Fresno State College, in accordance with the following schedule		1,109,616
and in addition thereto the amount of such reimbursements for services to other agencies, or other funds, such receipts from the Federal Government for the education of veterans, and such student fees as may otherwise be made available by law for support of said college.		
Schedule:		
(a) Salaries and Wages	1,320,363	
(b) Operating Expenses	150,113	
(c) Equipment	76,303	
Total of schedule	1,546,779	
Less:		
(d) Estimated reimbursements from Fresno State College Foundation for accounting service	8,013	
(e) Estimated student fees appropriated by Education Code, Section 20344	167,900	
(f) Estimated receipts from Federal Government for education of veterans, appropriated by Education Code, Section 20344.1	261,250	
Net appropriation	1,109,616	
82—For additional support, Fresno State College, payable from the State College Fund, in accordance with the following schedule		206,995
Schedule:		
(a) Salaries and Wages	142,272	
(b) Operating Expenses	59,675	
(c) Equipment	5,048	
Total of schedule	206,995	
83—For support of Humboldt State College, in accordance with the following schedule		421,710
and in addition thereto the amount of such receipts from the Federal Government for the education of veterans and such student fees as may otherwise be made available by law for support of said college.		
Schedule		
(a) Salaries and Wages	406,344	
(b) Operating Expenses	54,624	
(c) Equipment	43,462	
Total of schedule	504,430	
Less:		
(d) Estimated student fees appropriated by Education Code, Section 20344	32,320	
(e) Estimated receipts from Federal Government for education of veterans, appropriated by Education Code, Section 20344.1	50,400	
Net appropriation	421,710	

Item		Amount
84—For support of Los Angeles State College of Applied Arts and Sciences, in accordance with the following schedule		1,148,313
and in addition thereto, such amounts collected from other agencies, such receipts from the Federal Government for the education of veterans and such student fees as may otherwise be made available by law for support of said college.		
Schedule:		
(a) Salaries and Wages	1,112,216	
(b) Operating Expenses	348,180	
Total of schedule	1,460,396	
Less: Estimated reimbursements.		
(c) For services to Los Angeles Junior College	7,500	
(d) Estimated student fees appropriated by Education Code, Section 20344	162,600	
(e) Estimated receipts from Federal Government for education of veterans, appropriated by Education Code, Section 20344.1	141,983	
Net appropriation	1,148,313	
85—For support of the state college established in the area of Orange County and the southeastern part of Los Angeles County, outside the City of Los Angeles, in accordance with the following schedule		255,242
and in addition thereto the amount of such receipts from the Federal Government for the education of veterans and such student fees as may otherwise be made available by law for support of said college		
Schedule:		
(a) Salaries and Wages	248,987	
(b) Operating Expenses	50,600	
Total of schedule	299,587	
Less:		
(c) Estimated student fees appropriated by Education Code, Section 20344	32,675	
(d) Estimated receipts from Federal Government for education of veterans, appropriated by Education Code, Section 20344.1	11,670	
Net appropriation	255,242	
86—For support of Sacramento State College, in accordance with the following schedule		501,505
and in addition thereto the amount of such receipts from the Federal Government for the education of veterans and such student fees as may otherwise be made available by law for support of said college.		
Schedule.		
(a) Salaries and Wages	541,380	
(b) Operating Expenses	134,730	
Total of schedule	676,110	
Less:		
(c) Estimated student fees appropriated by Education Code, Section 20344	64,897	
(d) Estimated receipts from Federal Government for education of veterans, appropriated by Education Code, Section 20344.1	109,708	
Net appropriation	501,505	
87—For support of San Diego State College, in accordance with the following schedule		1,420,271
and in addition thereto the amount of such receipts from the Federal Government for the education of veterans and such student fees as may otherwise be made available by law for support of said college.		
Schedule:		
(a) Salaries and Wages	1,786,712	
(b) Operating Expenses	200,276	
(c) Equipment	88,951	
Total of schedule	2,075,939	

Item		Amount
	Less:	
	(d) Estimated student fees appropriated by Education Code, Section 20344	191,118
	(e) Estimated receipts from Federal Government for education of veterans, appropriated by Education Code, Section 20344.1	464,550
	Net appropriation	1,420,271
88	For support of San Francisco State College, in accordance with the following schedule and in addition thereto the amount of such receipts from the Federal Government for the education of veterans and such student fees as may otherwise be made available by law for support of said college.	1,501,732
	Schedule:	
	(a) Salaries and Wages	1,773,141
	(b) Operating Expenses	213,365
	(c) Equipment	81,204
	Total of schedule	2,067,710
	Less:	
	(d) Estimated student fees appropriated by Education Code, Section 20344	296,780
	(e) Estimated receipts from Federal Government for education of veterans, appropriated by Education Code, Section 20344.1	269,198
	Net appropriation	1,501,732
89	For support of San Jose State College, in accordance with the following schedule and in addition thereto the amount of such receipts from the Federal Government for the education of veterans, and such student fees as may otherwise be made available by law for support of said college.	1,986,246
	Schedule:	
	(a) Salaries and Wages	2,276,020
	(b) Operating Expenses	265,914
	(c) Equipment	101,854
	Total of schedule	2,643,788
	Less	
	(d) Estimated student fees appropriated by Education Code, Section 20344	238,558
	(e) Estimated receipts from Federal Government for education of veterans, appropriated by Education Code, Section 20344.1	418,984
	Net appropriation	1,986,246
90	For support, California State Polytechnic College, payable from any moneys in the Fair and Exposition Fund available to said school under the provisions of Section 19626 of the Business and Professions Code and in addition thereto any amounts collected for services to other agencies and to activities supported out of other funds, services to employees, and from sale of surplus products as may otherwise be made available by law for support of said school. Said appropriation, together with such receipts from the Federal Government for the education of veterans and such student fees as are appropriated by the Education Code for support of said school, shall be expended in accordance with the following schedule	1,698,262
	Schedule:	
	(a) Salaries and Wages	1,799,202
	(b) Operating Expenses	318,289
	(c) Equipment	104,541
	Total of schedule	2,222,032

Item		Amount
	Less:	
	(d) Estimated reimbursements for services to employees, to activities supported from other funds and to other agencies, and from sale of surplus products	153,330
	(e) Estimated student fees appropriated by Education Code, Section 20344	36,609
	(f) Estimated receipts from Federal Government for education of veterans, appropriated by Education Code, Section 20344.1	333,831
	Net appropriation	1,698,262
91	—For support of California Maritime Academy and in addition thereto any amounts collected for services to employees and the amount of such fees as may otherwise be made available by law for the support of said academy. The appropriation made by this item, together with any funds made available for support of the Maritime Academy by the Federal Government, or any agency thereof, shall be expended in accordance with the following schedule:	210,945
	Schedule:	
	(a) Salaries and Wages	213,432
	(b) Operating Expenses	124,960
	(c) Equipment	6,743
	Total of schedule	345,135
	Less:	
	(d) Estimated reimbursements for services to employees and others	12,050
	(e) Estimated student fees appropriated by Sections 21155.1 and 21158 of the Education Code	97,140
	(f) Estimated Federal Government contributions	25,000
	Net appropriation	210,945
92	—For support of California School for the Blind at Berkeley, in accordance with the following schedule and in addition thereto any amounts collected for services to students, employees, and other agencies which by law are available for support of said school.	281,226
	Schedule.	
	(a) Salaries and Wages	238,935
	(b) Operating Expenses	71,261
	(c) Equipment	7,005
	Total of schedule	317,201
	Less: Estimated reimbursements:	
	(d) For services to students, employees, and other agencies	35,975
	Net appropriation	281,226
93	—For readers for blind college students, California School for the Blind at Berkeley	25,000
94	—For field service for pre-school blind children, California School for the Blind at Berkeley	12,356
95	—For support of California School for the Deaf at Berkeley, in accordance with the following schedule and in addition thereto any amounts collected for services to employees, other agencies, counties and students, which by law are available for support of said school.	679,582
	Schedule:	
	(a) Salaries and Wages	527,757
	(b) Operating Expenses	167,765
	(c) Equipment	10,169
	Total of schedule	705,691
	Less Estimated reimbursements.	
	(d) For services to employees, other agencies, counties and students	26,109
	Net appropriation	679,582
96	—For expenses of deaf graduates attending Gallaudet College, California School for the Deaf at Berkeley	11,400

Item		Amount
97—For support of School for Cerebral Palsied Children, Northern California, in accordance with the following schedule		275,857
and in addition thereto any amounts collected for services to employees, and for services to other agencies, which by law are available for the support of said school.		
Schedule.		
(a) Salaries and Wages	155,158	
(b) Operating Expenses	126,148	
(c) Equipment	1,803	
Total of schedule	283,109	
Less Estimated reimbursements:		
(d) For services to employees and other agencies	7,252	
Net appropriation	275,857	
98—For support of School for Cerebral Palsied Children, Southern California, in accordance with the following schedule		294,480
and in addition thereto any amounts collected for services to employees, and for services to other agencies, which by law are available for the support of said school.		
Schedule:		
(a) Salaries and Wages	160,515	
(b) Operating Expenses	138,380	
(c) Equipment	1,150	
Total of schedule	300,045	
Less: Estimated reimbursements:		
(d) For services to employees and other agencies	5,565	
Net appropriation	294,480	
99—For support of Training Center for Adult Blind, in accordance with the following schedule		221,710
and in addition thereto any amounts collected for services which by law are available for support of said institution.		
Schedule:		
(a) Salaries and Wages	158,043	
(b) Operating Expenses	70,276	
(c) Equipment	3,847	
Total of schedule	232,166	
Less: Estimated reimbursements:		
(d) For services to employees and workers	8,956	
(e) For sub-lease of rented space	1,500	
Net appropriation	221,710	
100—For support of Industrial Workshop for the Blind, Los Angeles, in accordance with the following schedule		91,291
Schedule:		
(a) Salaries and Wages	67,765	
(b) Operating Expenses	20,673	
(c) Equipment	2,853	
Total of schedule	91,291	
101—For support of State Blind Shop, San Diego, in accordance with the following schedule		42,193
Schedule:		
(a) Salaries and Wages	32,938	
(b) Operating Expenses	8,360	
(c) Equipment	895	
Total of schedule	42,193	
102—For support of State Teachers' Retirement System, in accordance with the following schedule		128,616
Schedule:		
(a) Salaries and Wages	93,320	
(b) Operating Expenses	32,700	
(c) Equipment	2,596	
Total of schedule	128,616	
103—For support of University of California, exempt from Section 14 of this act		35,696,756

Item		Amount
103.1—For research in methods of citrus orchard heating, University of California, exempt from Section 14 of this act		28,000
103.2—For operation and maintenance of airport on Davis Campus, University of California, exempt from Section 14 of this act		18,000
103.3—For research in arthritis and allied diseases, University of California, exempt from Section 14 of this act		100,000
103.4—For research in multiple sclerosis, University of California, exempt from Section 14 of this act		10,000
104—For support of Hastings College of Law		7,000
FISCAL AFFAIRS		
105—For support of State Board of Control, in accordance with the following schedule		17,394
Schedule:		
(a) Salaries and Wages	6,040	
(b) Operating Expenses	11,245	
(c) Equipment	109	
Total of schedule	17,394	
106—For support of State Controller		1,600,678
The appropriation made by this item, together with the amounts appropriated by Item 107, shall be expended in accordance with the following schedule:		
Schedule:		
(a) Salaries and Wages	1,319,869	
(b) Operating Expenses	448,329	
(c) Equipment	28,228	
Total of schedule	1,796,426	
Less:		
(d) Estimated reimbursements for services rendered special programs for audit of appropriations for aid to local government	95,000	
(e) Amount payable from appropriation for additional support, Item 107	100,748	
Net appropriation	1,600,678	
107—For additional support of State Controller, payable from the Motor Vehicle Transportation Tax Fund		100,748
108—For audit of special appropriations for aid to local government under Chapter 29, Statutes of 1946, First Extraordinary Session, Chapter 391, Statutes of 1947, Chapter 1575, Statutes of 1947, and Chapter 24, Statutes of 1948, which shall be in lieu of the appropriations for support of the Controller made by said acts, State Controller		26,600
109—For audit of special appropriations for aid to local government under Chapter 47, Statutes of 1944, Fourth Extraordinary Session, and Chapter 20, Statutes of 1946, First Extraordinary Session, State Controller, payable from the Postwar Unemployment and Construction Fund, which shall be in lieu of the appropriation for support of the Controller made by Section 9 of Chapter 20, Statutes of 1946 (First Extra Session)		96,556
110—For support of Bureau of Highway Accounts and Reports, State Controller, payable from the Motor Vehicle Fuel Fund, in lieu of the appropriation made by Section 2103.1 of the Streets and Highways Code		120,067
111—For support of Motor Vehicle Fuel Tax Refund Division, State Controller, payable from the Motor Vehicle Fuel Fund, in accordance with the following schedule		168,133
Schedule:		
(a) Salaries and Wages	130,159	
(b) Operating Expenses	35,624	
(c) Equipment	2,350	
Total of schedule	168,133	
112—For support of Tax-Deeded Lands Division, State Controller, payable from the State Redemption Tax Fund, in accordance with the following schedule		179,856

Item		Amount
Schedule:		
(a) Salaries and Wages	148,837	
(b) Operating Expenses	42,996	
(c) Equipment	3,023	
Total of schedule	194,856	
Less: Estimated reimbursements:		
(d) For services to political subdivisions	15,000	
Net appropriation	179,856	
113—For support of State Board of Equalization, in accordance with the following schedule and in addition thereto any amounts collected for services to activities supported out of other funds which by law are available for support of said department.		10,828,582
Schedule:		
(a) Salaries and Wages	9,304,401	
(b) Operating Expenses	1,571,437	
(c) Equipment	140,992	
Total of schedule	11,016,830	
Less: Estimated reimbursements:		
(d) For services to activities supported out of other funds	148,991	
(e) For mapping services to counties	35,720	
(f) For services to other departments	3,537	
Net appropriation	10,828,582	
114—For support of Motor Transportation License Tax Division, State Board of Equalization, payable from the Motor Vehicle Transportation Tax Fund, in accordance with the following schedule		660,397
Schedule:		
(a) Salaries and Wages	448,134	
(b) Operating Expenses	199,622	
(c) Equipment	12,641	
Total of schedule	660,397	
115—For support of Motor Vehicle Fuel Tax Division, State Board of Equalization, payable from the Motor Vehicle Fuel Fund, in accordance with the following schedule		410,335
Schedule:		
(a) Salaries and Wages	310,750	
(b) Operating Expenses	93,544	
(c) Equipment	6,041	
Total of schedule	410,335	
116—For support of Department of Finance, exclusive of Buildings and Grounds Division and in addition thereto any amounts collected for services to other agencies, which by law are available for support of said department. Said appropriation, together with the amount appropriated by Item 117 hereof, shall be expended in accordance with the following schedule.		1,871,171
Schedule:		
(a) Salaries and Wages	1,880,504	
(b) Operating Expenses	385,863	
(c) Equipment	18,032	
Total of schedule	2,284,399	
Less:		
(d) Estimated reimbursements for services to other agencies and/or divisions of said department	363,228	
(e) Amount payable for Fair and Exposition Fund (Item 117)	50,000	
Net appropriation	1,871,171	
117—For support of the Audits Division, State Department of Finance, payable from the Fair and Exposition Fund		50,000
118—For payment of automobile liability claims and salaries and expenses incident to investigation, adjustment and defense thereof, or for premiums for automobile liability insurance, Department of Finance		115,000

Item		Amount
119—For the purchase of insurance to insure the liability of the State and its officers and employees for damage or injury to persons or property resulting from the dangerous or defective condition of state-owned or controlled property, under the jurisdiction of the Department of Finance, Department of Finance		2,500
120—For official advertising, Department of Finance		7,500
121—For premiums on official bonds required by law for officers and employees whose salaries are paid from the General Fund, including premiums on official bonds required by Section 28 of the Unemployment Insurance Act, Department of Finance		5,000
122—For distribution of state documents to libraries as provided by Sections 13660 to 13667, inclusive, of the Government Code, Department of Finance		25,000
123—For support, including expenses of Christmas tree lighting and decorations, Buildings and Grounds Division, Department of Finance		1,802,097
124—For alterations, repairs, and equipment, State Capitol, state office buildings, and rented office buildings, Department of Finance		150,000
125—For maintenance of the state burying ground in San Mateo County, known as the Union Cemetery, as provided by Chapter 1096 and Chapter 1238, Statutes of 1947, Department of Finance		1,500
126—For temporary housing for agencies in Sacramento, including alterations and repair of rented office buildings, rental of space in privately owned buildings, equipment and expenses of moving state agencies, Department of Finance		200,000
127—For necessary expenses in relocating automatic telephone equipment, Buildings and Grounds Division, Department of Finance		72,800
128—For support of Local Allocations Division, Department of Finance, which shall be in lieu of the appropriations for the use of the Department of Finance made by Section 3 of Chapter 29, Statutes of 1946 (1st Extra Session), Section 4 of Chapter 1, Statutes of 1946 (2d Extra Session), Section 2 of Chapter 391, Statutes of 1947, Section 2 of Chapter 1574, Statutes of 1947, Section 5022 of the Education Code, and Section 4 of Chapter 24, Statutes of 1948		111,873
129—For additional support of Local Allocations Division, Department of Finance, payable from the Postwar Unemployment and Construction Fund, which shall be in lieu of the appropriations for support of the director and the department made by Section 9 of Chapter 20, Statutes of 1946 (1st Extra Session)		146,168
130—For additional support of Local Allocations Division, Department of Finance, payable from the Public School Building Loan Fund		66,776
131—For support of the Division of Fairs and Expositions, Department of Finance, payable from the Fair and Exposition Fund, in accordance with the following schedule		82,964
Schedule:		
(a) Salaries and Wages	59,218	
(b) Operating Expenses	23,332	
(c) Equipment	414	
Total of schedule	82,964	
132—For support of State Agricultural Society, Division of Fairs and Expositions, Department of Finance, payable from the State Agricultural Society Contingent Fund		1,653,597
133—For augmentation of the State Agricultural Society Contingent Fund, payable from any moneys in the Fair and Exposition Fund available for permanent improvements upon the property of state, citrus, county, or district agricultural associations for fair purposes, allocated by Section 19626 of the Business and Professions Code	400,000	
to be transferred to the State Agricultural Society Contingent Fund by the State Controller.		
134—For support of Sixth District Agricultural Association, Division of Fairs and Expositions, Department of Finance, payable from the Sixth District Agricultural Association Fund, in accordance with the following schedule		80,238
Schedule:		
(a) Salaries and Wages	59,882	
(b) Operating Expenses	17,871	
(c) Equipment	2,485	
Total of schedule	80,238	

Item		Amount
135—For augmentation of the Sixth District Agricultural Association Fund, payable from any moneys in the Fair and Exposition Fund available for permanent improvements upon the property of state, citrus, county, or district agricultural associations for fair purposes, allocated by Section 19626 of the Business and Professions Code	40,000	
to be transferred to the Sixth District Agricultural Association Fund by the State Controller		
136—For maintenance and operation of parking lot property acquired under the provisions of Chapter 1463, Statutes of 1947, Sixth District Agricultural Association, payable from the Sixth District Agricultural Association Fund		1,200
137—For support, Division of State Lands, State Lands Commission, Department of Finance, payable from the State Lands Act Fund, in accordance with the following schedule		317,516
Schedule:		
(a) Salaries and Wages	235,536	
(b) Operating Expenses	81,483	
(c) Equipment	8,217	
Total of schedule	325,236	
Less: Estimated reimbursements:		
(d) For services to other agencies	7,720	
Net appropriation	317,516	
138—For the defense of the State's interests in its tide and submerged lands, Division of State Lands, Department of Finance, payable from the State Lands Act Fund		70,000
139—For the continuation of the prosecution of the litigation between the State and the Department of Water and Power of the City of Los Angeles, Division of State Lands, Department of Finance, payable from the State Lands Act Fund		10,000
140—For expenses in connection with the defense of quiet title actions filed in accordance with law, Division of State Lands, Department of Finance, payable from the State Lands Act Fund		15,000
141—For support of Napa State Farm, Department of Finance, in accordance with the following schedule		33,894
Schedule:		
(a) Salaries and Wages	23,114	
(b) Operating Expenses	11,440	
Total of schedule	34,554	
Less: Estimated reimbursements:		
(c) For services to employees	660	
Net appropriation	33,894	
142—For support of Franchise Tax Board, in accordance with the following schedule		2,530,532
Schedule:		
(a) Salaries and Wages	2,147,364	
(b) Operating Expenses	350,400	
(c) Equipment	32,768	
Total of schedule	2,530,532	
143—For support of the State Treasurer, in accordance with the following schedule		262,908
Schedule		
(a) Salaries and Wages	165,954	
(b) Operating Expenses	87,556	
(c) Equipment	9,398	
Total of schedule	262,908	
144—For expenses of the State Treasurer for preparation and advertising the sale of bonds under authority of Chapter 18, Statutes of 1946, First Extra Session, payable from the Veterans' Farm and Home Building Fund of 1943	28,000	
HIGHWAY PATROL		
145—For support of the Department of the California Highway Patrol, payable from the Motor Vehicle Fund, in accordance with the following schedule		9,410,489

Item		Amount
provided, that no part of this appropriation shall be expended in payment for services of personnel assigned to enforce the provisions of the ordinances of any city and county; provided further, however, that this restriction shall not limit the authority of members of the California Highway Patrol to enforce any city or county ordinance as an incident to their assigned duties with respect to traffic law enforcement.		
Schedule:		
(a) Salaries and Wages	6,807,175	
(b) Operating Expenses	1,968,962	
(c) Equipment	634,352	
Total of schedule	9,410,489	
INDUSTRIAL RELATIONS		
146—For support of Department of Industrial Relations, in accordance with the following schedule and in addition thereto any amounts received from the Federal Government or any agency thereof for the administration of apprenticeship or other on-the-job training.		3,878,986
Schedule:		
(a) Salaries and Wages	3,278,989	
(b) Operating Expenses	714,716	
(c) Equipment	53,681	
Total of schedule	4,047,386	
Less:		
(d) Estimated amounts to be received from the Federal Government for administration of apprenticeship and other on-the-job training	168,400	
Net appropriation	3,878,986	
provided, that no funds appropriated from the General Fund by this item shall be expended for the approval or supervision of any program for which less than 10 employees are indentured in the occupation, unless there are employees in the program receiving or who have received benefits under the Serviceman's Readjustment Act.		
146.2—For additional support of Department of Industrial Relations, salaries and wages		27,664
147—For payment of the additional compensation for subsequent injury provided for by Section 4751 of the Labor Code, Department of Industrial Relations		75,000
148—For support of State Fire Marshal, in accordance with the following schedule		237,371
Schedule:		
(a) Salaries and Wages	178,035	
(b) Operating Expenses	57,328	
(c) Equipment	2,008	
Total of schedule	237,371	
INVESTMENT		
149—For support of Division of Banking, Department of Investment, payable from the State Banking Fund, in accordance with the following schedule		251,890
Schedule:		
(a) Salaries and Wages	190,209	
(b) Operating Expenses	59,149	
(c) Equipment	2,532	
Total of schedule	251,890	
150—For support of Division of Building and Loan, Department of Investment, payable from the Building and Loan Inspection Fund, in accordance with the following schedule		139,755
Schedule:		
(a) Salaries and Wages	108,095	
(b) Operating Expenses	31,199	
(c) Equipment	461	
Total of schedule	139,755	

Item		Amount
151—For support of Division of Corporations, Department of Investment, in accordance with the following schedule		633,230
Schedule:		
(a) Salaries and Wages	529,947	
(b) Operating Expenses	94,740	
(c) Equipment	8,543	
Total of schedule	633,230	
152—For support of the Department of Insurance, payable from the Insurance Fund, in accordance with the following schedule and in addition thereto any amounts collected for services to activities which by law are available for support of said department		1,033,042
Schedule:		
(a) Salaries and Wages	775,535	
(b) Operating Expenses	268,629	
(c) Equipment	8,878	
Total of schedule	1,053,042	
Less: Estimated reimbursements:		
(d) For services to insurance companies in liquidation	20,000	
Net appropriation	1,033,042	
153—For support of the Division of Real Estate, Department of Investment, payable from the Real Estate Fund, in accordance with the following schedule		515,495
Schedule:		
(a) Salaries and Wages	353,320	
(b) Operating Expenses	155,935	
(c) Equipment	6,240	
Total of schedule	515,495	
154—For support of California Districts Securities Commission, in accordance with the following schedule		25,591
Schedule:		
(a) Salaries and Wages	19,464	
(b) Operating Expenses	6,027	
(c) Equipment	100	
Total of schedule	25,591	

JUSTICE

155—For support of Department of Justice and in addition thereto any amounts collected for services to other agencies, which by law are available for support of said department. Said appropriation, together with the amount appropriated by Item 156 hereof, shall be expended in accordance with the following schedule.		2,039,229
Schedule:		
(a) Salaries and Wages	1,678,339	
(b) Operating Expenses	610,689	
(c) Equipment	38,936	
Total of schedule	2,327,964	
Less: Estimated reimbursements:		
(d) Charges to special fund agencies for legal services	174,695	
(e) Charges to other agencies for teletype service	41,172	
(f) Services to other agencies	32,868	
(g) Amount payable from appropriation for additional support (Item 156)	40,000	
Net appropriation	2,039,229	
156—For additional support of Department of Justice, payable from the Motor Vehicle Fund		40,000
157—For fees to special counsel employed pursuant to Section 12520 of the Government Code, Department of Justice		2,500
158—For litigation and legal services in connection with bank tax suit involving Section 4a, Bank and Corporation Franchise Tax Act, Department of Justice		30,198
159—For litigation and legal services in connection with activities of the Colorado River Board of California, Department of Justice		46,981
160—For enforcement of provisions of Chapter 530, Statutes of 1907, and the Unfair Practices Act, Department of Justice		22,588

Item		Amount
	MENTAL HYGIENE	
161—For support of Department of Mental Hygiene, in accordance with the following schedule		1,133,783
Schedule:		
(a) Salaries and Wages	877,128	
(b) Operating Expenses	213,690	
(c) Equipment	42,965	
Total of schedule	1,133,783	
162—For transportation of patients and other persons committed to state institutions of the Department of Mental Hygiene, to be expended by the Department of Mental Hygiene		125,385
163—For expenses of deportation and transfer of patients of the Department of Mental Hygiene, Department of Mental Hygiene		77,625
164—For family care of patients paroled or on leave of absence from state institutions of the Department of Mental Hygiene pursuant to Section 6726 and Section 7012.5 of the Welfare and Institutions Code, Department of Mental Hygiene		180,000
165—For support of Outpatient Mental Hygiene Clinics, Department of Mental Hygiene, in accordance with the following schedule		372,849
Schedule:		
(a) Salaries and Wages	381,288	
(b) Operating Expenses	70,866	
(c) Equipment	24,275	
Total of schedule	476,429	
Less: Estimated reimbursements:		
(d) From Department of Public Health for additional outpatient clinical activities under the National Mental Health Act	103,580	
Net appropriation	372,849	
166—For support of the Langley Porter Clinic at San Francisco, in accordance with the following schedule		734,977
Schedule:		
(a) Salaries and Wages	601,684	
(b) Operating Expenses	110,825	
(c) Equipment	28,084	
Total of schedule	740,593	
Less: Estimated reimbursements:		
(d) For services to employees	5,616	
Net appropriation	734,977	
167—For support of Agnews State Hospital, in accordance with the following schedule and in addition thereto any amounts collected for services to employees and from sale of surplus products, which by law are available for support of said institution.		3,526,730
Schedule:		
(a) Salaries and Wages	2,501,094	
(b) Operating Expenses	1,025,760	
(c) Equipment	109,418	
Total of schedule	3,636,272	
Less: Estimated reimbursements:		
(d) For services to employees and for sale of surplus products	109,542	
Net appropriation	3,526,730	
168—For support of Maximum Security Institution, Atascadero, Department of Mental Hygiene, to be expended by the Department of Mental Hygiene		8,200
169—For support of Camarillo State Hospital, in accordance with the following schedule and in addition thereto any amounts collected for services to employees and from sale of surplus products, which by law are available for support of said institution.		4,059,983

Item		Amount
Schedule:		
(a) Salaries and Wages	2,901,499	
(b) Operating Expenses	1,182,455	
(c) Equipment	118,109	
Total of schedule	4,202,063	
Less: Estimated reimbursements:		
(d) For services to employees and for sale of surplus products	142,080	
Net appropriation	4,059,983	
170—For support of DeWitt State Hospital, in accordance with the following schedule		2,661,473
and in addition thereto any amounts collected for services to employees which by law are available for support of said institution.		
Schedule:		
(a) Salaries and Wages	1,862,381	
(b) Operating Expenses	832,355	
(c) Equipment	65,242	
Total of schedule	2,759,978	
Less: Estimated reimbursements:		
(d) For services to employees	98,505	
Net appropriation	2,661,473	
171—For support of Mendocino State Hospital, in accordance with the following schedule		2,386,452
and in addition thereto any amounts collected for services to employees and from sale of surplus products, which by law are available for support of said institution.		
Schedule:		
(a) Salaries and Wages	1,750,728	
(b) Operating Expenses	663,665	
(c) Equipment	75,580	
Total of schedule	2,489,973	
Less: Estimated reimbursements:		
(d) For services to employees and for sale of surplus products	103,521	
Net appropriation	2,386,452	
172—For support of Modesto State Hospital, in accordance with the following schedule		2,823,257
and in addition thereto any amounts collected for services to employees which by law are available for support of said institution.		
Schedule:		
(a) Salaries and Wages	2,040,598	
(b) Operating Expenses	823,379	
(c) Equipment	68,531	
Total of schedule	2,932,508	
Less: Estimated reimbursements:		
(d) For services to employees	109,251	
Net appropriation	2,823,257	
173—For support of Napa State Hospital, in accordance with the following schedule		3,564,488
and in addition thereto any amounts collected for services to employees and from sale of surplus products, which by law are available for support of said institution.		
Schedule:		
(a) Salaries and Wages	2,589,901	
(b) Operating Expenses	1,000,116	
(c) Equipment	97,351	
Total of schedule	3,687,368	
Less: Estimated reimbursements:		
(d) For services to employees and for sale of surplus products	122,880	
Net appropriation	3,564,488	

Item		Amount
174—For support of Norwalk State Hospital, in accordance with the following schedule		2,296,157
and in addition thereto any amounts collected for services to employees and from sale of surplus products, which by law are available for support of said institution.		
Schedule:		
(a) Salaries and Wages	1,731,599	
(b) Operating Expenses	567,434	
(c) Equipment	93,428	
Total of schedule	2,392,461	
Less: Estimated reimbursements:		
(d) For services to employees and for sale of surplus products	96,304	
Net appropriation	2,296,157	
175—For support of Patton State Hospital, in accordance with the following schedule		3,377,869
and in addition thereto any amounts collected for services to employees and from sale of surplus products, which by law are available for support of said institution.		
Schedule:		
(a) Salaries and Wages	2,509,019	
(b) Operating Expenses	877,518	
(c) Equipment	92,005	
Total of schedule	3,478,542	
Less: Estimated reimbursements:		
(d) For services to employees and for sale of surplus products	100,673	
Net appropriation	3,377,869	
176—For support of Stockton State Hospital, in accordance with the following schedule		4,214,750
and in addition thereto any amounts collected for services to employees and from sale of surplus products, which by law are available for support of said institution		
Schedule:		
(a) Salaries and Wages	3,153,234	
(b) Operating Expenses	1,102,060	
(c) Equipment	95,516	
Total of schedule	4,350,810	
Less: Estimated reimbursements:		
(d) For services to employees and for sale of surplus products	136,060	
Net appropriation	4,214,750	
177—For support of Pacific Colony, in accordance with the following schedule		2,036,138
and in addition thereto any amounts collected for services to employees and from sale of surplus products, which by law are available for support of said institution.		
Schedule		
(a) Salaries and Wages	1,474,215	
(b) Operating Expenses	562,330	
(c) Equipment	66,833	
Total of schedule	2,103,378	
Less: Estimated reimbursements:		
(d) For services to employees and for sale of surplus products	67,240	
Net appropriation	2,036,138	
178—For support of Sonoma State Home, in accordance with the following schedule		3,285,484
and in addition thereto any amounts collected for services to employees and from sale of surplus products, which by law are available for support of said institution.		

Item		Amount
Schedule:		
(a) Salaries and Wages	2,435,160	
(b) Operating Expenses	820,730	
(c) Equipment	84,476	
Total of schedule	3,340,366	
Less: Estimated reimbursements:		
(d) For services to employees, service to other agencies, and for sale of surplus products	54,882	
Net appropriation	3,285,484	

MILITARY AFFAIRS

179—For support of the Adjutant General and the California National Guard in accordance with the following schedule provided, that no expenditures shall be made from this appropriation as a substitution for personnel, equipment, facilities or other assistance, or for any portion thereof, which in the absence of such expenditure, or of this appropriation, would be available to the Adjutant General or the California National Guard from the Federal Government. 2,190,246

Schedule:		
(a) Salaries and Wages	1,183,217	
(b) Operating Expenses	993,096	
(c) Equipment	139,933	
Total of schedule	2,316,246	
Less. Estimated reimbursements:		
(d) From United States Government for maintenance and operation of installations	126,000	
Net appropriation	2,190,246	

The Director of Finance and the Legislative Auditor shall present to the Joint Legislative Budget Committee quarterly reports based on information supplied by the Adjutant General or otherwise on the expenditure of the funds appropriated by this item, and indicating the extent to which adequate and sound financial and accounting procedure have been established

180—For maintenance of California Cadet Corps, the Adjutant General, in accordance with the following schedule 202,587

Schedule		
(a) Salaries and Wages	50,612	
(b) Operating Expenses	137,825	
(c) Equipment	14,150	
Total of schedule	202,587	

MOTOR VEHICLES

181—For support of Department of Motor Vehicles, payable from the Motor Vehicle Fund, in accordance with the following schedule and in addition thereto any amounts collected for services to other agencies which by law are available for support of said department. 8,435,829

Schedule:		
(a) Salaries and Wages	7,398,297	
(b) Operating Expenses	2,553,175	
(c) Equipment	131,707	
Total of schedule	10,083,179	
Less: Estimated reimbursements		
(d) For sale of registration lists	99,750	
(e) Services to City and County of San Francisco	2,160	
(f) Amount payable from Motor Vehicle License Fee Fund (Item 182)	1,545,440	
Net appropriation	8,435,829	

182—For additional support, Department of Motor Vehicles, payable from the Motor Vehicle License Fee Fund to be transferred to the Motor Vehicle Fund in augmentation of Item 181, as provided by Section 11003 of the Revenue and Taxation Code. 1,545,440

Item | Amount

183—For payment of deficiencies in appropriations for the Department of Motor Vehicles which may be authorized by the Director of Finance, with the consent of the Governor, pursuant to Section 11006 of the Government Code, the sum of $250,000, or so much thereof as may be necessary, payable from the Motor Vehicle Fund

NATURAL RESOURCES

184—For support of Departmental Administration, Department of Natural Resources, in accordance with the following schedule 162,384
and in addition thereto any amounts collected for services to activities supported out of other funds which by law are available for support of said department

Schedule.

(a) Salaries and Wages	292,034
(b) Operating Expenses	38,560
(c) Equipment	8,521
Total of schedule	339,115
Less: Estimated reimbursements	
(d) For services to activities supported out of other funds	176,731
Net appropriation	162,384

185—For expenses of the Pacific Marine Fisheries Commission, in accordance with the Pacific Marine Fisheries Compact, Department of Natural Resources, payable from the Fish and Game Preservation Fund 12,500

186—For support of Division of Beaches and Parks, Department of Natural Resources, payable from the State Park Maintenance Fund, in accordance with the following schedule 1,762,201
and in addition thereto any amounts collected for services which by law are available for support of said division.

Schedule.

(a) Salaries and Wages	1,493,457
(b) Operating Expenses	567,914
(c) Equipment	83,449
Total of schedule	2,144,820
Less: Estimated reimbursements	
(d) For employees' maintenance	55,000
(e) For maintenance of La Purisima Mission, Santa Barbara County	3,500
(f) Amount payable from the General Fund (Item 187)	324,119
Net appropriation	1,762,201

Of which amount there shall be made available by transfer to the State Park Maintenance Fund by the State Controller the sum of $1,058,931 from the State Park Fund, and $567,812 from the State Beach Fund

Upon executive order of the Director of Finance, there may be transferred to the State Park Maintenance Fund for credit to this item, any additional amounts appropriated or otherwise made available by law from the State Beach Fund or the State Park Fund for support or maintenance of this division for the 1950-1951 Fiscal Year

187—For additional support of Division of Beaches and Parks, Department of Natural Resources 324,119
to be transferred by the State Controller to the State Park Maintenance Fund for credit to Item 186 upon written order of the Department of Finance; provided, that any moneys made available to the Division of Beaches and Parks, Department of Natural Resources, from this item shall be repaid to the General Fund out of any moneys impounded in the State Lands Act Fund under the decision and order of the United States Supreme Court which hereafter may be released by the Federal Government and subsequently paid into the State Beach Fund or the State Park Fund. The transfer to the General Fund from the respective funds shall be in such amounts as may be determined by the Department of Finance. Such transfer shall be made by the State Controller upon written order of the Department of Finance.

Item		Amount
188—For investigation of beach erosion, Division of Beaches and Parks, Department of Natural Resources		10,000
provided, that any moneys made available to the Division of Beaches and Parks, Department of Natural Resources, from this item shall be repaid to the General Fund out of any moneys impounded in the State Lands Act Fund under the decision and order of the United States Supreme Court which hereafter may be released by the Federal Government and subsequently paid into the State Beach Fund or the State Park Fund. The transfer to the General Fund from the respective funds shall be in such amounts as may be determined by the Department of Finance. Such transfer shall be made by the State Controller upon written order of the Department of Finance		
191—For support of Division of Fish and Game, Department of Natural Resources, and for the maintenance and construction of fish screens and other stream improvements, payable from the Fish and Game Preservation Fund, in accordance with the following schedule		4,970,771
and in addition thereto any amounts collected for services which by law are available for support of said division.		
Schedule:		
(a) Salaries and Wages	2,711,463	
(b) Operating Expenses	2,030,055	
(c) Equipment	316,744	
Total of schedule	5,058,262	
Less: Estimated reimbursements:		
(d) For services to employees	31,491	
(e) For use of automotive and operating equipment	56,000	
Net appropriation	4,970,771	
192—For cooperation with the Federal Government in the purchase of land for game production, improvement of waterfowl areas and research in game management under the provisions of the Pittman-Robertson Act, Division of Fish and Game, Department of Natural Resources, payable from the Fish and Game Preservation Fund		200,000
193—For support of Wildlife Conservation Board, Department of Natural Resources, payable from the Wildlife Restoration Fund		47,450
194—For support of Division of Forestry, Department of Natural Resources, in accordance with the following schedule		7,631,684
and in addition thereto any amounts collected for services to other agencies and to employees, which by law are available for support of said division.		
Schedule:		
(a) Salaries and Wages	5,809,366	
(b) Operating Expenses	2,584,961	
(c) Equipment	626,850	
Total of schedule	9,021,177	
Less: Estimated reimbursements:		
(d) For services to employees	394,242	
(e) For services to counties under cooperative agreements	872,900	
(f) For fire protection and other services to the Federal Government, or any agency thereof, pursuant to contracts	119,481	
(g) For use of automotive equipment—Youth Authority	2,870	
Net appropriation	7,631,684	
195—For direct allotment to cooperating counties for prevention and suppression of forest fires on state responsibility lands, Division of Forestry, Department of Natural Resources, in accordance with the following schedule		595,066
Schedule:		
(a) Contra Costa County	2,309	
(b) Kern County	174,290	
(c) Los Angeles County	187,853	
(d) Marin County	42,881	
(e) San Mateo County	58,215	
(f) Santa Barbara County	64,759	
(g) Ventura County	64,759	
Total of schedule	595,066	

Item		Amount
196—For direct allotment to the United States Department of Agriculture, for prevention and suppression of forest fires on private and state-owned lands located within and adjacent to the boundaries of United States National Forests within this State, Division of Forestry, Department of Natural Resources		498,206
197—For forest land survey in cooperation with the California Forest and Range Experiment Station of the United States Department of Agriculture, Division of Forestry, Department of Natural Resources		77,000
198—For watershed research at the San Dimas Experimental Forest in cooperation with the California Forest and Range Experiment Station of the United States Department of Agriculture, Division of Forestry, Department of Natural Resources		24,000
199—For white pine blister rust control, Division of Forestry, Department of Natural Resources; provided, that any amount withdrawn from this item must be matched by an expenditure of an equal amount by the Federal Government in this State for the same purpose pursuant to an agreement which may provide for the advance of the State's contribution or any part thereof to the Federal Government		168,437
200—For emergency fire suppression, Division of Forestry, Department of Natural Resources, which may be transferred to Item 194 upon executive order of the Director of Finance		240,000
201—For pine beetle control, Division of Forestry, Department of Natural Resources, to be expended in accordance with Section 4455 of the Public Resources Code		25,000
202—For support of Division of Mines, Department of Natural Resources, in accordance with the following schedule		331,212
Schedule:		
(a) Salaries and Wages	193,231	
(b) Operating Expenses	130,809	
(c) Equipment	7,172	
Total of schedule	331,212	
203—For geological exploration in cooperation with United States Geological Survey, Division of Mines, Department of Natural Resources; provided, that any amount withdrawn from this item must be matched by an expenditure of a like amount by the Federal Government in this State for this purpose		50,000
204—For support of Division of Oil and Gas, Department of Natural Resources, payable from the Petroleum and Gas Fund, in accordance with the following schedule		375,000
and in addition thereto any amounts collected for services to employees, which by law are available for support of said division.		
Schedule:		
(a) Salaries and Wages	272,481	
(b) Operating Expenses	94,689	
(c) Equipment	8,598	
Total of schedule	375,768	
Less: Estimated reimbursements:		
(d) For employees' rent and utilities	768	
Net appropriation	375,000	
205—For support of State Soil Conservation Commission, Department of Natural Resources		31,727
and in addition thereto any amounts collected for services to activities supported out of other funds which by law are available for support of said commission.		
206—For research in the development of commercial fisheries of the Pacific Ocean and of marine products in accordance with Fish and Game Code, Section 1015.5, Marine Research Committee, payable from the Fish and Game Preservation Fund		97,500
PROFESSIONAL AND VOCATIONAL STANDARDS		
207—For support of Division of Administrative Procedure, Department of Professional and Vocational Standards, in accordance with the following schedule		82,940
and in addition thereto any amounts collected for services to other agencies, which by law are available for support of said division		

Item		Amount
	Schedule:	
	(a) Salaries and Wages	90,028
	(b) Operating Expenses	39,362
	(c) Equipment	3,550
	Total of schedule	132,940
	Less Estimated reimbursements:	
	(d) From other agencies for hearing and other services	50,000
	Net appropriation	82,940
208	—For support of State Board of Accountancy, payable from the Accountancy Fund, in accordance with the following schedule	146,496
	Schedule:	
	(a) Salaries and Wages	35,579
	(b) Operating Expenses	110,368
	(c) Equipment	549
	Total of schedule	146,496
209	—For support of California State Board of Architectural Examiners, payable from the California State Board of Architectural Examiners Fund, in accordance with the following schedule	28,904
	Schedule:	
	(a) Salaries and Wages	18,099
	(b) Operating Expenses	10,596
	(c) Equipment	209
	Total of schedule	28,904
210	—For support of State Athletic Commission, payable from the Athletic Commission Fund, in accordance with the following schedule	158,386
	Schedule	
	(a) Salaries and Wages	121,237
	(b) Operating Expenses	33,953
	(c) Equipment	3,196
	Total of schedule	158,386
211	—For support of State Board of Barber Examiners, payable from the State Board of Barber Examiners' Fund, in accordance with the following schedule	97,671
	Schedule:	
	(a) Salaries and Wages	58,296
	(b) Operating Expenses	38,964
	(c) Equipment	411
	Total of schedule	97,671
212	—For support of Cemetery Board, Department of Professional and Vocational Standards, payable from Cemetery Fund, in accordance with the following schedule	11,839
	Schedule:	
	(a) Salaries and Wages	7,696
	(b) Operating Expenses	3,943
	(c) Equipment	200
	Total of schedule	11,839
213	—For support of Cemetery Board, Department of Professional and Vocational Standards, notwithstanding other provisions of this Section the amount made available by this Item is available during the 1949-50 Fiscal Year or for repayment of any amounts advanced from the Emergency Fund provided by Item 278, Budget Act of 1949, payable from the Cemetery Fund	3,787
214	—For support of Board of Chiropractic Examiners, payable from the State Board of Chiropractic Examiners' Fund, in accordance with the following schedule	40,705
	Schedule:	
	(a) Salaries and Wages	21,131
	(b) Operating Expenses	18,374
	(c) Equipment	1,200
	Total of schedule	40,705
215	—For support of State Board of Registration for Civil and Professional Engineers, payable from the Civil Engineer's Fund, in accordance with the following schedule	176,953

Item		Amount
Schedule:		
(a) Salaries and Wages	98,023	
(b) Operating Expenses	77,244	
(c) Equipment	1,686	
Total of schedule	176,953	
216—For support of Contractors' State License Board, payable from the Contractors' License Fund, in accordance with the following schedule		467,410
Schedule:		
(a) Salaries and Wages	315,760	
(b) Operating Expenses	149,958	
(c) Equipment	1,692	
Total of schedule	467,410	
217—For support of State Board of Cosmetology, payable from the Board of Cosmetology's Contingent Fund, in accordance with the following schedule		157,997
Schedule:		
(a) Salaries and Wages	90,949	
(b) Operating Expenses	63,523	
(c) Equipment	3,525	
Total of schedule	157,997	
218—For support of Board of Dental Examiners of California, payable from the State Dentistry Fund, in accordance with the following schedule		50,644
Schedule:		
(a) Salaries and Wages	31,642	
(b) Operating Expenses	18,802	
(c) Equipment	200	
Total of schedule	50,644	
219—For support of Detective License Bureau, Department of Professional and Vocational Standards, payable from the Private Detective Fund, in accordance with the following schedule		27,527
Schedule:		
(a) Salaries and Wages	13,658	
(b) Operating Expenses	10,964	
(c) Equipment	2,905	
Total of schedule	27,527	
220—For support of State Board of Dry Cleaners, payable from the Dry Cleaners' Fund, in accordance with the following schedule		144,779
Schedule:		
(a) Salaries and Wages	87,090	
(b) Operating Expenses	54,217	
(c) Equipment	3,472	
Total of schedule	144,779	
221—For support of State Board of Funeral Directors and Embalmers, payable from the State Funeral Directors and Embalmers Fund, in accordance with the following schedule		28,759
Schedule:		
(a) Salaries and Wages	16,484	
(b) Operating Expenses	11,075	
(c) Equipment	1,200	
Total of schedule	28,759	
222—For support of Bureau of Furniture and Bedding Inspection, Department of Professional and Vocational Standards, payable from the Bureau of Furniture and Bedding Inspection Fund, in accordance with the following schedule		165,198
Schedule:		
(a) Salaries and Wages	116,452	
(b) Operating Expenses	46,354	
(c) Equipment	2,392	
Total of schedule	165,198	
223—For support of State Board of Guide Dogs for the Blind		465

Item		Amount
224—For support of State Board of Medical Examiners, payable from Contingent Fund of the Board of Medical Examiners, in accordance with the following schedule		164,643
Schedule:		
(a) Salaries and Wages	84,325	
(b) Operating Expenses	79,564	
(c) Equipment	754	
Total of schedule	164,643	
225—For support of Board of Nurse Examiners of the State of California, payable from the Board of Nurse Examiners Fund, in accordance with the following schedule		121,669
Schedule		
(a) Salaries and Wages	61,724	
(b) Operating Expenses	56,165	
(c) Equipment	3,780	
Total of schedule	121,669	
226—For support of State Board of Optometry, payable from the State Optometry Fund, in accordance with the following schedule		25,235
Schedule:		
(a) Salaries and Wages	15,303	
(b) Operating Expenses	9,699	
(c) Equipment	233	
Total of schedule	25,235	
227—For support of California State Board of Pharmacy, payable from the Pharmacy Board Contingent Fund, in accordance with the following schedule		177,143
Schedule:		
(a) Salaries and Wages	99,837	
(b) Operating Expenses	75,632	
(c) Equipment	1,674	
Total of schedule	177,143	
228—For support of the Board of Social Work Examiners of the State of California, payable from the Registered Social Workers' Fund, in accordance with the following schedule		15,697
Schedule.		
(a) Salaries and Wages	9,846	
(b) Operating Expenses	5,696	
(c) Equipment	155	
Total of schedule	15,697	
229—For support of Structural Pest Control Board, payable from the Structural Pest Control Fund, in accordance with the following schedule		34,745
Schedule:		
(a) Salaries and Wages	17,990	
(b) Operating Expenses	16,605	
(c) Equipment	150	
Total of schedule	34,745	
230—For support of Board of Examiners in Veterinary Medicine, payable from the Board of Veterinary Examiners' Contingent Fund, in accordance with the following schedule		10,599
Schedule:		
(a) Salaries and Wages	6,068	
(b) Operating Expenses	4,481	
(c) Equipment	50	
Total of schedule	10,599	
231—For support of Yacht and Ship Brokers Commission, payable from the Yacht and Ship Brokers Fund, in accordance with the following schedule		13,913
Schedule:		
(a) Salaries and Wages	6,842	
(b) Operating Expenses	6,901	
(c) Equipment	170	
Total of schedule	13,913	

Item		Amount
232—For support of Board of Osteopathic Examiners of the State of California, payable from the Contingent Fund of the Board of Osteopathic Examiners, in accordance with the following schedule		31,834
Schedule:		
(a) Salaries and Wages	20,285	
(b) Operating Expenses	10,598	
(c) Equipment	951	
Total of schedule	31,834	
233—For support of the Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun, payable from the Board of Pilot Commissioners' Special Fund, in accordance with the following schedule		11,907
Schedule:		
(a) Salaries and Wages	10,572	
(b) Operating Expenses	1,260	
(c) Equipment	75	
Total of schedule	11,907	
234—For support of California Horse Racing Board, payable from the Fair and Exposition Fund, in accordance with the following schedule		138,647
Schedule:		
(a) Salaries and Wages	79,665	
(b) Operating Expenses	58,300	
(c) Equipment	682	
Total of schedule	138,647	

PUBLIC HEALTH

235—For support of Department of Public Health, exclusive of Bureau of Cannery Inspection		3,691,317
236—For additional support of Department of Public Health, payable from Department of Public Health Fund		477,919
and in addition thereto any amounts collected from sale of antigens, services to other agencies, amounts made available by the Federal Government, or any agency thereof, as grants for public health purposes, and amounts contributed by organizations for public health purposes, which by law are available for support of said department. Said appropriation, together with the appropriation made by Item 235 hereof, shall be expended in accordance with the following schedule:		
Schedule:		
(a) Salaries and Wages	3,303,125	
(b) Operating Expenses	2,046,232	
(c) Equipment	113,813	
(d) Contributions to State Employees' Retirement Fund	264,250	
Total of schedule	5,727,420	
Less:		
(e) Estimated reimbursements from sale of antigens	23,000	
(f) Estimated reimbursements for laboratory services to local areas	18,760	
(g) Estimated reimbursements for services to Departments of Corrections and Mental Hygiene	38,219	
(h) Estimated reimbursements for services to Department of Education, Bureau of Vocational Rehabilitation	19,500	
(i) Estimated grants from the Federal Government or agencies thereof	1,450,439	
(j) Estimated contributions for public health purposes from organizations	8,266	
(k) Estimated amount payable from General Fund appropriation made by Item 235	3,691,317	
Net appropriation	477,919	
Federal grants available under this item for assistance to cities, counties, local health agencies, and local health districts may be disbursed on a per capita basis as provided in Section 1141b of the Health and Safety Code.		

Item		Amount
237—For care of recalcitrant tubercular patients as provided by Section 3300.4 of the Health and Safety Code, Department of Public Health		75,000
238—For additional support, Bureau of Sanitary Engineering and Division of Laboratories, Department of Public Health, to be transferred to Item 236 upon executive order of the Director of Finance in such amounts as he finds to be necessary for additional water pollution and contamination work		91,408
239—For support of the State Water Pollution Control Board, of which amount the State Water Pollution Control Board shall allocate to the several Regional Water Pollution Control Boards for expenditure by such boards such amounts as may be found necessary for the administrative expenses of such boards		249,399
240—For additional support of the several Regional Water Pollution Control Boards, to be transferred to Item 239 upon executive order of the Director of Finance in such amounts as he finds necessary for the expenses of such boards		214,725

PUBLIC UTILITIES

241—For support of the Public Utilities Commission of the State of California, in accordance with the following schedule		1,510,193
Schedule		
(a) Salaries and Wages	1,285,850	
(b) Operating Expenses	209,625	
(c) Equipment	14,718	
Total of schedule	1,510,193	
242—For additional support of the Public Utilities Commission of the State of California, payable from the Railroad Commission Transportation Rate Fund, in accordance with the following schedule		1,200,409
Schedule:		
(a) Salaries and Wages	963,989	
(b) Operating Expenses	232,554	
(c) Equipment	3,866	
Total of schedule	1,200,409	

PUBLIC WORKS

243—For pro rata support of Departmental Administration, Department of Public Works, in accordance with the following schedule and in addition thereto any amounts collected for services to activities supported out of other funds which by law are available for support of said department.		97,834
Schedule:		
(a) Salaries and Wages	162,504	
(b) Operating Expenses	31,990	
(c) Equipment	1,289	
Total of schedule	195,783	
Less: Estimated reimbursements:		
(d) For services to activities supported out of other funds	97,949	
Net appropriation	97,834	
244—For support of Division of Architecture, Department of Public Works, in accordance with the following schedule and in addition thereto any amounts collected for services to activities supported out of other funds which by law are available for support of said division.		338,637
Schedule:		
(a) Salaries and Wages	296,312	
(b) Operating Expenses	85,450	
(c) Equipment	1,875	
Total of schedule	383,637	
Less: Estimated reimbursements:		
(d) For services to activities supported out of other funds	45,000	
Net appropriation	338,637	
245—For support of Division of Architecture, Department of Public Works, payable from the Division of Architecture Public Building Fund, in accordance with the following schedule		438,265

Item		Amount
	Schedule:	
	(a) Salaries and Wages	373,855
	(b) Operating Expenses	53,878
	(c) Equipment	10,532
	Total of schedule	438,265
246—For support of Division of Water Resources, Department of Public Works, including cooperative work with other agencies and in addition thereto any amounts collected for services to activities supported out of other funds which by law are available for support of said division and/or department. Said appropriation, together with the amount appropriated by Item 247 hereof, shall be expended in accordance with the following schedule.		1,021,736
	Schedule:	
	(a) Salaries and Wages	765,276
	(b) Operating Expenses	349,798
	(c) Equipment	38,938
	(d) Contributions to Watermaster Services	25,019
	Total of schedule	1,179,031
	Less:	
	(e) Estimated amount payable from State Watermaster Service Fund (Item 247)	47,290
	Estimated reimbursements:	
	(f) For services to activities supported out of other funds	110,005
	Net appropriation	1,021,736
247—For additional support of the Division of Water Resources, Department of Public Works, payable from the State Watermaster Service Fund which sum shall be augmented by the transfer made from the General Fund in accordance with the provisions of Section 4360 of the Water Code.		22,271
248—For construction, renewal, and repair of work for restraining, impounding, and control of debris resulting from mining operations, natural erosion, and other causes along the Yuba River, Department of Public Works, Division of Water Resources; provided, however, that the money herein appropriated shall be available subject to the provisions of Sections 2, 3, and 4 of Chapter 686, Statutes of 1935		15,000
249—For topographic mapping in cooperation with the Federal Government, Division of Water Resources, Department of Public Works; provided, that any amount withdrawn from this item must be matched by an expenditure of a like amount by the Federal Government in this State for this purpose		300,000
250—For additional support, Division of Water Resources, Department of Public Works, to be transferred to Item 246 upon executive order of the Director of Finance in such amounts as he finds to be necessary for water pollution investigations		304,585
251—For establishment of additional gauging stations in cooperation with the Federal Government, Division of Water Resources, Department of Public Works		50,000
252—For support of the California Aeronautics Commission, in accordance with the following schedule and in addition thereto any amounts collected for services, which by law are available for support of said commission.		112,699
	Schedule:	
	(a) Salaries and Wages	74,849
	(b) Operating Expenses	39,900
	(c) Equipment	450
	Total of schedule	115,199
	Less: Estimated reimbursements:	
	(d) For services to other state agencies	2,500
	Net appropriation	112,699
253—For support of Colorado River Board of California, in accordance with the following schedule		104,380

Item		Amount
Schedule:		
(a) Salaries and Wages	56,861	
(b) Operating Expenses	46,655	
(c) Equipment	864	
Total of schedule	104,380	
254—For support of the Board of Harbor Commissioners for Humboldt Bay		2,300
255—For support of Reclamation Board, in accordance with the following schedule		156,238
Schedule.		
(a) Salaries and Wages	129,080	
(b) Operating Expenses	24,111	
(c) Equipment	3,047	
Total of schedule	156,238	
256—For support of the State Water Resources Board		26,845
257—For minor investigations, studies, and reports on water resources, State Water Resources Board; provided, that any sums expended from this item shall be matched by a like amount from local agencies or other sources		54,500
258—For conducting water resources investigations, surveys, and studies, preparing plans and estimates, making reports thereon and otherwise performing all work and doing all things required relative thereto by provisions of the State Water Resources Act of 1945, and for services performed by State Engineer, State Water Resources Board		438,948
SOCIAL WELFARE		
259—For support of Department of Social Welfare such appropriation, together with any grants made available by the Federal Government for support of the Department of Social Welfare during the 1950-51 Fiscal Year shall be expended in accordance with the following schedule:		1,500,314
Schedule.		
(a) Salaries and Wages	1,689,110	
(b) Operating Expenses	547,817	
(c) Equipment	6,498	
(d) Contributions to State Employees' Retirement Fund	155,129	
Total of schedule	2,398,554	
Less:		
(e) Estimated amounts payable from federal grants	883,240	
Estimated reimbursements:		
(f) From sale of forms	15,000	
Net appropriation	1,500,314	
259.1—The unexpended balance of the appropriation made by Item 261 of Section 2, Budget Act of 1949, or so much thereof as may be necessary, is hereby reappropriated to the Department of Finance for expenses in connection with liquidation and disposal of surplus equipment, leases and other property of the Department of Social Welfare acquired for the administration of Article XXV of the Constitution; provided, that notwithstanding any other provisions of law the income from the disposal or subletting of any such property or leases are hereby appropriated in addition thereto.		
260—For treatment or operations to prevent blindness or restore vision to applicants for, or recipients of, blind aid, Department of Social Welfare provided, that all or any portion may be transferred to the Social Welfare Fund upon executive order of the Director of Finance.		72,747
261—For support of the Recreation Commission and the Director of Recreation, in accordance with the following schedule		88,502
Schedule:		
(a) Salaries and Wages	52,995	
(b) Operating Expenses	34,508	
(c) Equipment	999	
Total of schedule	88,502	

Item		Amount
	VETERANS AFFAIRS	
262—For support of Department of Veterans Affairs, in accordance with the following schedule ---------- and in addition thereto any amounts collected for services to activities supported from other funds.		244,574
Schedule:		
(a) Salaries and Wages ----------	204,144	
(b) Operating Expenses ----------	45,980	
(c) Equipment ----------	1,950	
Total of schedule ----------	252,074	
Less: Estimated reimbursements:		
(d) From Veterans' Dependents' Education Fund for administrative services ----------	7,500	
Net appropriation ----------	244,574	
263—For additional support of Department of Veterans Affairs, payable from the Veterans' Dependents' Education Fund----------		7,500
264—For educational assistance to veterans, Department of Veterans Affairs, to be expended under the provisions of Article 2 of Chapter 6 of Division 4 of the Military and Veterans Code----------		2,999,180
264.1—For educational assistance to veterans, Department of Veterans Affairs, in augmentation of Item 266, Chapter 700, Statutes of 1949, to be expended under the provisions of Article 2 of Chapter 6 of Division 4 of the Military and Veterans Code---------- notwithstanding other provisions of this section, the amount made available by this item is available during the 1949-50 Fiscal Year.		333,000
265—For veterans' claims and rights service, Department of Veterans Affairs, to be expended under the provisions of Section 6995 of the Military and Veterans Code----------		550,000
266—For educational assistance to veterans' dependents, Department of Veterans Affairs, payable from the Veterans' Dependents' Education Fund ---------- to be expended under the provisions of Article 2 of Chapter 4 of Division 4 of the Military and Veterans Code.		250,000
267—For support of Veterans' Home of California---------- and in addition thereto any grants received from the Federal Government and any amounts collected for services to employees and from sale of surplus products, which by law are available for support of said home. Said appropriation shall be expended in accordance with the following schedule; provided, that none of the funds herein appropriated shall be expended for the payment of sick leave pay for member employees:		1,326,562
Schedule:		
(a) Salaries and Wages ----------	1,490,487	
(b) Operating Expenses ----------	653,700	
(c) Equipment ----------	31,345	
Total of schedule ----------	2,175,532	
Less:		
(d) Estimated reimbursements for services to employees and for members and for sale of surplus products----	75,520	
(e) Estimated receipts from Federal Government----	773,450	
Net appropriation ----------	1,326,562	
268—For support of Woman's Relief Corps Home of California, in accordance with the following schedule---------- and in addition thereto any amounts collected for services to employees, which by law are available for support of said home.		74,206
Schedule:		
(a) Salaries and Wages ----------	53,498	
(b) Operating Expenses ----------	21,985	
(c) Equipment ----------	1,783	
Total of schedule ----------	77,266	
Less: Estimated reimbursements:		
(d) For services to employees----------	3,060	
Net appropriation ----------	74,206	
269—For hospitalization of members, Woman's Relief Corps Home of California, to be expended under the provisions of Section 1086.1 of the Military and Veterans Code----------		2,500

Item		Amount
	MISCELLANEOUS	
270—To plan for, provide for, assist in, sponsor, and promote public celebrations, and exhibits which may be of patriotic, educational or economic benefit to the people of this State in order to commemorate and publicize the centennial and other anniversaries of significant events in the history of the State of California during the years 1948 to 1950, inclusive, as provided by Chapters 456 and 478, Statutes of 1947, California Centennials Commission		400,000
271—For State's Contribution to the Legislators' Retirement Fund in accordance with Section 9358 of the Government Code		28,000
272—For such proportion of the compensation benefits to state officers and employees as in each case the contribution out of the General Fund to the salary of such officer or employee, during the portion of the 1950-51 Fiscal Year prior to the date when the benefit becomes payable, bears to the total salary of such officer or employee during the same period, or for officers and employees of the State paid in whole or in part from the Vocational Education Fund or Vocational Rehabilitation Fund; or for premiums on insurance therefor		540,000
273—For such proportion of the compensation benefits to state officers and employees as in each case the contribution out of the General Fund to the salary of such officer or employee, during the portion of the 1949-50 Fiscal Year prior to the date when the benefit becomes payable, bears to the total salary of such officer or employee during the same period, or for officers and employees of the State paid in whole or in part from the Vocational Education Fund or Vocational Rehabilitation Fund; or for premiums on insurance therefor—$110,000 notwithstanding other provisions of this section the amount made available by this item is available during the 1949-50 Fiscal Year, or for repayment of any amounts advanced from the Emergency Fund provided by Item 278, Budget Act of 1949.		
274—For refunding of payments of taxes, licenses, fees and other receipts which have been paid erroneously into the General Fund and for the refund of which no other provision is made by law; provided, that expenditures from this item shall be approved by the State Board of Control		5,000
276—For claim of the Secretary of the State Board of Control, to be paid from the several funds in accordance with the following schedule		103,655
Schedule:		
(a) General Fund	31,482	
(b) State Agricultural Society Contingent Fund	503	
(c) Department of Agriculture Fund	51	
(d) Board of Cosmetology Contingent Fund	63	
(e) Fish and Game Preservation Fund	4	
(f) State Highway Fund	17,987	
(g) State Lands Act Fund	5,351	
(h) Motor Vehicle Fund	7,016	
(i) Motor Vehicle License Tax Fund	6,155	
(j) Motor Vehicle License Fee Fund	244	
(k) Board of Nurse Examiners' Fund	69	
(l) State Park Maintenance Fund	11	
(m) Postwar Unemployment and Construction Fund	13,840	
(n) Real Estate Fund	91	
(o) Division of Architecture Revolving Fund	501	
(p) Estates of Deceased Persons Fund	222	
(q) San Francisco Harbor Improvement Fund	2,060	
(r) Unemployment Fund	15	
(s) Unemployment Administration Fund	17,990	
Total of schedule	103,655	
	RESERVES FOR CONTINGENCIES	
277—For Emergency Fund, to be expended only on written authorization of the Department of Finance for emergencies		1,500,000
provided, that loans may be made from the Emergency Fund to state agencies which derive their support from sources other than the General Fund, upon such terms and conditions for repayment as may be prescribed by the Department of Finance and any sum so loaned shall, if ordered by the Department of Finance, be transferred by the Controller to the fund from which the support of the agency is derived. Emergencies within the meaning of this provision are hereby defined as contingencies for which no appropriation, or insufficient appropriation, has been made by law.		

Item		Amount
278	For Salary Increase Fund to be allocated only on authorization of the Department of Finance to the several state offices, departments, boards, bureaus, commissions, the Regents of the University of California, and other state agencies, in augmentation of their respective appropriations for support or for other purposes for the 1950-51 Fiscal Year, in such amounts as will make sufficient money available during said fiscal year to be paid each state officer or employee in the state service whose compensation, or a portion thereof, is payable from the General Fund the increase in compensation provided for in any increased salary range established during the 1949-50 Fiscal Year by the Personnel Board or other salary-fixing authority with the approval of the Department of Finance or for contributions to the State Employees' Retirement Fund	600,000
	For state officers and employees whose compensation, or portion thereof, is payable from special funds, there is appropriated from each special fund from which such officers and employees are paid an amount sufficient to provide increases in compensation for each such officer or employee in accordance with this item, which amount is to be made available by executive order of the Director of Finance in augmentation of their respective appropriations for support or for other purposes for the 1950-51 Fiscal Year.	
279	For Salary Increase Fund to be allocated only on authorization of the Department of Finance to the several state offices, departments, boards, bureaus, commissions, the Regents of the University of California, and other state agencies, in augmentation of their respective appropriations for support or for other purposes for the 1950-51 Fiscal Year, in such amounts as will make sufficient money available during said fiscal year to be paid each state officer or employee in the state service whose compensation, or a portion thereof, is payable from the General Fund the increase in compensation provided for in any increased salary range established by the Personnel Board or other salary-fixing authority with the approval of the Department of Finance or for contributions to the State Employees' Retirement Fund	500,000
	For state officers and employees whose compensation, or portion thereof, is payable from special funds, there is appropriated from each special fund from which such officers and employees are paid an amount sufficient to provide increases in compensation for each such officer or employee in accordance with this item, which amount is to be made available by executive order of the Director of Finance in augmentation of their respective appropriations for support or for other purposes for the 1950-51 Fiscal Year. Before the State Personnel Board or other salary-fixing authority establishes any increased salary range during the 1950-51 Fiscal Year, a certification shall be obtained from the Director of Finance that sufficient money either is available in appropriations for support of the agencies or can be made available from the appropriation in this item, to meet the cost of the increased salary range.	
	CAPITAL OUTLAY	
280	For major construction, improvements, and equipment, quarantine station at Daggett (partial cost). Department of Agriculture, payable from the Postwar Employment Reserve	28,625
281	For major construction, improvements, and equipment, quarantine station at Meyers, Department of Agriculture, payable from the Postwar Employment Reserve	44,034
282	For major construction, improvements, and equipment, quarantine station at Truckee Wye, Department of Agriculture, payable from the Postwar Employment Reserve	87,794
283	For major construction, improvements, and equipment, quarantine station at Yermo, Department of Agriculture, payable from the Postwar Employment Reserve	136,508
284	For minor construction, improvements, repairs, and equipment, Department of Agriculture	14,090
285	For minor construction, improvements, repairs, and equipment, Poultry Improvement Commission payable from any moneys in the Fair and Exposition Fund available for permanent improvements upon the property of state, citrus, county, or district agricultural associations for fair purposes, allocated by Section 19626 of the Business and Professions Code	1,000

Item	Amount
286—For major construction, improvements, and equipment, Medical Facility (partial cost), Department of Corrections, payable from the Postwar Employment Reserve	6,380,500
287—For minor construction, improvements, repairs, and equipment, Medical Facility, Department of Corrections	25,000
288—For major construction, improvements, and equipment, boiler and storage tank, California Institution for Men, Department of Corrections, payable from the Postwar Employment Reserve	66,000
289—For major construction, improvements, and equipment, auditorium, gymnasium, and assembly, California Institution for Men, Department of Corrections, payable from the Postwar Employment Reserve	371,000
290—For major construction, improvements, and equipment, chapel, California Institution for Men, Department of Corrections, payable from the Postwar Employment Reserve	182,000
291—For minor construction, improvements, repairs, and equipment, California Institution for Men, Department of Corrections	28,340
292—For major construction, improvements, and equipment, sewage disposal and water pumping plant, California State Prison at Folsom, Department of Corrections, payable from the Postwar Employment Reserve	90,000
293—For major construction, improvements, and equipment, electrical distribution system, California State Prison at Folsom, Department of Corrections, payable from the Postwar Employment Reserve	91,500
294—For minor construction, improvements, repairs, and equipment, California State Prison at Folsom, Department of Corrections	60,280
295—For major construction, improvements, and equipment, boiler room stack, California State Prison at San Quentin, Department of Corrections, payable from the Postwar Employment Reserve	27,550
296—For major construction, improvements, and equipment, foundry, California State Prison at San Quentin, Department of Corrections, payable from the Postwar Employment Reserve	48,000
297—For major construction, improvements, and equipment, sewage disposal plant, California State Prison at San Quentin, Department of Corrections, payable from the Postwar Employment Reserve	335,375
298—For major construction, improvements, and equipment, chapel and religious education building, California State Prison at San Quentin, Department of Corrections, payable from the Postwar Employment Reserve	101,000
299—For major construction, improvements, and equipment, plans and specifications for commissary, laundry, and maintenance shop building, California State Prison at San Quentin, Department of Corrections, payable from the Postwar Employment Reserve	120,000
300—For minor construction, improvements, repairs, and equipment, California State Prison at San Quentin, Department of Corrections	31,175
301—For minor construction, improvements, repairs, and equipment, California State Prison at Soledad, Department of Corrections	26,865
302—For major construction, improvements, and equipment of Vocational and Agricultural Institution (partial cost), Department of Corrections, payable from the Postwar Employment Reserve	2,534,200
303—For minor construction, improvements, repairs, and equipment, California Vocational Institution, Department of Corrections	10,000
304—For minor construction, improvements, repairs, and equipment, California Institution for Women, Department of Corrections	5,000
305—For major construction, improvements, and equipment of Northern California Reception Center and Clinic (partial cost), Youth Authority, payable from the Postwar Employment Reserve	590,787
306—For major construction, improvements, and equipment of Southern California Reception Center and Clinic (partial cost), Youth Authority, payable from the Postwar Employment Reserve	645,934
307—For minor construction, improvements, repairs, and equipment at Ficot Ranch School for Boys, Youth Authority	27,300
308—For minor construction, improvements, repairs, and equipment, Fred C. Nelles School for Boys, Youth Authority	32,300
309—For major construction, improvements, and equipment, two cottages, Paso Robles School for Boys, Youth Authority, payable from the Postwar Employment Reserve	263,166
310—For major construction, improvements, and equipment, academic school and gymnasium, Paso Robles School for Boys, Youth Authority, payable from the Postwar Employment Reserve	210,000
311—For major construction, improvements, and equipment, fire house, Paso Robles School for Boys, Youth Authority, payable from the Postwar Employment Reserve	17,000

Item	Amount
312—For major construction, improvements, and equipment, vocational shops and mechanical trades building, Paso Robles School for Boys, Youth Authority, payable from the Postwar Employment Reserve	140,000
313—For major construction, improvements, and equipment, laundry building, Paso Robles School for Boys, Youth Authority, payable from the Postwar Employment Reserve	75,000
314—For major construction, improvements, and equipment, admission unit, Paso Robles School for Boys, Youth Authority, payable from the Postwar Employment Reserve	160,000
315—For major construction, improvements, and equipment, swimming pool, Paso Robles School for Boys, Youth Authority, payable from the Postwar Employment Reserve	43,200
316—For major construction, improvements, and equipment, two staff residences and garage, Paso Robles School for Boys, Youth Authority, payable from the Postwar Employment Reserve	38,700
317—For major construction, improvements, and equipment, group housing and car ports, Paso Robles School for Boys, Youth Authority, payable from the Postwar Employment Reserve	85,000
318—For major construction, improvements, and equipment, landscaping development, Paso Robles School for Boys, Youth Authority, payable from the Postwar Employment Reserve	50,000
319—For major construction, improvements, and equipment, field house and gymnasium, Preston School of Industry, Youth Authority, payable from the Postwar Employment Reserve	258,000
320—For minor construction, improvements, repairs, and equipment, Preston School of Industry, Youth Authority	9,500
321—For major construction, improvements, and equipment, cottages, Los Guilucos School for Girls, Youth Authority, payable from the Postwar Employment Reserve	255,600
322—For major construction, improvements, and equipment, classrooms, Los Guilucos School for Girls, Youth Authority, payable from the Postwar Employment Reserve	90,000
323—For major construction, improvements, and equipment, gymnasium, Los Guilucos School for Girls, Youth Authority, payable from the Postwar Employment Reserve	104,300
324—For minor construction, improvements, repairs, and equipment at Los Guilucos School for Girls, Youth Authority	18,495
325—For major construction, improvements, and equipment, physical education facilities, Chico State College, Department of Education, payable from Postwar Employment Reserve	236,600
326—For minor construction, improvements, repairs, and equipment, Chico State College	38,975
327—For major construction, improvements, and equipment, farm site development, roads, and utilities, for the School of Agriculture of Fresno State College, Fresno State College, payable from State College Fund	30,000
328—For major construction, improvements, and equipment, agricultural department building, for the School of Agriculture of Fresno State College, Fresno State College, payable from State College Fund	775,000
329—For major construction, improvements, and equipment, natural science building, Fresno State College, Department of Education, payable from Postwar Employment Reserve	744,000
330—For major construction, improvements, and equipment, science building addition, Fresno State College, Department of Education, payable from Postwar Employment Reserve	164,000
331—For major construction, improvements, and equipment, initial complement of equipment for instruction and maintenance at college farm, for the School of Agriculture of Fresno State College, Fresno State College, payable from State College Fund	67,173
332—For major construction, improvements, and equipment, dairy products processing plant (additional cost), for the School of Agriculture of Fresno State College, Fresno State College, payable from State College Fund	22,500
333—For major construction, improvements, and equipment, initial complement of equipment for slaughterhouse, for the School of Agriculture of Fresno State College, Fresno State College, payable from State College Fund	12,400
333.1—The unexpended balance of the appropriation made by Item 301 of Section 2, Budget Act of 1949, is hereby reappropriated for major construction and improvements for the Agricultural School of Fresno State College.	

Item	Amount
335—For major construction, improvements, and equipment, calf barn, for the School of Agriculture of Fresno State College, Fresno State College, payable from State College Fund	22,000
336—For major construction, improvements, and equipment, milking barn (additional cost), for the School of Agriculture of Fresno State College, Fresno State College, payable from State College Fund	23,310
337—For minor construction, improvements, repairs, and equipment, Fresno State College	28,500
338—For minor construction, improvements, repairs, and equipment, for the School of Agriculture of Fresno State College, payable from State College Fund	105,300
339—For major construction, improvements, and equipment, utilities and ground improvements, Humboldt State College, Department of Education, payable from Postwar Employment Reserve	67,500
340—For minor construction, improvements, repairs, and equipment, Humboldt State College	28,240
341—For major construction, improvements, and equipment, initial complement of equipment for classrooms, library, and laboratories, Los Angeles State College of Applied Arts and Sciences, payable from Postwar Employment Reserve	52,179
342—For major construction, improvements, and equipment, initial complement of equipment for classrooms, library, and laboratories, Los Angeles-Orange County State College, payable from Postwar Employment Reserve	78,443
343—For major construction, improvements, and equipment, initial complement of equipment, Sacramento State College, payable from Postwar Employment Reserve	63,818
344—For major construction, improvements, and equipment, utilities and ground improvements, San Diego State College, Department of Education, payable from Postwar Employment Reserve	112,850
345—For minor construction, improvements, repairs, and equipment, San Diego State College	56,450
346—For major construction, improvements, and equipment, cafeteria addition, San Francisco State College, Department of Education, payable from Postwar Employment Reserve	365,000
347—For major construction, improvements, and equipment, utilities and ground improvements, San Francisco State College, Department of Education, payable from Postwar Employment Reserve	704,000
348—For major construction, improvements, and equipment, classroom building, San Francisco State College, Department of Education, payable from Postwar Employment Reserve	913,000
349—For major construction, improvements, and equipment, music and speech building addition, San Francisco State College, Department of Education, payable from Postwar Employment Reserve	1,024,000
350—For major construction, improvements, and equipment, administration building addition, San Francisco State College, Department of Education, payable from Postwar Employment Reserve	282,000
351—For minor construction, improvements, repairs, and equipment, San Francisco State College	19,000
352—For major construction, improvements, and equipment, engineering building, San Jose State College, Department of Education, payable from Postwar Employment Reserve	685,000
353—For major construction, improvements, and equipment, music building, San Jose State College, Department of Education, payable from Postwar Employment Reserve	756,700
354—For minor construction, improvements, repairs, and equipment, San Jose State College	104,195
355—For major construction, improvements, and equipment, site development, California State Polytechnic College, payable from any moneys in the Fair and Exposition Fund available to said school under the provisions of Section 19626 of the Business and Professions Code	223,847
356—For major construction, improvements, and equipment, plot plans and study of future developments for Voorhis and Kellogg units, California State Polytechnic College, payable from any moneys in the Fair and Exposition Fund available to said school under the provisions of Section 19626 of the Business and Professions Code	20,000
357—For major construction, improvements, and equipment, modernization and equipment of engineering shops, California State Polytechnic College, payable from any moneys in the Fair and Exposition Fund available to said school under the provisions of Section 19626 of the Business and Professions Code	61,820

Item	Amount
358—For minor construction, improvements, repairs, and equipment, California State Polytechnic College, payable from any moneys in the Fair and Exposition Fund available to said school under the provisions of Section 19626 of the Business and Professions Code	118,102
359—For minor construction, improvements, repairs, and equipment, California School for the Blind at Berkeley	24,080
360—For minor construction, improvements, repairs, and equipment, California School for the Deaf, Berkeley	16,700
361—For minor construction, improvements, repairs, and equipment, Training Center for the Adult Blind, Oakland	3,540
362—For major construction, improvements, repairs, and equipment, culvert for Strawberry Creek at Berkeley, University of California, payable from Postwar Employment Reserve, exempt from Section 14 of this act	300,000
362.2—For acquisition of real property and/or major construction, improvements and equipment for the medical school in connection with research in arthritis and allied diseases, University of California, exempt from Section 14 of this act	100,000
363—For minor construction, improvements, repairs, and equipment, University of California, exempt from Section 14 of this act	142,100
365—For major construction, improvements, and equipment of State Capitol, State Capitol grounds, and any additions thereto, Buildings and Grounds Division, Department of Finance, payable from Postwar Employment Reserve	812,500
367—For major construction, improvements, and equipment at new State Fair site, State Agricultural Society, Department of Finance, payable from the Postwar Employment Reserve	4,325,000
368—For major construction, improvements, and equipment of a wing to the State Exposition building, Sixth District Agricultural Association, Department of Finance, payable from Postwar Employment Reserve	625,000
369—For major construction, improvements and equipment of exhibits to be installed in the State Exposition building, Sixth District Agricultural Association payable from any moneys in the Fair and Exposition Fund available for permanent improvements upon the property of state, citrus, county, or district agricultural associations for fair purposes, allocated by Section 19626 of the Business and Professions Code	13,292
370—For communication facilities and equipment and installation thereof, Department of the California Highway Patrol, payable from the Motor Vehicle Fund	222,085
371—For major construction, improvements, and equipment, design, working drawings, and specifications for addition to hospital, Langley Porter Clinic, payable from Postwar Employment Reserve	105,032
372—For minor construction, improvements, repairs, and equipment, Langley Porter Clinic	18,800
373—For major construction, improvements, and equipment, design, working drawings, and specifications, Psychiatric Hospital Clinic at Los Angeles, payable from Postwar Employment Reserve	225,000
374—For major construction, improvements, and equipment, kitchen and food service unit, Agnews State Hospital, payable from Postwar Employment Reserve	652,947
375—For major construction, improvements, and equipment, preparation of designs, working drawings and specifications for two ward buildings, Agnews State Hospital, payable from Postwar Employment Reserve	24,000
376—For major construction, improvements, and equipment, warehouse, Agnews State Hospital, payable from Postwar Employment Reserve	77,500
379—For major construction, improvements, and equipment, shoe shop, mattress and maintenance shop, Agnews State Hospital, payable from Postwar Employment Reserve	50,000
380—For minor construction, improvements, repairs, and equipment, Agnews State Hospital	311,795
381—For major construction, improvements, and equipment, ward building, Camarillo State Hospital, payable from Postwar Employment Reserve	1,267,400
382—For major construction, improvements, and equipment, additional water softener for boiler room, Camarillo State Hospital, payable from Postwar Employment Reserve	31,000
383—For major construction, improvements, and equipment, laundry addition, Camarillo State Hospital, payable from Postwar Employment Reserve	167,850

Item		Amount
384	For major construction, improvements, and equipment, cold storage addition, Camarillo State Hospital, payable from Postwar Employment Reserve	159,412
385	For major construction, improvements, and equipment, kitchen and employees' dining room, Camarillo State Hospital, payable from Postwar Employment Reserve	535,000
386	For major construction, improvements, and equipment, central vegetable preparation and storage building, Camarillo State Hospital, payable from Postwar Employment Reserve	275,000
387	For major construction, improvements, and equipment, physicians' apartments, Camarillo State Hospital, payable from Postwar Employment Reserve	118,000
388	For major construction, improvements, and equipment, juvenile unit, Camarillo State Hospital, payable from Postwar Employment Reserve	741,150
389	For major construction, improvements, and equipment, auditorium, Camarillo State Hospital, payable from Postwar Employment Reserve	294,060
390	For minor construction, improvements, repairs, and equipment, Camarillo State Hospital	221,000
391	For minor construction, improvements, repairs, and equipment, DeWitt State Hospital	190,725
393	For major construction, improvements, and equipment, addition to boiler plant, Mendocino State Hospital, payable from Postwar Employment Reserve	121,148
394	For minor construction, improvements, repairs, and equipment, Mendocino State Hospital	60,325
395	For major construction, improvements, and equipment, laundry, Modesto State Hospital, payable from Postwar Employment Reserve	104,250
396	For minor construction, improvements, repairs, and equipment, Modesto State Hospital	80,650
397	For major construction, improvements, and equipment, addition to laundry, Napa State Hospital, payable from Postwar Employment Reserve	573,159
398	For major construction, improvements, and equipment, designs, working drawings and specifications for tubercular unit, Napa State Hospital, payable from Postwar Employment Reserve	33,051
399	For major construction, improvements, and equipment, design, working drawings and specifications for juvenile unit, Napa State Hospital, payable from Postwar Employment Reserve	24,900
400	For major construction, improvements, and equipment, commissary and general supply warehouse, Napa State Hospital, payable from Postwar Employment Reserve	157,510
401	For major construction, improvements, and equipment, design, working drawings, and specifications for auditorium, Napa State Hospital, payable from Postwar Employment Reserve	6,500
402	For major construction, improvements, and equipment, industrial and maintenance shop buildings, Napa State Hospital, payable from Postwar Employment Reserve	151,000
403	For major construction, improvements, and equipment, design, working drawings, and specifications for nurses training quarters, Napa State Hospital, payable from Postwar Employment Reserve	3,800
404	For minor construction, improvements, repairs, and equipment, Napa State Hospital	184,570
405	For the acquisition of real property, Norwalk State Hospital, to be expended under the provisions of the Property Acquisition Act	50,000
406	For major construction, improvements, and equipment, receiving and treatment unit, Norwalk State Hospital, payable from Postwar Employment Reserve	3,125,000
407	For major construction, improvements, and equipment, kitchen for receiving and treatment unit, Norwalk State Hospital, payable from Postwar Employment Reserve	175,000
408	For major construction, improvements, and equipment, administration building, Norwalk State Hospital, payable from Postwar Employment Reserve	250,000
409	For major construction, improvements, and equipment, ward building, Norwalk State Hospital, payable from Postwar Employment Reserve	1,220,755
410	For major construction, improvements, and equipment, design, working drawings and specifications for nurses and students quarters, Norwalk State Hospital, payable from Postwar Employment Reserve	9,000

Item	Amount
411—For minor construction, improvements, repairs, and equipment, Norwalk State Hospital	242,712
412—For major construction, improvements, and equipment, addition to laundry, Patton State Hospital, payable from Postwar Employment Reserve	290,000
413—For major construction, improvements, and equipment, addition to kitchen building, Patton State Hospital, payable from Postwar Employment Reserve	100,000
414—For major construction, improvements, and equipment, firehouse, Patton State Hospital, payable from Postwar Employment Reserve	41,500
416—For major construction, improvements, and equipment, mattress shop, Patton State Hospital, payable from Postwar Employment Reserve	37,500
417—For minor construction, improvements, repairs, and equipment, Patton State Hospital	322,440
418—For major construction, improvements, and equipment, poultry laying houses, Stockton State Hospital, payable from Postwar Employment Reserve	30,150
419—For minor construction, improvements, repairs, and equipment, Stockton State Hospital	85,780
420—For major construction, improvements, and equipment, design, working drawings and specifications for New Mental Hospital in Southern California, payable from Postwar Employment Reserve	450,000
421—For major construction, improvements, and equipment, ward buildings, Pacific Colony, payable from Postwar Employment Reserve	3,064,000
422—For major construction, improvements, and equipment, site development and fencing, Pacific Colony, payable from Postwar Employment Reserve	222,900
423—For major construction, improvements, and equipment, hospital annex, Pacific Colony, payable from Postwar Employment Reserve	496,093
424—For major construction, improvements, and equipment, addition to kitchen, Pacific Colony, payable from Postwar Employment Reserve	205,000
425—For major construction, improvements, and equipment, school building, Pacific Colony, payable from Postwar Employment Reserve	385,000
426—For major construction, improvements, and equipment, water reservoir, Pacific Colony, payable from Postwar Employment Reserve	54,570
427—For major construction, improvements, and equipment, underpass (additional cost), Pacific Colony, payable from Postwar Employment Reserve	20,000
428—For major construction, improvements, and equipment, addition to administration building, Pacific Colony, payable from Postwar Employment Reserve	172,000
429—For major construction, improvements, and equipment, psychology building, Pacific Colony, payable from Postwar Employment Reserve	13,500
430—For major construction, improvements, and equipment, recreation field, Pacific Colony, payable from Postwar Employment Reserve	25,000
431—For major construction, improvements, and equipment, maintenance and shop building, Pacific Colony, payable from Postwar Employment Reserve	58,790
432—For minor construction, improvements, repairs, and equipment, Pacific Colony	42,509
433—For major construction, improvements, and equipment, ward buildings, Sonoma State Home, payable from Postwar Employment Reserve	1,742,045
434—For major construction, improvements, and equipment, addition to hospital, Sonoma State Home, payable from Postwar Employment Reserve	394,445
435—For major construction, improvements, and equipment, commissary and feeding unit, Sonoma State Home, payable from Postwar Employment Reserve	914,568
436—For major construction, improvements, and equipment, sanitary district, Sonoma State Home, payable from Postwar Employment Reserve	211,504
438—For minor construction, improvements, repairs, and equipment, Sonoma State Home	124,600
439—For major construction, improvements and equipment of armories, Adjutant General and California National Guard, payable from the Postwar Employment Reserve	1,394,500

Item | Amount

in accordance with the following Schedule A showing the locations of the armories and the maximum amount which may be allocated to each:

SCHEDULE A

Alhambra	297,500
Bakersfield	174,000
Calexico	94,000
Concord	94,000
Glendale	297,500
Los Angeles	325,000
Vallejo	112,500

provided that to the extent that the Public Works Board determines funds to be available after making allocations for all armories in Schedule A, this item may be expended for construction and equipment of armories at any one or more of the locations shown in the following Schedule B and for not to exceed the amount shown for each.

SCHEDULE B

Yreka	94,000
Fairfax	94,000
Monterey	94,000
Gardena	94,000

446—For major construction, improvements, and equipment, office building at Yuba City, Adjutant General and California National Guard, payable from Postwar Employment Reserve 10,000

447—For major construction, improvements, and equipment, preparation of plans and supervision of construction to be constructed from federal funds, Adjutant General and California National Guard, payable from Postwar Employment Reserve 50,000

448—For major construction, improvements, and equipment, San Bernardino office, Department of Motor Vehicles, payable from Motor Vehicle Fund 106,000

449—For additional costs in acquisition of waterworks for Columbia State Park, Division of Beaches and Parks, payable to Emergency Fund, Item 360, Chapter 23, Statutes 1948 to reimburse advance made by Executive Order No. E49-317, payable from State Park Fund 600

450—For major construction, improvements, and equipment sewage system at Doheny Beach State Park (additional cost), Division of Beaches and Parks, payable from Postwar Employment Reserve 31,000
provided, that any moneys made available to the Division of Beaches and Parks, Department of Natural Resources, from this item shall be repaid to the General Fund out of any moneys impounded in the State Lands Act Fund under the decision and order of the United States Supreme Court which hereafter may be released by the Federal Government and subsequently paid into the State Beach Fund or the State Park Fund. The transfer to the General Fund from the respective funds shall be in such amounts as may be determined by the Department of Finance. Such transfers shall be made by the State Controller upon written order of the Department of Finance.

451—For major construction, improvements, and equipment sewage system at Columbia State Park, Division of Beaches and Parks, payable from Postwar Employment Reserve 109,500
provided, that any moneys made available to the Division of Beaches and Parks, Department of Natural Resources, from this item shall be repaid to the General Fund out of any moneys impounded in the State Lands Act Fund under the decision and order of the United States Supreme Court which hereafter may be released by the Federal Government and subsequently paid into the State Beach Fund or the State Park Fund. The transfer to the General Fund from the respective funds shall be in such amounts as may be determined by the Department of Finance. Such transfers shall be made by the State Controller upon written order of the Department of Finance.

452—For major construction, improvements, and equipment sewage system at Portola State Park (additional cost), Division of Beaches and Parks, payable from Postwar Employment Reserve 37,590
provided, that any moneys made available to the Division of Beaches and Parks, Department of Natural Resources, from this item shall be repaid to the General Fund out of any moneys impounded in the State Lands Act Fund under the decision and order of the United States Supreme Court which hereafter may be released by the Federal Government and subsequently paid into the State Beach Fund

Item		Amount
	or the State Park Fund. The transfer to the General Fund from the respective funds shall be in such amounts as may be determined by the Department of Finance. Such transfers shall be made by the State Controller upon written order of the Department of Finance.	
453	For major construction, improvements, and equipment storage dam at Big Basin State Park, Division of Beaches and Parks, payable from Postwar Employment Reserve ---------- provided, that any moneys made available to the Division of Beaches and Parks, Department of Natural Resources, from this item shall be repaid to the General Fund out of any moneys impounded in the State Lands Act Fund under the decision and order of the United States Supreme Court which hereafter may be released by the Federal Government and subsequently paid into the State Beach Fund or the State Park Fund. The transfer to the General Fund from the respective funds shall be in such amounts as may be determined by the Department of Finance Such transfers shall be made by the State Controller upon written order of the Department of Finance.	120,000
454	For major construction, improvements, and equipment, of water supply at Columbia State Park (additional cost), Division of Beaches and Parks, payable from Postwar Employment Reserve---------- provided, that any moneys made available to the Division of Beaches and Parks, Department of Natural Resources, from this item shall be repaid to the General Fund out of any moneys impounded in the State Lands Act Fund under the decision and order of the United States Supreme Court which hereafter may be released by the Federal Government and subsequently paid into the State Beach Fund or the State Park Fund. The transfer to the General Fund from the respective funds shall be in such amounts as may be determined by the Department of Finance. Such transfers shall be made by the State Controller upon written order of the Department of Finance.	28,750
455	For major construction, improvement, and equipment of state beaches, Division of Beaches and Parks, Department of Natural Resources-- provided, that any moneys made available to the Division of Beaches and Parks, Department of Natural Resources, from this item shall be repaid to the General Fund out of any moneys impounded in the State Lands Act Fund under the decision and order of the United States Supreme Court which hereafter may be released by the Federal Government and subsequently paid into the State Beach Fund or the State Park Fund. The transfer to the General Fund from the respective funds shall be in such amounts as may be determined by the Department of Finance. Such transfer shall be made by the State Controller upon written order of the Department of Finance.	94,350
456	For major construction, improvements, and equipment of state parks, Division of Beaches and Parks, Department of Natural Resources--- provided, that any moneys made available to the Division of Beaches and Parks, Department of Natural Resources, from this item shall be repaid to the General Fund out of any moneys impounded in the State Lands Act Fund under the decision and order of the United States Supreme Court which hereafter may be released by the Federal Government and subsequently paid into the State Beach Fund or the State Park Fund The transfer to the General Fund from the respective funds shall be in such amounts as may be determined by the Department of Finance. Such transfer shall be made by the State Controller upon written order of the Department of Finance.	198,100
457	For establishment and development of riding and hiking trails, Division of Beaches and Parks, Department of Natural Resources, payable from the Postwar Employment Reserve---------- provided, that any moneys made available to the Division of Beaches and Parks, Department of Natural Resources, from this item shall be repaid to the General Fund out of any moneys impounded in the State Lands Act Fund under the decision and order of the United States Supreme Court which hereafter may be released by the Federal Government and subsequently paid into the State Beach Fund or the State Park Fund The transfer to the General Fund from the respective funds shall be in such amounts as may be determined by the Department of Finance. Such transfer shall be made by the State Controller upon written order of the Department of Finance.	100,000
458	For minor construction, improvements, repairs, and equipment, Division of Fish and Game, Department of Natural Resources, payable from the Fish and Game Preservation Fund----------	328,882

Item		Amount
459—	For construction, improvements, repairs, and equipment and for acquisition of such lands, rights in land, water or water rights as may be necessary to carry out the provisions of the Wildlife Conservation Act of 1947, Wildlife Conservation Board, Department of Natural Resources, payable from the Wildlife Restoration Fund	2,995,933
460—	For the acquisition of real property, Division of Forestry, Department of Natural Resources to be expended under the provisions of the Property Acquisition Act.	22,850
461—	For minor construction, improvements, repairs, and equipment, Division of Oil and Gas, Department of Natural Resources, payable from the Petroleum and Gas Fund	3,350
462—	For lands, rights of way, borrow pits, and easements for levees and flood control works to be constructed by the United States within the Sacramento River Flood Control Project, and for advances and payment to the United States for incidental construction items which are a right-of-way cost or obligation of the State in the construction of said levees and flood control works, and for materials and necessary construction or reconstruction of, or alterations to highways, bridges, power lines, pipe lines and other structures or facilities, and for flowage rights over lands in by-passes and channels created for the disposal of flood waters, and for flowage rights over lands in overflow areas, Reclamation Board, payable from the Flood Control Fund of 1946	850,000
	The appropriation made by this item shall be available for expenditure until June 30, 1953	
463—	For allocation to the State Water Resources Board for reallocation to the Reclamation Board for expenditure for payment, and for reimbursement for necessary advances made, of the cost of cooperation by the State for the construction of the project for the Merced County Stream Group adopted and authorized by Section 32 of the State Water Resources Act of 1945, payable from the Flood Control Fund of 1946	250,000
464—	For allocation to the State Water Resources Board for reallocation to the Reclamation Board for expenditure for payment, and for reimbursement for necessary advances made, of the cost of cooperation by the State for the construction of the project for the Calaveras River and Littlejohn Creek and tributaries adopted and authorized by Section 34 of the State Water Resources Act of 1945, payable from the Flood Control Fund of 1946	20,000
465—	For major construction, improvements, and equipment (partial cost), Recreation Center and Auditorium, Veterans' Home of California, payable from Athletic Commission Fund	121,000
466—	For major construction, improvements, and equipment, (partial cost), Recreation Center and auditorium, Veterans' Home of California, payable from Postwar Employment Reserve	206,500
467—	For major construction, improvements, and equipment, underground electric system (additional cost), Veterans' Home of California, payable from Postwar Employment Reserve	70,000
468—	For major construction, improvements, and equipment (partial cost), Recreation Center and auditorium, Veterans' Home of California, payable from Athletic Commission Fund	479,000
469—	For major construction, improvements, and equipment, installation of ground lighting, Veterans' Home of California, payable from Postwar Employment Reserve	75,000
470—	For major construction, improvements, and equipment, installation of steam service lines, Veterans' Home of California, payable from Postwar Employment Reserve	73,000
471—	For major construction, improvements, and equipment, installation domestic and fire water distribution system, Veterans' Home of California, payable from Postwar Employment Reserve	30,000
472—	For major construction, improvements, and equipment, installation of sewer lines, Veterans' Home of California, payable from Postwar Employment Reserve	18,000
473—	For major construction, improvements, and equipment, repairs and equipment, domiciliary barracks (partial cost), Veterans' Home of California, payable from Postwar Employment Reserve	193,204
474—	For major construction, improvements, and equipment, road and ground improvements, Veterans' Home of California, payable from Postwar Employment Reserve	48,000
475—	For major construction, improvements and equipment of road at the Mall, Veterans' Home of California, payable from Postwar Employment Reserve	28,270

Item		Amount
476—For major construction, improvements, and equipment of central warehouse (partial cost), Veterans' Home of California, payable from Postwar Employment Reserve		54,100
477—For major construction, improvements, and equipment, sidewalks, Veterans' Home of California, payable from Postwar Employment Reserve		5,700
478—For major construction, improvements, and equipment, installation of street lighting, Veterans' Home of California, payable from Postwar Employment Reserve		15,000
479—For major construction, improvements, and equipment, commandant's residence, Veterans' Home of California, payable from Postwar Employment Reserve		41,000
480—For minor construction, improvements, repairs, and equipment, Veterans' Home of California		20,060
LOCAL ASSISTANCE BUDGET		
481—For transfer by the State Controller to the Teachers' Permanent Fund for operation of the State Teachers' Retirement System		5,368,000
482—For transfer by the State Controller to the Retirement Annuity Fund for operation of the State Teachers' Retirement System		11,282,000
483—For publishing, purchasing, and shipping free textbooks, Department of Education, in accordance with the following schedule and in addition thereto any amounts collected for sale of textbooks and bulletins, which by law are available for support of said department.		2,706,848
Schedule:		
(a) Salaries and Wages	49,965	
(b) Operating Expenses	2,662,247	
(c) Equipment	1,636	
Total of schedule	2,713,848	
Less: Estimated reimbursements:		
(d) For sale of textbooks and bulletins	7,000	
Net appropriation	2,706,848	
484—For assistance to cities, counties, local health agencies and local health districts for the establishment of minimum standards of personnel, organization and administration of local health departments, in accordance with the provisions of Chapter 8, Part 2, Division 1 of the Health and Safety Code, Department of Public Health		2,956,666
485—For subsidies to counties, and cities and counties, for maintenance of tuberculosis sanatoria, Department of Public Health to be expended in accordance with Division 4 of the Health and Safety Code.		4,768,013
486—For subsidies to counties, and cities and counties, for maintenance of tuberculosis sanatoria, Department of Public Health Notwithstanding other provisions of this section, the amount made available by this item is available during the 1949-50 Fiscal Year, or for repayment of any amounts advanced from the Emergency Fund provided by Item 278, Budget Act of 1949.		219,154
487—For assistance to counties, and cities and counties, to be expended for services to physically handicapped children, in accordance with provisions of Article 2 of Chapter 2 of Part 1 of Division 1 of the Health and Safety Code, Department of Public Health provided, that all or any portion of this appropriation may be transferred to the Public Health Fund upon executive order of the Director of Finance.		863,739
488—For assistance to counties, and cities and counties, to be expended for services to children suffering from rheumatic fever and rheumatic heart disease, in accordance with provisions of Article 2 of Chapter 2 of Part 1 of Division 1 of the Health and Safety Code, Department of Public Health provided, that all or any portion of this appropriation may be transferred to the Public Health Fund upon executive order of the Director of Finance.		479,255
489—For assistance to local agencies in the treatment of minors with cerebral palsy, Department of Public Health provided, that all or any portion of this appropriation may be transferred to the Public Health Fund in augmentation of Item 235 upon executive order of the Director of Finance.		38,592

Item	Amount
490—For subsidies to local districts and other public agencies for the control of mosquitoes and gnats, as provided for by Chapter 5 5 of Division 3 of the Health and Safety Code, Department of Public Health	400,000
491—For assistance to local agencies in the construction of hospital facilities, Department of Public Health, to be expended under the provisions of the California Hospital Survey and Construction Act and in addition thereto any amounts remaining unexpended on June 30, 1950, in the appropriation made by Item 382 of the Budget Act of 1949.	4,000,000
492—For reimbursement of expenses incurred by counties and cities in maintaining approved services for the licensing and inspection of agencies for child care and home finding, and agencies for the care of the aged, Department of Social Welfare, to be expended in accordance with the provisions of Sections 1622 and 2302 of the Welfare and Institutions Code provided, that all or any portion of this appropriation may be transferred to the Social Welfare Fund upon executive order of the Director of Finance.	573,692
493—For reimbursement to counties for the cost of administering adoption programs under license issued pursuant to Section 225m of the Civil Code and for the portion of the cost of care of children relinquished for adoption under license granted to the county by the State Department of Social Welfare from the time of relinquishment until placement which is not met from fees collected pursuant to Section 225p of the Civil Code; provided, that the amount payable to any county on any claim for such care shall not exceed two hundred dollars ($200) on the average per child, and that no reimbursement shall be made for the cost of care of any child for whose care the county has previously claimed reimbursement, regardless of the length of time the county has provided care for the child; State Department of Social Welfare provided, that all or any portion of this appropriation may be transferred to the Social Welfare Fund in augmentation of Item 259 for support of the Department of Social Welfare, upon executive order of the Director of Finance. Claims for such reimbursements shall be filed quarterly with the State Department of Social Welfare, and shall be subject to audit by the department. The State Department of Social Welfare with the approval of the State Department of Finance shall adopt such rules as may be necessary to determine the costs of administration and of care, and to provide for the presentation, allowance, and payment of such claims	759,000
494—For reimbursements to counties for maintenance of juvenile homes and camps, Youth Authority, to be expended in accordance with the provisions of Article 13, Chapter 2 of Part 1 of Division 2 of the Welfare and Institutions Code	856,900
495—For allocation to the State Water Resources Board for reallocation to the Los Angeles County Flood Control District for expenditure for payment, and for reimbursement for necessary advances made, of the cost of cooperation by the State in the construction of the project for control of floods on the Los Angeles and San Gabriel Rivers and Ballona Creek, adopted and authorized by Section 29 of the State Water Resources Act of 1945, payable from the Flood Control Fund of 1946	1,015,800
496—For allocation to the State Water Resources Board for reallocation to the Los Angeles County Flood Control District for expenditure for payment, and for reimbursement for necessary advances made, of the cost of cooperation by the State in the construction of the project for the Los Angeles River Watershed program, adopted and authorized by Section 52 of the State Water Resources Act of 1945, payable from the Flood Control Fund of 1946	108,600
497—For allocation to the Water Resources Board for reallocation to City of San Diego for expenditure for payment, and for reimbursement for necessary advances made, of the cost of cooperation by the State in the work of improvement on the San Diego River and Mission Bay, San Diego County, adopted and authorized by Section 46 5 of the State Water Resources Act of 1945, payable from the Flood Control Fund of 1946	921 000
498—For State's share of salaries of judges of superior courts as provided by Section 736b of the Political Code.	1,167,250

Item		Amount
499—For contributions to counties toward the compensation and expenses of county service officers, Department of Veterans Affairs. To be expended in accordance with Section 972 of the Military and Veterans Code		310,000
500—For salaries of county agricultural commissioners or compensation for services performed for county agricultural departments, Department of Agriculture To be expended in accordance with the provisions of Section 63.5 of the Agricultural Code		102,728
501—For furnishing of workmen's compensation to disaster service workers and their dependents in accordance with the provisions of Division 4 of the Labor Code, including the reimbursing of the State Compensation Insurance Fund for the cost of services as adjusting agent, California State Disaster Council		2,000
The State Compensation Insurance Fund may draw from the State Treasury out of the appropriation made by this item, without at the time presenting vouchers and itemized statements, any portion of the appropriation contained in this item, to be used as a cash revolving fund Expenditures made from the revolving fund in payment of claims for workmen's compensation and adjusting services are excepted 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 or statement shall be in such form as the Controller requires.		
UNEMPLOYMENT DISABILITY ADMINISTRATION		
502—For administration of unemployment compensation disability benefits, Department of Employment, payable from the Unemployment Compensation Disability Fund in accordance with the following schedule		2,716,397
and in addition thereto any amounts collected for services to other activities.		
Schedule:		
(a) Salaries and Wages	2,166,185	
(b) Operating Expenses	564,776	
(c) Equipment	17,578	
Total of schedule	2,748,539	
Less:		
(d) Estimated amounts payable from Unemployment Administration Fund	32,142	
Net appropriation	2,716,397	
502.1—For additional support of the Department of Employment, payable from the Department of Employment Contingent Fund, and in addition thereto any grants made available by the Federal Government; provided, that all or any portion of this appropriation may be transferred to the Unemployment Administration Fund upon executive order of the Director of Finance		55,582
503—For acquisition of real property to be expended under the provisions of the Property Acquisition Act, and/or major construction, improvements, and equipment, Department of Employment, payable from the Department of Employment Contingent Fund		1,935,000
SAN FRANCISCO HARBOR		
504—For support of Board of State Harbor Commissioners for San Francisco Harbor, payable from San Francisco Harbor Improvement Fund		3,369,511
505—For maintenance of fire boats, Board of State Harbor Commissioners for San Francisco Harbor, payable from San Francisco Harbor Improvement Fund		200,000
506—For services of City and County of San Francisco firemen, Board of State Harbor Commissioners for San Francisco Harbor, payable from San Francisco Harbor Improvement Fund		12,000
507—For promotion of the maritime and commercial interests of the harbor by advertising its advantages and facilities and by the solicitation of business, payable from the San Francisco Harbor Improvement Fund		50,000

Item		Amount
	which amount shall be in addition to the funds made available for this purpose by Section 1915 of the Harbors and Navigation Code, and subject to the provisions of Section 1706 of the Harbors and Navigation Code.	
508—For construction, repairs, and improvements of wharves, piers, sheds, bridges, tracks, and other construction, improvements, repairs, and equipment as needed, Board of State Harbor Commissioners for San Francisco Harbor, payable from San Francisco Harbor Improvement Fund		257,000
	exempt from Section 4 of this act.	

SEC 3. Notwithstanding any other provisions of law, all sums of money heretofore withdrawn by the Regents of the University of California pursuant to the provisions of Section 20041 of the Education Code from the appropriations made by Chapter 21, Statutes of 1944 (Fourth Extraordinary Session), Item 103.5 of Chapter 644, Statutes of 1945, Chapter 1486, Statutes of 1945 and Item 138 of Chapter 23, Statutes of 1948, are reappropriated for the purposes for which originally appropriated and shall be available for expenditure in payment of any encumbrances incurred heretofore or hereafter without regard to fiscal years, provided, however, that any unencumbered balances thereof remaining as of June 30, 1951, shall revert to the respective funds from which the original appropriations were made

SEC 3.1. Notwithstanding any other provisions of law all appropriations herein or heretofore made out of the Postwar Employment Reserve for any project subject to the provisions of Section 3 of Chapter 145, Statutes of 1946 (First Extraordinary Session), shall remain available until June 30, 1951, for determinations by the Public Works Board pursuant to said Section 3 of Chapter 145, Statutes of 1946 (First Extraordinary Session), as to projects to be undertaken, and any amount heretofore or hereafter appropriated or allotted for any project so determined to be undertaken shall remain available for expenditure without regard to fiscal years, provided, that the unencumbered balance in any such appropriation or allotment shall revert to the General Fund, except that the unencumbered balance in any such appropriation or allotment which was originally derived from a special fund shall revert to the special fund from which derived, three years after the date on which the determination by the Public Works Board under the above mentioned Section 3 was made, or on June 30, 1951, whichever is the later; provided further, that this section shall not prevent the reallotment pursuant to Sections 6 and 11 of Chapter 145, Statutes of 1946 (First Extraordinary Session), of unexpended balances of any allotment after completion of projects; provided further, that the unencumbered balance as of June 30, 1950, in the appropriation in Item 372.12 of Chapter 700, Statutes of 1949, shall revert to the unappropriated balance of the Postwar Employment Reserve.

SEC 3.2. All unexpended balances in the appropriations transferred to the Postwar Employment Reserve pursuant to Section 3 of Chapter 23, Statutes of 1948, except the appropriations mentioned in Section 3.3 hereof, are hereby reappropriated for the respective purposes for which they were originally appropriated and shall be subject to the provisions of Sections 3, and 12 of Chapter 145, Statutes of 1946 (First Extraordinary Session).

SEC. 3.3. The unencumbered balances as of June 30, 1950, in the following appropriations shall revert to the General Fund: Chapter 27, Statutes of 1944 (Fourth Extraordinary Session); Chapter 28, Statutes of 1944 (Fourth Extraordinary Session); Chapter 30, Statutes of 1944 (Fourth Extraordinary Session); Chapter 31, Statutes of 1944 (Fourth Extraordinary Session); Chapter 32, Statutes of 1944 (Fourth Extraordinary Session); Items 251, 252 and 253 of Chapter 644, Statutes of 1945; Chapter 1315, Statutes of 1945; Chapter 1413, Statutes of 1945; Chapter 1414, Statutes of 1945; Chapter 1426, Statutes of 1945; Items 69, 184, 186, 217 and 222 of Chapter 486, Statutes of 1947, Chapter 1051, Statutes of 1947; Chapter 1463, Statutes of 1947; Chapter 1546, Statutes of 1947; and Item 165 of Chapter 23, Statutes of 1948

SEC 3.4. All unexpended balances of amounts appropriated in the Budget Act of 1949 for construction and equipment of armories are hereby reappropriated to be expended in accordance with the following list, to wit:

Anaheim-Fullerton
Barstow
Brawley
Banning-Beaumont
El Monte-Rosemead
Escondido-San Marcos
Fairfax-San Rafael-San Anselmo
Fontana-Rialto
Gardena
Indio-Coachella

Monterey-Seaside-Pacific Grove
Marysville
Menlo Park-Palo Alto
Mountain View
Norwalk-Downey
Ukiah
Ventura
Victorville
Oakdale-Riverbank
Paso Robles
Red Bluff
Riverside
Sacramento
San Bruno-Millbrae
Santa Ana
Santa Clara
San Diego
San Diego (6th Engineers)
Santa Cruz
Santa Monica
Sierra Madre
Susanville-Westwood
Torrance-Lomita
Tulare
Walnut Creek-Lafayette
Watsonville
Yreka

SEC. 4. Wherever herein an appropriation is made for construction, improvements, repairs, and equipment, any construction or improvement project exceeding ten thousand dollars ($10,000) in cost shall be subject to the provisions of Sections 3, and 12 of Chapter 145, Statutes of 1946 (First Extraordinary Session).

SEC. 5. In providing that certain appropriations in Section 2 of this act are to be expended in accordance with a schedule set forth after each such appropriation item, it is the intent of the Legislature, except as specifically provided in other sections of this act relating to the category "salaries and wages," to limit thereby the amount of money to be expended from each such appropriation item for certain specified object categories, such as 'salaries and wages,' "operating expenses," or "equipment," using in that connection the same terms as used in the detailed budget of the officer, department, division, bureau or other agency to whom the appropriation is made, as contained in that document entitled "State of California Budget for the Fiscal Year July 1, 1950, to June 30, 1951," submitted by the Governor to the Legislature at the 1950 Budget Session. Each such schedule in this act is a restriction or limitation upon the expenditure of the respective appropriation made by this act, does not itself appropriate any money, and is not itself an item of appropriation.

As used in such schedules:

"Salaries and wages" shall include all expenditures for payment of officers and employees of the State but does not include compensation of independent contractors rendering personal services to the State under contract.

"Operating expenses" shall include all expenditures for purchase of materials, supplies (including expendable equipment), services (other than services of state officers and employees), and all other proper expenses (other than the acquisition of unexpendable tangible property).

"Equipment" shall include all expenditures for the acquisition or replacement of nonexpendable tangible property.

For the purpose of further interpreting the meaning of the words, terms, and phrases used in such schedules, reference is hereby made to the aforementioned budget document, the uniform accounting system prescribed by the Department of Finance under the provisions of Section 13290 of the Government Code, and the appropriate portions thereof. The State Board of Control shall establish such interpretations as are necessary to carry out the provisions of this section and shall furnish the same to the State Controller and to every state agency to whom appropriations are made under this act.

SEC. 5.1. In providing that certain appropriations made heretofore or made herein, in Section 2 of this act are to be expended in accordance with the projects set forth after each appropriation item for construction, improvements, repairs, and equipment, the unexpended amounts for each such project shall revert to the fund from which the appropriation for such project was made.

SEC. 6. The Director of Finance may, pursuant to a request by the officer, department, division, bureau, board, commission, or other agency to whom an appropriation is made herein, authorize the augmentation of the amount available for expenditure for an object category designated in any schedule set forth for such appropriation in Section 2 by transfer from any of the other designated object categories

within the same schedule. The Director of Finance shall present to the Joint Legislative Budget Committee assembled in meeting a report on all authorizations given pursuant to this section during the preceding quarter.

SEC. 7. The Director of Finance may authorize the augmentation of the amount available for expenditure for any object category under the schedules set forth for any appropriation in Section 2 hereof or any additional category in the amount of any funds which he estimates will be received by an officer, department, division, bureau or other agency during the 1950-51 Fiscal Year from any other state agency, from any agency of local government or the Federal Government, from any appropriation made by the Legislature or from any other source which he determines has not been taken into consideration in said schedule, or is in excess of the amount so taken into consideration.

The Director of Finance may also reduce any object category whenever he determines that funds to be received will be less than the amount taken into consideration in the schedule.

SEC. 8. Premiums for official bonds may be paid out of appropriations contained in this act, notwithstanding the period covered by such bonds.

SEC. 9. The sums that are herein appropriated for expenses of the Senate and Assembly shall be disbursed under the direction of the bodies to which they respectively belong, and shall not be subject to any of the provisions of Sections 16003 and 13320 of the Government Code; provided, that the State Controller shall not be required to draw such warrants until the original claims and vouchers, itemized and properly sworn to, are filed with him.

SEC. 10. The allocations made by Items 463, 464, 495, 496, and 497 of Section 2 of this act are subject to Section 11 of the Flood Control Fund Act of 1946 in the same manner as the allocations made by Sections 13 and 14 of that act are subject to Section 11, are made pursuant to the State Water Resources Act of 1945, and are, to the extent of such allocations, in fulfillment of the policy set forth in said act that the State will participate in the prosecution of the projects approved and authorized in said act by paying for the cooperation which is required by the acts of Congress approving and authorizing the projects. The State Water Resources Board shall determine the amounts in which each of such reallocations shall be made. The allocations made by said items shall remain available for reallocation and expenditure until June 30, 1954.

SEC. 11. The State Controller is hereby expressly prohibited from allowing any demands payable out of any appropriation herein contained, unless the same are presented in accordance with the provisions of Section 16003 of the Government Code; provided, that in instances where the duties of any state officers or board make necessary the use of moneys for purposes of a confidential nature, the State Controller may audit claims for such expense without requiring itemization or vouchers; but such claims must be accompanied by a statement of the fact surrounding the expenditure, which statement must be filed in the office of the State Controller; provided further, that the total amount so allowed for such confidential purposes from the moneys herein appropriated shall not exceed the sum of two thousand dollars ($2,000), except in the case of the Attorney General's office, whose expenditures for such confidential purposes shall be governed by Sections 12572 and 12573 of the Government Code. All bills and vouchers, which shall be presented for supplies furnished or services rendered, shall be original bills and vouchers of the parties furnishing supplies and rendering services. No officer shall use or appropriate any money, appropriated by this act, for any purpose whatever, unless authorized thereto by law.

SEC. 12. Any officer, board, commission, or department for whom any appropriation is made herein, may, without at the time furnishing vouchers and itemized statements, draw from such appropriations a sum not to exceed 3 percent of the total amount appropriated for any such officer, board, commission or department. Any officer, board, commission or department for whom any appropriation is made herein, may with the permission and the approval of the Department of Finance, and without at the time furnishing vouchers or itemized statements, draw from such appropriation a sum in excess of 3 percent, but not to exceed 10 percent of the total amount appropriated for any such officer, board, commission or department. Any officer, board, commission or department for whom any appropriation is made herein, may with the permission and approval of the State Board of Control, and without at the time furnishing vouchers or itemized statements, draw from such appropriation a sum in excess of 10 percent of the total appropriated to such officer, board, commission or department.

In lieu of withdrawing from the State Treasury a revolving fund authorized under this section an officer, board, commission or department may request the State Controller to apply such amount, or any portion thereof, as repayment and return of any existing revolving fund to the appropriation from which it was withdrawn. Upon receipt of such request the State Controller shall credit the amount designated to the appropriation from which such revolving fund previously was withdrawn.

Any sums drawn under the provisions of this section without at the time furnishing vouchers and itemized statements, shall be used as a revolving fund where payment of compensation earned, traveling expense advances, traveling expense incurred

or other cash payments are necessary. Any state agency that withdraws a revolving fund shall remain fully accountable therefor. All disbursements must be substantiated by vouchers filed with and audited by the Controller. Disbursements may be reported, substantiated by vouchers, from time to time to the Controller in connection with claims for reimbursement of the revolving fund. At the close of each fiscal year, and at any time upon the demand of the Department of Finance every revolving fund must be accounted for and substantiated by vouchers and itemized statements submitted to and audited by the Controller.

SEC. 13. Whenever an expenditure is authorized from the Emergency Fund, from the Salary Increase Funds, or from a special fund pursuant to Section 11006 of the Government Code, in addition to an appropriation made by this act, such authorized expenditures shall, for accounting purposes, be deemed to be an augmentation and increase of the appropriation made by this act

SEC. 14. The appropriations under this act, unless otherwise provided, shall be subject to the provisions of Section 13320 of the Government Code requiring expenditures to be made in accordance with the allotments and other provisions of fiscal year budgets approved by the Department of Finance

The fiscal year budget shall authorize in such manner as the Department of Finance shall prescribe all established positions whose continuance for the year is approved and all new positions. No new position shall be established unless authorized by the Department of Finance.

Each fiscal year budget shall provide for a Salary Savings Reserve to which shall be transferred on a document initiated by the agency and approved by the Department of Finance the unencumbered balance remaining in each allotment for salaries and wages at the close of each quarter or other period of time covered by the allotment. The unencumbered balance remaining in each budget allotment for salaries and wages shall be computed by deducting from the amount of the allotment the expenditures and accrued obligations for salaries and wages chargeable to such allotment for the period covered thereby. The amount in the Salary Savings Reserve shall not be available for expenditure except upon transfer to allotments for salaries and wages approved by the Department of Finance. Such transfers shall be approved only after it has been demonstrated to the satisfaction of the Department of Finance that the allotment to be augmented is insufficient to meet necessary expenditures for salaries and wages.

No money in any Salary Savings Reserve may be expended to pay increases in salary ranges established after July 1, 1950, unless the Department of Finance certifies to the State Personnel Board prior to the adoption of such increased salary range that funds will be made available to pay the increased salaries resulting therefrom.

A certification on a pay roll claim that expenditures therein are in accordance with current budgetary provisions as approved by the Department of Finance shall be sufficient evidence to the Controller that such expenditures comply with the provisions of this section.

SEC. 15. No purchase order for acquisition or replacement of motor vehicles shall be issued against any appropriation made herein until the Department of Finance has investigated and established the necessity therefor.

All passenger type motor vehicles purchased from any appropriation made by this act for the use of state employees and officers, except constitutional officers, heads of departments, and the California Highway Patrol, shall be of the light class, for example: Chevrolet; Ford 6 or 8 cylinder; Nash 600; Plymouth; and Studebaker Champion.

SEC. 15.5 All passenger type motor vehicles purchased either from any appropriation made by this act or from any other appropriation available therefor for the use of the Department of Public Works, except the head of the department, shall be of the light class, for example: Chevrolet; Ford 6 or 8 cylinder; Nash 600; Plymouth; and Studebaker Champion.

SEC. 16. The officers of the various departments, boards, commissions and institutions, for whose benefit and support appropriations are made in this act, are expressly forbidden to make any expenditure in excess of such appropriations, except the consent of the State Department of Finance be first obtained, and a certificate, in writing, duly signed by the director of said department, of the unavoidable necessity of such expenditure; and any indebtedness attempted to be created against the State in violation of the provisions of this section shall be absolutely null and void; and shall not be allowed by the State Controller nor paid out of any state appropriation. Any member of any such department, board, commission or institution, who shall vote for any expenditure, or create any indebtedness against the State in excess of the respective appropriations made by this act, except by the consent of the State Department of Finance and the certificate in this section provided to be first obtained, shall be liable on his official bond for the amount of such indebtedness, to be recovered in any court of competent jurisdiction by the person or persons, firm or corporation to whom such indebtedness is owing

SEC. 17. No money appropriated by this act shall be used to renew, or to pay for the renewal of any fire insurance on any public building or property, nor to effect or pay for any new fire insurance on any public building or property, except the

property of San Francisco Harbor, the University of California, and the property referred to in Section 6 of Chapter 264, Statutes of 1933.

17.1. None of the money appropriated by this act or for an expenditure which is supplemented from money appropriated by this act shall be used to purchase furnishings for any house or apartment of three or more rooms other than a dormitory which is rented to a state employee except for a superintendent of an institution, warden of a prison, or physicians. This provision shall not apply to the purchase of refrigerators, heaters, air conditioning equipment, stoves, linoleum, or equipment normally furnished in construction of the house as may be determined by the Board of Control Any such funds that are appropriated by this act for this purpose shall be held intact and be reverted to the fund from which they were appropriated. It is the intent of the Legislature that no money shall be appropriated henceforth for the purpose of house furnishings. Such furnishings are not to be provided by the State nor shall any money be paid from this appropriation for their replacement, repair or otherwise except in connection with the disposal of the same.

17.2 None of the money appropriated by this act or for an expenditure which is supplemented for money appropriated by this act shall be used to furnish rugs or carpets for any state office except those provided for the constitutional officers or the heads of departments. Any funds that are appropriated by this act for this purpose as is shown in the document entitled "State of California Budget for the Fiscal Year July 1, 1950 to June 30, 1951" submitted by the Governor to the Legislature at the 1950 Regular Session for such purchases, shall be held intact by the Director of Finance for the reversion to funds from which appropriated. Report shall be made to the Legislature of the 1951 Session as to the amount of savings that have been accumulated from this source.

17.3. No money appropriated by this act shall be used to pay the salary of any authorized state position, which position was vacant and had been vacant or continuously unfilled during the period between October 15, 1949 and July 1, 1950, except with the specific approval of the Director of Finance subsequent to July 1, 1950.

The Director of Finance shall present to the Joint Legislative Budget Committee, assembled in meeting, a report of all authorizations to fill vacant positions pursuant to this section during the proceeding quarter and all positions abolished.

SEC. 17.5. Every appropriation made by this act that is available for expenditure for maintenance and operation of state-owned motor vehicles is subject to the limitations, restrictions and conditions set forth in this section. No money appropriated by this act shall be expended for the maintenance or operation of any motor vehicle unless the state department or agency and its employees who maintain or operate such vehicle shall have complied with the following limitations, conditions and restrictions regarding the use and operation of such vehicle:

(a) The Director of Finance shall certify monthly to each state department or agency which operates state-owned motor vehicles, the number of spaces in state garage facilities allocated to each such department or agency, and the location thereof.

Each state department or agency so notified shall assign the garage storage spaces allocated to their use to the state-owned motor vehicles under their control to make maximum use of such facilities.

(b) Within the first 10 days of each month every state employee who during the preceding month has operated a state automobile shall file a sworn statement with the Director of Finance as provided in this article.

The statement of the operator shall certify:

1. To the proper identification of each automobile operated during the preceding month.

2. That each trip made during such period was necessary in the performance of the operator's specific assignment of state duties.

3. As to each automobile which was not placed in overnight storage in a state garage facility each night while under his custody.

(i) That the vehicle was en route on an official trip, or

(ii) That the operator was leaving upon or returning from a trip away from his headquarters before or after usual office hours, or

(iii) That the duties of the operator involve the operation of a car outside of regular office hours as evidenced by a permit issued by the Director of Finance, or

(iv) That the head of the department or agency has determined that no state garage facility is available for such automobile

(c) The Director of Finance may issue permits to state officers and employees whose duties outside of regular office hours require the use of state automobiles.

(d) Statements filed by operators of state-owned motor vehicles pursuant to this article shall be retained by the Director of Finance for one year from the date of filing.

(e) The wilful certification to any false statement or knowingly to fail to disclose any fact in a statement filed pursuant to this article shall constitute an act incompatible and inimical to the public service under Section 19572 of the Government Code, and shall constitute cause for disciplinary action pursuant to the provisions of the State Civil Service Act.

(f) The provisions of this section shall not apply to the use by elected state officers of state-owned automobiles.

SEC. 17.6. There is hereby appropriated from the General Fund the sum of thirty-two thousand three hundred eighty dollars ($32,380) to the Department of Finance to carry out the provisions of Section 17.5 of this act, relating to the use of state-owned motor vehicles The Director of Finance may transfer any portion of this appropriation to any other state agency upon executive order in augmentation of the appropriation for support of such agency, and the State Controller shall make such transfer when the Director of Finance so authorizes.

SEC. 18. The State Board of Control upon the recommendation of the Director of Finance, may authorize the transfer of unneeded funds from an appropriation for support, for an institution, school or college within any of the following agencies to a similar appropriation for another institution, school or college within the same agency:

(a) Department of Corrections, exclusive of the Youth Authority, upon request of the Director of Corrections;

(b) California Youth Authority, upon request of the Director of the Youth Authority;

(c) Department of Education, upon request of the Director of Education;

(d) Department of Mental Hygiene, upon request of the Director of Mental Hygiene

SEC. 19. Upon submission of claims by a state agency, with the approval of the Department of Finance, the Controller may pay, from appropriations herein made available therefor, money to the United States for costs of a project undertaken by the United States for and in behalf of, or in cooperation with, the State of California, prior to the commencement or completion of the project.

SEC. 20. If any item of appropriation in this act is vetoed, eliminated or reduced by the Governor under Sections 16 and 34 of Article IV of the Constitution while approving portions of this act, such veto, elimination or reduction shall not affect the other portions of this act and these other portions of this act, so approved, shall have the same effect in law as if any vetoed or eliminated items of appropriation had not been present in this act and as if any reduced item of appropriation had not been reduced.

SEC 21 Whenever any of the duties, powers, purposes, responsibilities, or jurisdiction of any office, officer, board, commission, bureau or other agency of the State are transferred by law to any other office, officer, board, commission, bureau or other agency of the State, that portion of any appropriation herein made for such office, officer, board, commission, bureau or other agency of the State, intended to be used and available for the performance of such duties, powers, purposes, responsibilities or jurisdiction, upon certification by the Department of Finance as to the amount shall, by the State Controller, be transferred to, and the same shall become a part of, the funds available for the office, officer, board, commission, bureau or other agency of the State, to which the duties, powers, purposes, responsibilities, or jurisdiction of such office, officer, board, commission or other state agency have been transferred.

SEC. 22 Whenever the duties, powers, purposes, responsibilities and jurisdiction of any office, board, commission or other state agency are abolished by law the appropriation herein made for the support of such office, board, commission, or other state agency shall upon the effective date of the act abolishing such office, board, commission or other state agency revert to and become a part of the unexpended balance of the fund from which such appropriation was made

SEC. 23. Whenever by law a change is made in the fund from which the support of any office, board, commission or other state agency is properly payable, any appropriation made herein for the support of such office, commission or other state agency, or the applicable portion thereof, shall become payable from the fund designated in that law The State Board of Control shall determine the adjustments to be made in the appropriations provided for herein as a result of any such change in law and shall certify the same to the State Controller, who shall thereupon make the necessary entries upon his records.

SEC. 24 If any section, subsection, sentence, clause, or phrase of this act is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this act The Legislature hereby declares that it would have passed this act, and each section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional.

SEC. 25. This act, inasmuch as it provides for an appropriation for the usual current expenses of the State, shall, under the provisions of Section 1 of Article IV of the Constitution of the State of California, take effect immediately."

Amendment No. 2

Strike out all of pages 2 to 114, inclusive, of said bill.

Amendments read and adopted.

Bill ordered reprinted, and to third reading.

ANNOUNCEMENT BY SPEAKER

Speaker Sam L. Collins announced that it has been suggested, in the interest of time, that the title and number of Senate Bill No. 1 be placed upon the Assembly amended Budget Bill, Assembly Bill No. 1; which would, in effect, be amending the Senate Budget Bill so it would be in the same form as the Assembly Budget Bill; and that such action would obviate the necessity of printing the Senate bill anew, and the use of strike-out type.

ANNOUNCEMENT OF COMMITTEE MEETINGS

It was announced that the following committees would hold meetings:

Today, at 1.45 p.m.—

Rules.

Today upon adjournment—

Governmental Efficiency and Economy, instead of at 3 p.m., in Room 435.

Tomorrow afternoon, Thursday, March 23d—

Ways and Means.

It was announced that the following committee would hold no meeting today:

Ways and Means.

GUESTS EXTENDED COURTESIES OF ASSEMBLY

On request of Mr McCollister, the usual courtesies of the Assembly for this day were unanimously extended to Mr. Saladin, Mrs. Nelson, Miss Karam, teachers, Mrs. A. J. Campbell, president of the P.-T. A., of the Fairfax School of Marin County, and the following pupils: Bob Agnew, Graham Anderson, Eddie Barry, Eddie Davis, Tom Fong, Ross Gaussion, Bill Gaylord, David Jones, Bruce Kendall, David Latini, Roy Lundquist, Ronald Madden, Robert Magruder, Bruce McGlothlin, Carl Nehm, John Oliphant, Donald Partridge, Jack Perry, Paul Selinger, Vincent Schunk, Ronnie Kauffman, Gino Steffani, Judy Bartlett, Arline Biasotti, Barbara Brett, Shirley Davis, Diane Domke, Jean Coriell, Pat Gallagher, Norma Gilman, Gay Johnson, Albie Muldavin, Clairlee Railey, Joan Riddle, Ruth Simpson, Carol Thornton, Margaret Weier, and Dayle Purdom.

On request of Messrs. Fleury and Moss, the usual courtesies of the Assembly for this day were unanimously extended to Miriam B. Adams and Clarence Hart, teachers of Fair Oaks School, and the following pupils: Billie Agee, Kay Arase, Jeanne Allen, Danny Barnett, Iris Barthalow, Verna Brokaw, Frank Brugger, John Burkhalter, Darla Campbell, Royal Christiansen, Nancy Collins, Fred Cooper, Lebert Cooper, Billy Driscoll, Jerry Eichler, Barbara Farnham, Myrna Fleenor, Judy Fryer, Kenneth Gowan, Jane Graham, Bill Grayson, John Harper, George Harris, Russell Harrison, Lea Heilbronner, Billy Hinsey, James Hunter, Larry Jensen, Stanley Jones, Wayne Jones, Joanna Killian, Sally Lopez, Lee Lundgren, Hugh McEvoy, Harley McGee, Mary Ann McKenny, Jimmie Meads, Conrad Meier, David Mercer, Donna Morford, Edwin Perry, Claudia Peterson, Shirley Pritchard, Phillip Rankin, Nancy Rose,

Jackie Ruellan, Billy Shankles, Howard Sharp, Kenneth Smith, Leonard Steinke, Sharri-Lou Stomsvik, Colleen Thibodeau, Sarah-Ann Vincent, and David Weston.

On request of Messrs. Weber and Hoffman, the usual courtesies of the Assembly for this day were unanimously extended to John Blakemore and Frances Ewy, teachers of the Basic Class of Stockton College, and the following pupils: Lois Allen, Ken Angerina, Patsy Beers, Lois Bellin, Anthony Bertilacchi, Don Brittson, Marianne Curtis, Irene Dye, Meredith Ellis, Flora Gardea, Beverly Hansen, Jim Henderson, Charles Higuera, Loyal Hutchison, Elizabeth Kenoyer, Harold Kingston, Rosemary Lerew, Elliot Light, Katherine Little, Sandra Meyer, Roberta Powell, Charlene Rankin, Gwen Robertson, Jaqueline Sands, Virginia Seekatz, Ruby Sonrey, Kirk Valentine, Donald Behler, Loretta Costa, Joyce Crites, Richard Hagene, Charlotte Howell, Jim Kremkau, Joyce Olson, Lorraine Pimentel, Jim Primrose, Delores Rice, Mae Lillian Piggee, Wauneta Roberts, Jack Sahargun, Jack Schmidt, Carol Seeberg, Pat Speights, Nancy Stowe, Shirley Swan, Junior Warren, Witt Phyllis, Bette Woods, Rose Marie Yadao, Marian Andres, Barnard Harvelle, Rayona Convers, Joyce Cooper, Eleanor Dietz, Jim Easely, Marion Hamilton, Mary Hamilton, Arlene Jurich, Mary Lassman, Teddy Lee, Diana Morris, Carolyn Quay, Nancy Powers, Rosemary Quitiquit, Reed Velmar, Leroy Stark, Mary Stuart, JoAnn Welch, Ruby Yamamoto, Tom Yates, Sharon Abbott, Cora Bloom, Jackie Cain, Claudio Phipps, Deanne Widdows, and George Felker.

On request of Mr. Coats, the usual courtesies of the Assembly for this day were unanimously extended to Charles Barnett, teacher of Yuba City Union High School, and the following pupils: Carl Atkins, Paul Bailey, Harvey Bandy, Jean Bartlett, Nina Boyd, Corrine Brown, Dennis Brown, Vernon Burrows, Nanetter Cummings, Carolyn Dewitt, Bobbie Dishman, Nancy Doering, Barbara Duncan, Joanne Fouch, Connie Gibson, Robert Gomes, Mary Ann Goodbarry, LeRoy Hall, Carl Hansen, Gloria Kemp, Richard Kolos, Shirley Kamatsubara, Walter Langrud, Joella Lepper, Carnel Lessley, George Longorea, Harry Manji, Jane McDaniel, Gary Miller, Lawrence Murry, Carl Nakagawa, Dan Nichols, James Oakham, Amy Oki, Jack Page, Joan Payne, Lloyd Readdick, Eugene Reel, Allen Rice, Faye Robertson, Joe Schreiner, Ronald Schultz, Jane Seal, Sharon Stinchfield, Perry Stottlemeyer, Robert Schrader, Mary Uyemoto, Cirvede Ware, Aronold White, Goldie Williams, George Wilson, Bill Roden, Lillian Kitagawa, Beverly Bentley, Dale Ahlers, Laverne Walton, Mary Slack, and George Marshal.

On request of Mr Brown, the usual courtesies of the Assembly for this day were unanimously extended to Iva Venable, Eleanor Haines, teachers; John Hensley, bus driver of the Ceres School; and the following pupils: Gerald Adkins, James Baldwin, Merl Barbour, Michael Barnes, Bobby Brooks, Ronald Firestine, Dale Hosmer, Wendell Keener, Chesley Ludden, Melvin McCarty, Douglas Myer, Richard Salter, Robert Swift, Wayne Thornton, Jimmy Tilley, Kenneth Tucker, Gayle Bruhn, Joyce Burton, Clydene Butler, Barbara Cisco, Barbara Coker, Norma Cooper, Ethel Keck, Zana Porter, Mary Routh, Betty Sargent,

Annette Service, Juanita Simms, Arlene Turner, Jo Ann Vessel, Beverly Western, Sue Crain, Anita Dabbs, Jean Evans, Mary Jo Evans, Betty Harbour, and Ann Hensley.

On request of Mr. McCollister, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Swift, guardian; Ahnahan Camp Fire Girls of Graton; Mesdames Lee Ingram, Smith, Flesher, Anna Holtorf, Hetts, Kidwell, Williams, and Schaffer, accompanying guests; and the following members: Pat Williams, Kay Schaffer, Fredda Ingram, Viola Busby, Carol Reed, Delma Reed, Thelma Reed, Kathryn Mays, Dixie May, Marie Yamamoto, Emie Yamamoto, Billie Yamamoto, Betty Clark, Zoana Hale, Roma Jones, and Barbara Schaffer.

On request of Mr. Lowrey, the usual courtesies of the Assembly for this day were unanimously extended to Earl McDowell, Mrs. Sophia Mace, and Mrs Claire Pence, teachers; James M. Burchfield, principal; and George White, Coordinator, of the Colusa School, and the following pupils: Michael Ballard, Yvonne Bergman, Sally Blean, Peter Boggs, Kay Brooks, Tommy Burleson, Lupe Castaneda, Secora Castaneda, Yolanda Castanon, Manuel Castro, Raegene Cation, Carol Conner, Sandra Dollings, Dick Edgar, Helen Estrada, Donny Foster, Michael Frazee, David Garcia, Gilbert Garcia, Janet Gifford, Shirley Kimerer, Lyle Kollenborn, Michael Lundeen, Joan Lunsford, Sharon McFarlane, Davidine McKasson, Claude Miller, Cezear Moore, Claude Moore, Dorothy Morgan, Alberto Noriega, Harold Parnell, James Parnell, Joanne Reitter, Gordon Robbins, Lynn Sartain, Sue Sartain, Mervin Shuman, Leland Stagmier, Beverlee Tennant, Gladys Torres, Dolores Tucker, Jerry Tucker, Margie Tucker, Joyce Walker, Douglas Weber, Frank Yamamoto, Jimmy Yamamoto, Val Young, Richard Gnile, Richard Gomez, Kathryn Hageman, Richard Hagle, Ernest Heaps, Loretta Hill, Bobby Huston, Bertha Jaconnetti, and Jeannette Kiester.

On request of Mr. Condon, the usual courtesies of the Assembly for this day were unanimously extended to Mr. Medlen and Miss Skemp, teachers of the Orinda Union School, and the following pupils: Karen Almquist, Peter Amdesen, Franklin Andrews, Linda Baker, Max Bennett, Beverly Branch, Richard Brown, Patsy Camp, John Davey, Fred Denhart, Dick Doty, Julia Dunn, Lorraine Durante, Susan Fowler, Pat Gardiner, Sandra Gordon, Reyla Graber, Peter Hegerle, Tania Hudd, John Inman, Mary Johns, Tom Klement, Roberta Krotz, Janet Morris, Rae Littlejohn, Ralph Locke, Edward Lucas, Bob Lueck, Marita Lyon, Jo Ann McCullough, Janice McNamara, David Meyer, Sandra Meyer, Billy Mott, Robin Muse, Raymond Orr, Bob Osborn, Carroll Pinkley, Linda Pyle, Jane Rogers, Bob Salmon, Victor Savale, Michael Small, Sue Small, Gail Smith, Jim Laird, John Laird, Lenore Lamb, Pat Smith, John Spiegle, Bonnie Traskowski, Jim Wiggins, Nancy Wise, and Larry Witter.

On request of Mr. Maloney and the San Francisco Delegation, the usual courtesies of the Assembly for this day were unanimously extended to Sister Marie Eucharista and Sister Dolores Therese, teachers, of the Notre Dame High School of San Francisco, and the following pupils: Christina Ahuna, Barbara Atkinson, Noel Becker, Joan Fennell, Georgia Gardner, Betty Geohagan, Marilyn Gorman, Judy Hillesheim, Patricia Goyton, Margaret Guerrero, Carmen Jones, Kathleen Mulholland,

Geraldine Madson, Patricia Morris, Dorothea San Nicolas, Beverly Peira, Frances Loftus, Maureen Tumelty, Shirley Harrington, June Valentino, Charlsetta Price, Josephine Licciardello, Lydia Moglia, Diane Leonard, Gloria Raffo, Mary Agnes Schymiensky, Consuela Valdes, Marilyn Wildgans, Rose Marie Wishovich, Joan Wuelzer, Marilyn Singiser, Shirley Hansen, Roberta Andrews, Nancy Shea, and Helen Zieman.

On request of Mr. Thompson, the usual courtesies of the Assembly for this day were unanimously extended to Dr. and Mrs. Craver of San Jose.

On request of Mr. Crowley, the usual courtesies of the Assembly for this day were unanimously extended to Lowell Nelson and Mrs. Frances Haskins of Vallejo.

On request of Mr. McCollister, the usual courtesies of the Assembly for this day were unanimously extended to L. R. Blomquist, instructor of the College of Marin, Kentfield, and the following pupils: Richard Caletti, Don Hosking, William Luiz, Patricia Maltby, John Mayers, Robert McGuinness, Donald McPherson, Mrs. Patricia Monaghan, Dix Ratliff, Wallis Riese, William Sisk, Leland Spencer, Gladys Strader, Harold Strauss, William Welch, Robert Werner, Hugh Carissimo, George Marshall, John Nicol, Charles Pierce, and James Seay.

ADJOURNMENT

At 11.45 a.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m. Thursday, March 23, 1950.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

THIRTEENTH LEGISLATIVE DAY

EIGHTEENTH CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Thursday, March 23, 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:

Anderson, Babbage, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Price, Reagan, Rosenthal, Rumford, Sherwin, Silliman, 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:

Infinite Presence: How marvelous that we may pause for a moment to realize that Thou art no mere empty name.

Thou dost uphold the star domed canopy of the universe, and in the order of the heavenly bodies and the harmonies of earth and sky are the outlines of Eternal Thought.

How wonderful that Thou art with us when we walk alone in the darkness, and Thou art the power that fights with us in the confusion of the daylight hours.

May we believe that in perplexity, Thou art our hope, in sorrow, our comfort, and underlying our daily efforts is Thy Everlasting Wisdom.—AMEN.

Speaker Presiding

At 10.05 a.m., Hon. Sam L. Collins, Speaker of the Assembly, presiding.

READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Clarke, further reading of the Journal of the previous legislative day was dispensed with.

LEAVES OF ABSENCE FOR THE DAY

The following member was granted leave of absence for the day, because of illness:

Mr. Crichton, on motion of Mr. Clarke.

The following members were granted leaves of absence for the day, because of legislative business elsewhere:

Mr. Davis, on motion of Mr. Lowrey.

Mr. Connolly, on motion of Mr. McCarthy.

Mr. Condon, on motion of Mr. Hagen.

COMMUNICATIONS

By Mr. Fleury:

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

SACRAMENTO CHAPTER, AMERICAN RED CROSS
SACRAMENTO, CALIFORNIA, March 21, 1950

The Hon. Gordon Fleury
The Hon. John E. Moss, Jr.
State Assembly, Sacramento, California

GENTLEMEN: March is American Red Cross Campaign month throughout the entire United States.

Through the permission of the State Division of Buildings and Grounds, the Sacramento Chapter has placed a small booth on the Assembly side of the Capitol Building on the second floor where donations will be accepted for this very important national service.

May I take the liberty of offering this facility for the use of Members of the State Legislature, as well as legislative representatives, in Sacramento for the current sessions of the State Legislature.

May I ask your assistance in encouraging donations from the above mentioned "part-time citizens" of your community by presenting the text of this letter on the floor of your House.

Very truly yours,

RODNEY C. RICHARDSON, Chairman
1950 Fund Campaign

ANNOUNCEMENTS

Speaker Sam L. Collins announced that, upon adjournment of the First Extraordinary Session this afternoon, the motion pictures taken on New Year's Day of the Pasadena Tournament of Roses Parade, will be shown in the Assembly Chamber for members and guests, unanimous consent for use of the Assembly Chamber having been granted previously to the Pasadena Tournament of Roses Committee.

Mr. Evans announced that today is the birthday of Mrs. Niehouse, and he, Speaker Sam L. Collins, and Mr. Maloney extended best birthday wishes on behalf of all of the Members of the Assembly.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 22, 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

The following resolution was read:

Senate Concurrent Resolution No. 9—Relative to combining "Armed Forces Day," "National Maritime Day" and "I Am An American Day" for celebration in San Francisco on May 21, 1950.

Referred to Committee on Rules.

CONSIDERATION OF DAILY FILE
THIRD READING OF ASSEMBLY BILLS

Assembly Joint Resolution No. 6—Relative to memorializing Congress to exempt motion pictures and all types of theatrical entertainment from the federal admissions tax.

Resolution read.

Demand for Previous Question

Messrs. Babbage, Morris, Burke, Weber, and McMillan demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of Assembly Joint Resolution No. 6.

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

AYES—Anderson, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Gaffney, Geddes, Grant, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Huyck, Kilpatrick, Levering, Lewis, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Niehouse, Porter, Price, Reagan, Rumford, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Yorty—62.

NOES—Babbage, Butters, Grunsky, Hinckley, and Kirkwood—5.

Resolution ordered transmitted to the Senate.

REQUEST FOR UNANIMOUS CONSENT TO TAKE UP SENATE BILL NO. 1

Mr. Sherwin asked for, and was granted, unanimous consent that he be permitted to take up Senate Bill No. 1, out of order, at this time.

CONSIDERATION OF SENATE BILL NO. 1 (BY UNANIMOUS CONSENT)

Senate Bill No. 1—An act making an appropriation for the support of the Government of the State of California and for several public

purposes in accordance with the provisions of Section 34 of Article IV of the Constitution of the State of California, 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, Burkhalter, Butters, Caldecott, Cloyed, Coats, Collier, Conrad, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Erwin, Evans, Fletcher, Fleury, Gaffney, Grant, Grunsky, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Huyck, Kilpatrick, Kirkwood, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Silliman, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—58.

NOES—Anderson, Brady, George D. Collins, Elliott, Geddes, Hagen, Hollibaugh, Levering, Lewis, Lowrey, Reagan, Stewart, and Yorty—13.

Bill ordered transmitted to the Senate.

Explanation of Vote by Mr. Lowrey on Senate Bill No. 1

I voted "No" on Senate Bill No. 1 that I might be afforded an opportunity to serve on a free conference committee selected to consider Senate Bill No. 1.

LLOYD W. LOWREY

Explanation of Vote by Messrs. Anderson, Condon, Elliott, and Lewis on Senate Bill No. 1

We voted against the Budget Bill, Senate Bill No. 1, because we feel it is inadequate to meet the needs of the people of our State. It contains no provisions for a program for the destitute unemployed; to stimulate employment; for additional educational requirements, and to alleviate certain very deplorable conditions in our mental institutions. It also contains extravagant expenditures which could be deleted in order to devote them to more worthwhile public services or to reduce governmental costs. It has many other shortcomings which make it inadequate to meet the minimum needs of the people.

GLENN M. ANDERSON
ROBERT L. CONDON
EDWARD E. ELLIOTT
JOE C. LEWIS

CONSIDERATION OF DAILY FILE (RESUMED)

THIRD READING OF ASSEMBLY BILLS (RESUMED)

Assembly Joint Resolution No. 7—Relative to memorializing the Congress of the United States to modify the federal luxury tax.

Resolution read.

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

AYES—Anderson, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Coats, Collier, George D. Collins, Cooke, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Huyck, Kilpatrick, Lewis, Landsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Niehouse, Porter, Reagan, Rumford, Smith, Stanley, Thomas, Thompson, Tomlinson, Weber, and Yorty—56.

NOES—Babbage, Grunsky, and Hinckley—3.

Resolution ordered transmitted to the Senate.

THIRD READING OF SENATE BILLS (RESUMED)

Senate Concurrent Resolution No. 7—Relative to commemorating the American Flag and the American way of life.

Resolution read, and adopted.

Resolution ordered transmitted to the Senate.

REQUEST FOR UNANIMOUS CONSENT TO HOLD SPECIAL MEETING OF COMMITTEE

At 10.45 a.m, Mr. Brown asked for, and was granted, unanimous consent to hold a special meeting of the Committee on Judiciary, today, upon adjournment.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 23, 1950

MR SPEAKER: 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. 1—An act making an appropriation for the support of the Government of the State of California and for several public purposes in accordance with the provisions of Section 34 of Article IV of the Constitution of the State of California, to take effect immediately.

And appointed Senators Rich, Swing, and Hulse, 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. 1

The Speaker announced the appointment of Messrs. Sherwin, Caldecott, and Yorty as a Committee on Conference concerning Senate Bill No. 1.

ANNOUNCEMENT OF COMMITTEE MEETINGS

It was announced that the following committees would hold meetings:

Today upon recess—

Finance and Insurance. Subject: Senate Bill No. 17.

Judiciary.

RECESS

At 10.50 a.m., on motion of Mr. Dickey, the Assembly recessed until 1.55 p.m.

REASSEMBLED

At 1.55 p.m., the Assembly reconvened.

Hon. Thomas A. Maloney, Speaker pro Tempore of the Assembly, presiding.

Chief Clerk Arthur A. Ohnimus at the desk.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 23, 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 13805 to the Revenue and Taxation Code, relating to inheritance tax exemptions.

Referred to Committee on Revenue and Taxation.

Speaker Presiding

At 1.56 p.m., Hon. Sam L. Collins, Speaker of the Assembly, presiding.

REPORTS OF STANDING COMMITTEES

Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, March 23, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Concurrent Resolution No. 7—Relative to Fred B. Wood, Legislative Counsel of California;

And reports that the same has been correctly enrolled, and presented to the Secretary of State on the twenty-third day of March, 1950, at 2 p m.

HUYCK, Chairman

ANNOUNCEMENT

Speaker Sam L. Collins announced that it is the hope of the Conference Committee concerning Senate Bill No. 1 that accord will have been reached by the six members of this committee by the end of the week.

REQUEST FOR UNANIMOUS CONSENT THAT SENATE BILL NO. 1 BE ORDERED PRE-PRINTED

Mr. Crowley asked for, and was granted, unanimous consent that Senate Bill No. 1 be ordered pre-printed over the week-end, bearing the proposed changes to be incorporated in the report of the Conference Committee, if said committee completes its work, so that Senate Bill No. 1 will be ready for consideration on next Monday morning.

GUESTS EXTENDED COURTESIES OF ASSEMBLY

On request of Messrs. Thompson and Kirkwood, the usual courtesies of the Assembly for this day were unanimously extended to Leonard Herman and Mrs. M. Casterson, teachers of the Oak Grove School of San Jose, and the following pupils: Masanori Aragaki, Joseph S. Bettencourt, Wayne E. Brown, Manuel J. Castenada, Nancy A. Christopher, Alvera Calabosa, Thelma Dabel, Floyd H. Damschen, John A. Dawson, Janette N. Farley, Henry J. Gonzales, James R. Gorman, Ben R. Guzman, Sacheko Hosono, Doris M. Hayashi, Ediyh M. Inokuchi, Charles H. Iwamura, Isabel Ledesma, Hisako Nerio, Shirley J. Peterson, Ydalia N. Perez, Peter R. Ramirez, Antonia Rangel, Thomas R. Robasciotti, John Romero, Thomas D. Swickard, Rosemarie Thuer, Miyo Uchiyama, Lorenda L. Stipe, and Patsy Wilson.

On request of Mr. Fleury, the usual courtesies of the Assembly for this day were unanimously extended to F. B. Smith, H. C. Marcellus, and W. D. Rogers, teachers of the El Dorado School, and the following pupils: Barbara Griffin, Mary Lou Riordan, Arlene Burnett, Karen Davis, Dyane McClure, Nancy Morrison, Sandra Luzzi, Maxine Stewart, Carolyn Jones, Patty Jellison, Glenda Morgan, Linda Lowe, Patty McMahon, Diane Gilarducci, Barbara Hotchkiss, Sheryl Holmes, Charmion Brown, Duwayne Cotton, Don Hags, Dickie Livingston, Kenny Wills, Charmion

Brown, Kenny Wills, Bobby Badgely, John Waugh, Duwayne Lemm, Allen Whitcomb, Alex Mitchell, Freddie Offenbach, Richard Glass, Raymond Irish, Ralph Pedersen, Barry Mellor, Mickey Mynstead, Clifton Von Berg, and Niels Christensen.

On request of Mr. Condon, the usual courtesies of the Assembly for this day were unanimously extended to Miss Pauline Keemer, Mrs. Beth Gustin, Mrs Evelyn McEwing, Nate DeGiobbi, and Donald Mitchell, teachers of the Pittsburg Junior High School, and the following pupils: Albert Adams, John Aiello, Joyce Ascanio, Annie Avila, Bert Bonnano, Frank Bonari, Ernest Butler, Humberto Cendejas, Anthony Chiapero, Bill Donovan, Margaret DeMercurio, Rose Marie Esposito, Anthony Ferrante, Garcia Garcia, Flora Gray, Blanche Hartman, Robert Hilton, Rammy Inzerillo, Lulu Mae Jones, Inez Kontogianis, Doris Lea, Sophy Lozoya, James Pierce, Rachel Quesada, Annette Sangimino, Ralph Soliz, Janyce Wood, Jerry Marchbanks, Dominic Affinito, Jerry Puccio, Alex Woolworth, Olivia Huizar, Huey Aitman, Richard Abono, Mary Helen Arroyo, Arnold Baldwin, Francis Bruno, John Buffo, Tom Capaletti, Frank Catania, Daniel Cerda, Frank Favalora, Constance Fawthrop, Kay Gray, Margaret Holland, Manuel Jiminez, Jean Lazio, Edmund Lewis, Dolores Lootsma, Lupe Luevano, Betty Mayjoffo, Tommy Milano, Carroll Pollock, Frank Renz, Jesse Robinson, Luanne Simoes, Richard Sullivan, Alfred Trapp, Marian Troia, Nancy Vriend, Jeanette Vollman, Jesse Segovia, Angelo Alaimo, George Barton, Alice Blakely, Bill Bundy, Willie Kate Barnes, Benny Camera, Frank Chiappara, Annette DiMercurio, John De Sibio, Albert Fernandez, Shirley Foust, Marlona Gray, A. D. Harper, Connie Ledesma, Richard Ledesma, Kathryn Lombardo, Clifford McElhaney, Kathleen Mercurio, Phil Nicolosi, Robert Novo, Shirley Palonen, Geralee Phillips, Henry Rosalez, Robert Rouner, Stella Rubio, Charles Shelly, Rosalie Siragusa, Roland Stewart, Shirley Turner, Patricia Weigle, Theresa Arrellano, Emeal Bartley, Vivian Barton, Leo Boykin, Alfred Cassillas, Horace Cataldo, Rochelle Continente, Robert Craun, Roy Davenport, Sylvia Fernandez, Lewis Goodall, Frank Gonzales, Barbara Gutridge, Alice Hatch, John Hebler, Gloria Hernandez, Erelene Kovacs, Ronald Le Va, Peter Lucido, Alfred Lujan, Richard Mason, Edward McCarty, Margaret Narez, Robert Robinson, Catherine Serra, Rita Solis, Eleanor Tognoli, Frank Verduzco, Benny Camera, Frank Chiappara, Richard Ledesma, Clifford McElhaney, Kathleen Mercurio, Henry Rosalez, Bob Rouner, Shirley Palonen, Marie Aiello, Jill Boag, Mickey Capicotto, Marlene Clark, Jessie Mae Cullon, Richard De Lallo, Russell DiFiori, Martin DiMercurio, Harold Dunham, Billie Jean Fulton, John Gargas, Paul Glasper, Ralph Hartsock, Grace Hernandez, Fred Hewins, Joel Klein, Jim Knowles, Frank Lozano, Irene Matamorez, Geraldine Mattevi, Mary Mercurio, Willie Moffitt, Barbara Nelson, Paula Ostlund, Sal. Ramirez, Juanita Rancher, Norma Roybal, Francine Russo, Carmen Sanchez, John Viscuso, Janet Wallgren, Bill Yount, Alfonso Arenivar, Louis Babucz, Joyce Baker, Shirley Boyton, John Brandon, Delores Creswell, Virginia Culcasi, Hope Cutino, Rhys

Davies, Billy Davis, Ralph Fernandez, Christina Ferrer, Jane Forrest, Fay Glover, Jean Hodges, Joseph Keilbach, Joyce Kirby, Curlee Oliver, Jerline Patton, Jennie Quesada, Donald Rasmussen, Leonard Russo, Joseph Russo, Josephine Vasquez, Barbara Williamson, and Ermalinda Zendejas.

On request of Mr. Brown, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Lillian Warren, Paul Cook, and R. Olsen, teachers of the Ceres School; Mrs. Myrtle Wills and Mrs. Theo Worrell, guests; and the following pupils: Harry Ney, Erby Jones, Marion Kelton, Lloyd Houlden, Tommy Kenner, Gene Robertson, Amos Casey, Gus Kisst, Joe Leandro, Richard Reid, Floyd Hurt, Lillian Jones, Ellen Hockett, Edna Millsap, Pearl Henry, Dorothy Massey, Dora Fanter, Judy Fischer, Jessie Keeney, Shirley Moan, Sally Sanders, Rosie Tompson, Mickey Tompson, Lydia Townshend, Joyce Wood, Norman Austin, Arthur Davis, Charles Fuller, Elton Hacket, Jimmy Henry, Merle Henry, Ray Howx, Clarence La Fa Fleur, Robert Lowery, Jonnie McGehee, Willard McDougal, Dennis Mari, Walter Payne, Sammy Plagg, Charles Scudder, Sidney Worthan, Donald Welsh, Franklin Naylor, Melba Allen, Wanda Austin, Ilene Beam, Kathryn Britt, Arlene Brown, Arvella Collier, Dolores Daniels, Joyce Davis, Johnny Aldridge, R. C. Arnold, Freddie Barnes, James Beatright, Jerry Bryan, Lois Briggs, Nona Buster, Richard Bonlware, Lester Carlson, Lee Erickson, Della Fauter, Billy Fukui, Eugene Garriott, David Gibson, Faye Grandstaff, Gene Grasser, Phyllis Gumtow, Glynda Holloway, Darlene Inglet, Joe Johnson, Georgia McDonald, Marie Nutt, Hazel Pack, Yvonne Park, Bobby Sadler, Richard Shorman, Elzia Shipman, James St. Cin, Evelyn Thomas, Worlick Thompson, Joan Waldo, Ralph Washam, Jay Wells, Barbara Wilkinson, Freddie Wilkinson, and Virginia Yarbrough.

On request of Mr. Rumford, the usual courtesies of the Assembly for this day were unanimously extended to former Assemblyman Henry P. Meehan of Oakland.

On request of Mr. Crowley, the usual courtesies of the Assembly for this day were unanimously extended to former Assemblyman Bert Adams of Livingston.

On request of Mr. Dickey, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Irene Walsh of Alameda.

On request of Mr. Levering, the usual courtesies of the Assembly for this day were unanimously extended to Miss Lelah Baxter and Miss Leora Baxter of Los Angeles.

ADJOURNMENT

At 1.58 p.m., on motion of Mr. Hollibaugh, the Speaker declared the Assembly adjourned until 10 a.m., Monday, March 27, 1950, out of respect to the memory of the late Charles Latimer of Ontario, and the late Dr. Arthur L. Weber of Upland.

SAM L. COLLINS, Speaker

GERALDINE B HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

FOURTEENTH LEGISLATIVE DAY

TWENTY-SECOND CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Monday, March 27, 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, Davis, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—76.

Quorum present.

PRAYER

Upon invitation of the Speaker, the following prayer was offered by the Rev. Robert S. Romeis of St. John's Lutheran Church:

Almighty and Everlasting God, By Whose eternal will and power we live and move and have our being, endow us with grace from on high to shape our destinies after Thy good pleasure Cause Thy glory to dwell among us that mercy and truth, righteousness and peace may everywhere prevail. Enlighten our minds, strengthen our hearts, that all our works, begun, continued, and ended in Thee may redound to Thy glory, and help in making Thy Kingdom come and Thy will be done on earth. Through Christ, our Lord.—AMEN.

READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Waters, 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. Price, on motion of Mr. Reagan.

Mr. Hagen, on motion of Mr. Yorty.

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

Mr. Crowley, on motion of Mr. Dickey.

PLEDGE OF ALLEGIANCE TO THE FLAG

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

COMMUNICATIONS

By Speaker Sam L. Collins:

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

ASSEMBLY, CALIFORNIA LEGISLATURE
STATE CAPITOL, SACRAMENTO, CALIFORNIA, March 27, 1950

Hon. Sam L. Collins, Speaker of the Assembly
Assembly Chamber, State Capitol
Sacramento 14, California

DEAR MR. SPEAKER: Assembly Bill No. 5 (Chapter 4, Statutes First Extraordinary Session of 1949), an act relating to influencing legislation, became effective March 22, 1950.

This law imposes new duties upon the Chief Clerk of such an exacting, responsible, and time consuming nature, that for the reasons set forth in my statement which was printed in the Assembly Journal of March 8, 1950, I feel it incumbent upon me to tender my resignation.

For 23 years I have been Chief Clerk, and during this long period of time, I have enjoyed the work, the friendship and association with the Members, the Press, and those who have had business with the Legislature.

It is with sincere regret that I submit my resignation as Chief Clerk of the Assembly, to take effect on Monday, March 27, 1950.

Respectfully yours,

ARTHUR A. OHNIMUS, Chief Clerk

By Speaker Sam L. Collins:

LOS ANGELES, CALIFORNIA, March 22, 1950

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

DEAR SAM: I served as a Member of the Assembly from Los Angeles County from 1926 to 1928, and as a Member of the State Senate from this county from 1928 to 1933. I take great pride in the fact that I served my State in the Legislature.

On March 6th-7th Warren Olney III maliciously defamed me by issuing at a press conference to the press services and the newspapers a defamatory statement charging me with being the "mouth piece" for a "gang" and a "mob" who were the "most murderous gang in this State, involved in narcotics as well" and this gang "was making special payments" to Rochester at a time when I was "a Special Assistant to the Attorney General and counsel for a Legislative Committee" investigating small loans.

The statements by Mr. Olney III are false in their entirety. I have filed charges against Mr. Olney with the State Bar of California and requested that body proceed against Mr. Olney and disbar him if he cannot prove his statements, and to disbar me if he can establish that I am the type of man that he said I was in the public press.

I sincerely trust that Mr Olney III will assert a vestige of manhood and not take refuge and shield himself from responsibility for his acts of dishonesty and moral turpitude by claiming that he made the statements, not as a member of the Bar, but as Chief Counsel for the Crime Commission.

I am enclosing a copy of my communication to the State Bar of California.

Members of the Legislature are especially exposed to slanderous statements by the men of the type of Olney, and which reflect upon every legislator.

I could not remain silent in the face of these base charges. I want my many friends in the Legislature to know the facts and that I am determined that the truth will demonstrate that Mr. Olney was guilty of dishonesty and moral turpitude of the most grave nature.

Sincerely yours,

GEO. W. ROCHESTER

(Enclosure.)

Hon. Sam L. Collins
Speaker of the Assembly
State Capitol, Sacramento, California

DEAR MR. COLLINS: I am a member of the State Bar of California, I was admitted to practice in all of the courts of California on the twenty-fifth day of March, 1924. Warren Olney III is also a member of the State Bar of California.

I charge Warren Olney III with conduct involving moral turpitude and dishonesty. I will set forth in considerable detail the facts upon which I base these charges. The statements made by Mr. Olney concerning me at press conferences at San Francisco on March 6 and March 7, 1950, were false and defamatory. I charge that Mr. Olney made these statements deliberately, knowingly and maliciously. That he knew the statements that he was making were false or made them with reckless disregard of their truth or falsity.

If the statements Mr. Olney has made concerning me are proven to be false, and I am confident they can be so proven, then Mr. Olney is unfit to practice law and to be a member of the State Bar of California and should be disbarred.

If I am guilty as charged by Mr. Olney of facts showing dishonesty and moral turpitude, then I am unfit to practice law.

The facts upon which I based the foregoing charges are in substance as follows:

On March 6, 1950, Warren Olney III called a press conference at San Francisco and requested the attendance at this press conference of representatives of the Associated Press, Universal News Service, United Press and representatives of the San Francisco Chronicle, the San Francisco News, the San Francisco Call-Bulletin and the San Francisco Examiner. There were probably other representatives of newspapers also present

There had been and was under investigation by the Corporation Commission and by the California Crime Commission and by the District Attorney of Los Angeles County a company known as Guarantee Finance Company with its place of business on Florence Avenue in the County of Los Angeles. The Guarantee Finance Company was operating under a permit and authority of the Department of Corporations.

There had also been appointed by the California Legislature a joint legislative committee, independent of and entirely apart from any investigation carried on by the Corporation Commission or the Crime Commission or the district attorney, to investigate all small loan businesses in California with the view of enacting legislation and correcting abuses in this type of business.

I was appointed Special Assistant to the Attorney General of California on December 15, 1948, and served to March 31, 1949. My duties were to investigate small loan companies and assist the joint legislative committee investigating this type of business, and to recommend any amendments to the Personal Property Brokers Act, if needed. The Attorney General provided me with six investigators who were employees of the State of California I give you this preliminary background so your Honorable Board of Governors will be able to get the full import of Mr. Olney's statements concerning me at the press conferences of March 6 and March 7, 1950.

The statements by Mr. Olney are in substance as follows:

George W. Rochester was Chief Counsel for a Joint Legislative Committee Investigating Small Loans and that one of the small loan companies under investigation was the Guarantee Finance Company with its place of business in Los Angeles County. Rochester was also acting as chief counsel for the joint legislative committee While Rochester was acting in this capacity he accepted money from Jack Dragna, a hunted "Al Capone" of Los Angeles. Jack Dragna paid to Rochester three checks One check was for $50 dated January 24, 1949. A second check was for $160 dated February 28, 1949, and a check for $150 was dated April 29, 1949. All of these checks were signed by Jack I. Dragna, for the Universal Sports News, a nation-wide wire service. All three checks were endorsed by George W. Rochester and I (Mr. Olney) had his signature to the endorsement verified by handwriting experts.

These checks were paid to Rochester when he was acting as Chief Counsel for the Joint Legislative Committee Investigating Small Loan Companies including the Guarantee Finance Company. That there was "inexplicable intervention" in the Guarantee Finance Company case by the Attorney General's Office at the same time that Rochester was getting the money from Dragna. The significant

thing with respect to Dragna and the Universal Sports News was that the race wire service is in the hands of the State's most murderous gang, involved in narcotics as well as race wires, and this gang was making special payments to Rochester, the Special Assistant to the Attorney General and the counsel for the joint legislative committee. Court records will show that Rochester has been a minor mouthpiece for the Dragna mob ever since he quit being a Colonel in the United States Army. This can be proved.

If these checks were given to Rochester as he claims, when Dragna's garment concern was in bankruptcy, Rochester is more or less pleading himself and Dragna guilty of a felony.

At the time that Rochester was receiving money from Dragna, Rochester's investigators visited the Los Angeles headquarters of the Guarantee Finance Company where they found absolutely no evidence of bookmaking. Two weeks later, namely, January 14, 1949, the Crime Commission seized the Guarantee Finance Company's records which revealed the firm as a front for the biggest bookmaking syndicate in California and a dozen of its people have been indicted since then. The Guarantee Finance Company's records seized subsequent to the visit by Rochester's investigators disclosed no interruption of bookmaking activities on the day of the investigators' visit.

While Rochester was being paid by Dragna the Attorney General intervened in the bookmaking syndicates favor and reversed an opinion written by one of his staff members which held that the Crime Commission was a law enforcement agency. The Attorney General set aside this ruling and held that the Crime Commission was without power to request the Telephone Company to discontinue telephone service to bookies.

I charge that the foregoing statements and the innuendoes to be derived from them are malicious and defamatory. Mr. Olney has personal knowledge of the falsity of the statements and had available information to establish the falsity. At the time he was making the statements at the press conferences I was in my law office in Los Angeles. Mr. Olney made no attempt to contact me and ascertain the true facts of the situation. I did not learn of his false, malicious and defamatory statements until I read an account of them in the Los Angeles press subsequent to Mr. Olney's interview.

These statements were broadcast throughout the United States. They have done me irreparable harm because a complete vindication will not receive the wide-spread publicity given to the charges. As an indication how the press accepted and construed these gratuitous statements by Mr. Olney I quote editorials from two of California's outstanding newspapers, namely, the editorial in the Sacramento Bee of March 8, 1950, and the editorial in the San Francisco News of March 7, 1950. The Bee editorial is in part as follows:

"Warren R. Olney III, chief counsel for Governor Warren's Commission on Organized Crime, has made public cancelled checks which link Rochester in a financial way with Jack I. Dragna, identified as California's number one mobster and bookie wire king Olney displayed photostats of three checks made out to Rochester and signed by Dragna during the time when Rochester was Howser's special assistant and was assigned by the Attorney General as counsel for the legislative committee investigating loan brokers."

The San Francisco News editorial is in part as follows:

"A legislative committee investigated the Guarantee Finance Co. of Los Angeles, suspected of being a false front for a horse race bookmaking syndicate To help carry on the investigation Attorney General Howser appointed George W. Rochester, former state senator from Los Angeles and recently recommended by U. S. Senator Sheridan Downey for a vacancy on the Interstate Commerce Commission, as special attorney for the committee. During the time when the investigation was going on and the committee was finding nothing wrong with the company's operations, Mr. Rochester received three checks for a total of $360 signed by Jack Dragna, termed the 'Al Capone' of Los Angeles. The checks bore the business address of the Universal Sports News, owned and operated by Dragna as a race-results service.

"This information was made public yesterday by Warren Olney III, attorney for the Crime Commission. He charged there had been 'inexplicable intervention' by the attorney general's office in the Guarantee Finance Co. case, and intimated the Dragna checks to Mr. Rochester had something to do with the whitewashing of the finance company."

I am prepared to prove that neither the investigators nor I have ever had any knowledge or information that the Guarantee Finance Company was involved in bookmaking activity. My investigation disclosed that the head of that organization who is licensed by the Commission of Corporations should not be so licensed and I so reported to the legislative committee investigating small loans. I can prove by indisputable evidence that Dragna who was secretary-treasurer of a dress manufacturing establishment paid me the $50 check and the $160 check to pay toward the cost of

a civil action on appeal and which is still pending before the Supreme Court. The case in question is *Greer* vs. *Capitti*, 2d Civil No. 17036, and will be argued before the Supreme Court April 4, 1950 (L. A. 21406). The checks were used to pay for the clerk's transcript, reporter's transcript and briefs on this appeal. The dress manufacturing establishment was one in which Dragna had an interest as a stockholder, and it went into bankruptcy before the appeal of the *Capitti* case. The $150 check was paid to me for costs in the case of *Greer* vs. *LoCascio*, S. C. 558553 This was a suit against the undertakers on the attachment bond of the garment corporation.

I can prove that Dragna was a comparative stranger to me and I had no information or knowledge or suspicion that he was a member of a "murderous gang" or "involved in narcotics" or any other unlawful enterprise. I can prove that I was neither a minor nor any mouthpiece for the "Dragna mob," if there is such a mob, at any time. I can prove that no illegal payments from the bankruptcy dress manufacturing concern were made to me by Dragna or any other person. I can prove that I had no voice in or knowledge of the action of the Attorney General's Office with respect to discontinuing telephone service to bookies. I can prove that so far as I am concerned or within my knowledge there was no "inexplicable intervention" or any improper action with respect to the Guarantee Finance Company.

I can prove that every insinuation, innuendo or statement made by Mr. Olney at his press conferences is entirely false with respect to me and my conduct as Special Assistant to the Attorney General or my connection with the Joint Legislative Committee Investigating Small Loans or as a member of the Bar of California. I can prove that my conduct in my official and private capacity in all matters referred to by Mr Olney were conducted honorably and conscientiously.

I most earnestly hope that Mr. Olney will come forward in a manly manner and not take refuge by contending that when he gave the press interviews, and made the charges above set forth he was acting as Chief Counsel for the California Crime Commission and, therefore, his statements are privileged and not within the jurisdiction of the State Bar of California.

I respectfully request your Honorable Board of Governors to refer this matter of the proper administrative committee for a complete investigation. There should be a public hearing where Mr. Olney will be given full opportunity to prove his charges and I will be permitted to demonstrate their falsity. This is a matter of grave public interest to the people of this State. Our citizens have a right to know the facts in matters of this sort. The hearing should be a public one.

My silence up to this time is being construed by many as an admission of the truth of the charges Concurrently with the filing of this document with you I am releasing its contents to the press I am compelled to do this as a matter of self defense. I would prefer that it be handled in a judicial atmosphere, which the State Bar has the power and jurisdiction to do in reference to lawyers practicing in our State.

Respectfully yours,

GEO. W. ROCHESTER

End—advance for release to afternoon papers of Thursday, March 16, 1950.

By the Chief Clerk:

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

March 24, 1950

Mr. Ohnimus
State Capitol

DEAR SIR: In checking over my letters I am afraid I haven't replied to your letter of January 9th in regard to the resolutions mailed to me and children.

It will be a treasured keepsake to each one of us and if I have failed to write you our thanks I do so now—also our appreciation of your words of comfort

Sincerely,

MRS. S. L. HEISINGER

RECESS

At 10.14 a.m., on motion of Mr. Dickey, the Assembly recessed until 11.25 a.m.

REASSEMBLED

At 11.25 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 Revenue and Taxation

ASSEMBLY CHAMBER, SACRAMENTO, March 27, 1950

MR. SPEAKER: Your Committee on Revenue and Taxation, to which were referred:

Senate Bill No. 3
Senate Bill No. 7

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

HOLLIBAUGH, Chairman

Above reported bills ordered to second reading.

ASSEMBLY CHAMBER, SACRAMENTO, March 27, 1950

MR. SPEAKER: Your Committee on Revenue and Taxation, to which was referred:

Assembly Bill No. 2

Has had the same under consideration, and reports the same back with the recommendation: Do pass.

HOLLIBAUGH, Chairman

Above reported bill ordered to second reading.

ANNOUNCEMENTS

Mr. Stanley announced a Republican breakfast meeting and Caucus, to be held tomorrow morning, Tuesday, March 28th, at 7.30 a.m., at the Hotel Sacramento, in the Venetian Room; and that all Democratic members are cordially invited to be guests of the Republicans, Dutch treat style.

Mr. Beck, on behalf of the Democratic members, accepted the above invitation, as extended by Mr. Stanley, and announced a Democratic luncheon meeting, and Caucus, to be held tomorrow noon, Tuesday, March 28th, at the Hotel Sacramento.

MOTION TO APPROVE JOURNALS

Upon motion of Mr. Dickey, the Assembly Journals for Monday, March 13, 1950; Tuesday, March 14, 1950; Wednesday, March 15, 1950; Thursday, March 16, 1950; Friday, March 17, 1950; Monday, March 20, 1950; Tuesday, March 21, 1950; Wednesday, March 22, 1950; and Thursday, March 23, 1950, were approved as corrected by the Minute Clerk.

ANNOUNCEMENT

Mr. Sherwin announced that preprints of the Budget Bill, Senate Bill No. 1, showing amendments recommended by the Committee on Conference will be available today for members; and that these preprints and memoranda of proposed changes in the Budget Bill will be placed in the mail boxes of members this afternoon.

REPORT OF COMMITTEE ON CONFERENCE

The following report of Committee on Conference was received, and read:

ASSEMBLY CHAMBER, SACRAMENTO, March 27, 1950

MR. SPEAKER: The Committee on Conference concerning:

Senate Bill No. 1—An act making appropriations for the support of the Government of the State of California and for several public purposes in accordance with the

provisions of Section 34 of Article IV of the Constitution of the State of California, 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 be further amended as follows:

Amendment No. 1

On page 3, line 35, of said bill, as amended, strike out "265,974", and insert "261,224".

Amendment No. 2

On page 6, line 37, of said bill, as amended, strike out "3,416,126", and insert "3,428,358".

Amendment No. 3

On page 6, line 39, of said bill, as amended, strike out "2,327,931", and insert "2,334,118".

Amendment No. 4

On page 6, line 40, of said bill, as amended, strike out "1,045,183", and insert "1,048,028".

Amendment No. 5

On page 6, line 41, of said bill, as amended, strike out "65,712", and insert "68,912".

Amendment No. 6

On page 6, line 43, of said bill, as amended, strike out "3,438,826", and insert "3,451,058".

Amendment No. 7

On page 6, line 48, of said bill, as amended, strike out "3,416,126", and insert "3,428,358".

Amendment No. 8

On page 7, line 50, of said bill, as amended, strike out "243,296", and insert "241,135".

Amendment No. 9

On page 8, line 6, of said bill, as amended, strike out "210,164", and insert "209,589".

Amendment No. 10

On page 8, line 8, of said bill, as amended, strike out "5,347", and insert "3,761".

Amendment No. 11

On page 8, line 10, of said bill, as amended, strike out "248,616", and insert "246,455".

Amendment No. 12

On page 8, line 15, of said bill, as amended, strike out "243,296", and insert "241,135".

Amendment No. 13

On page 8, line 31, of said bill, as amended, strike out "714,854", and insert "712,544".

Amendment No. 14

On page 8, line 36, of said bill, as amended, strike out "258,500", and insert "256,190".

Amendment No. 15

On page 8, line 39, of said bill, as amended, strike out "726,074", and insert "723,764".

Amendment No. 16

On page 8, line 43, of said bill, as amended, strike out "714,854", and insert "712,544".

Amendment No. 17

On page 8, line 46, of said bill, as amended, strike out "1,608,030", and insert "1,581,498".

Amendment No. 18

On page 9, line 3, of said bill, as amended, strike out "1,089,728", and insert "1,075,148".

Amendment No. 19

On page 9, line 4, of said bill, as amended, strike out "662,170", and insert "656,395".

Amendment No. 20

On page 9, line 5, of said bill, as amended, strike out "28,595", and insert "22,418".

Amendment No. 21

On page 9, line 8, of said bill, as amended, strike out "1,820,543", and insert "1,794,011".

Amendment No. 22

On page 9, line 16, of said bill, as amended, strike out "1,608,030", and insert "1,581,498".

Amendment No. 23

On page 9, line 19, of said bill, as amended, strike out "2,076,149", and insert "2,048,773".

Amendment No. 24

On page 9, line 26, of said bill, as amended, strike out "1,252,803", and insert "1,241,139".

Amendment No. 25

On page 9, line 27, of said bill, as amended, strike out "853,205", and insert "841,655".

Amendment No. 26

On page 9, line 28, of said bill, as amended, strike out "57,626", and insert "53,464".

Amendment No. 27

On page 9, line 30, of said bill, as amended, strike out "2,163,634", and insert "2,136,258".

Amendment No. 28

On page 9, line 38, of said bill, as amended, strike out "2,076,149", and insert "2,048,773".

Amendment No. 29

On page 9, line 41, of said bill, as amended, strike out "3,231,104", and insert "3,198,939".

Amendment No. 30

On page 10, line 4, of said bill, as amended, strike out "1,478,930", and insert "1,462,100".

Amendment No. 31

On page 10, line 5, of said bill, as amended, strike out "64,317", and insert "48,082".

Amendment No. 32

On page 10, line 8, of said bill, as amended, strike out "3,710,089", and insert "3,677,924".

Amendment No. 33

On page 10, line 21, of said bill, as amended, strike out "3,231,104", and insert "3,198,939".

Amendment No. 34

On page 10, line 24, of said bill, as amended, strike out "767,172", and insert "760,316".

Amendment No. 35

On page 10, line 31, of said bill, as amended, strike out "565,257", and insert "562,635".

Amendment No. 36

On page 10, line 32, of said bill, as amended, strike out "348,340", and insert "345,452".

Amendment No. 37

On page 10, line 33, of said bill, as amended, strike out "14,058", and insert "12,712".

Amendment No. 38

On page 10, line 36, of said bill, as amended, strike out "955,075", and insert "948,219".

Amendment No. 39

On page 10, line 43, of said bill, as amended, strike out "767,172", and insert "760,316".

Amendment No. 40

On page 10, line 46, of said bill, as amended, strike out "981,652", and insert "972,909".

Amendment No. 41

On page 11, line 3, of said bill, as amended, strike out "703,422", and insert "700,350".

Amendment No. 42

On page 11, line 4, of said bill, as amended, strike out "278,870", and insert "276,595".

Amendment No. 43

On page 11, line 5, of said bill, as amended, strike out "23,304", and insert "19,908".

Amendment No. 44

On page 11, line 7, of said bill, as amended, strike out "1,005,596", and insert "996,853".

Amendment No. 45

On page 11, line 16, of said bill, as amended, strike out "981,652", and insert "972,909".

Amendment No. 46

On page 11, line 19, of said bill, as amended, strike out "407,413", and insert "403,232".

Amendment No. 47

On page 11, line 26, of said bill, as amended, strike out "247,865", and insert "244,145".

Amendment No. 48

On page 11, line 28, of said bill, as amended, strike out "9,819", and insert "9,358".

Amendment No. 49

On page 11, line 30, of said bill, as amended, strike out "427,453", and insert "423,272".

Amendment No. 50

On page 11, line 37, of said bill, as amended, strike out "407,413", and insert "403,232".

Amendment No. 51

On page 12, line 10, of said bill, as amended, strike out "51,734", and insert "51,374".

Amendment No. 52

On page 12, line 13, of said bill, as amended, strike out "15,055", and insert "14,695".

Amendment No. 53

On page 12, line 16, of said bill, as amended, strike out "51,734", and insert "51,374".

Amendment No. 54

On page 12, line 19, of said bill, as amended, strike out "922,011", and insert "921,287".

Amendment No. 55

On page 12, line 23, of said bill, as amended, strike out "22,161", and insert "21,437".

Amendment No. 56

On page 12, line 25, of said bill, as amended, strike out "923,811", and insert "923,087".

Amendment No. 57

On page 12, line 30, of said bill, as amended, strike out "922,011", and insert "921,287".

Amendment No. 58

On page 12 of said bill, as amended, strike out lines 31 to 35, inclusive.

Amendment No. 59

On page 13, line 8, of said bill, as amended, strike out "234,121", and insert "230,160".

Amendment No. 60

On page 13, line 14, of said bill, as amended, strike out "156,361", and insert "153,049".

Amendment No. 61

On page 13, line 15, of said bill, as amended, strike out "85,150", and insert "85,200".

Amendment No. 62

On page 13, line 16, of said bill, as amended, strike out "4,280", and insert "3,581".

Amendment No. 63

On page 13, line 18, of said bill, as amended, strike out "245,791", and insert "241,830".

Amendment No. 64

On page 13, line 23, of said bill, as amended, strike out "234,121", and insert "230,160".

Amendment No. 65

On page 13, line 26, of said bill, as amended, strike out "633,149", and insert "626,087".

Amendment No. 66

On page 13, line 32, of said bill, as amended, strike out "500,193", and insert "496,821".

Amendment No. 67

On page 13, line 34, of said bill, as amended, strike out "13,486", and insert "9,796".

Amendment No. 68

On page 13, line 36, of said bill, as amended, strike out "659,899", and insert "652,837".

Amendment No. 69

On page 13, line 41, of said bill, as amended, strike out "633,149", and insert "626,087".

Amendment No. 70

On page 13, line 44, of said bill, as amended, strike out "269,637", and insert "266,100".

Amendment No. 71

On page 14, line 3, of said bill, as amended, strike out "191,285", and insert "187,913".

Amendment No. 72

On page 14, line 4, of said bill, as amended, strike out "80,480", and insert "80,315".

Amendment No. 73

On page 14, line 7, of said bill, as amended, strike out "279,617", and insert "276,080".

Amendment No. 74

On page 14, line 12, of said bill, as amended, strike out "269,637", and insert "266,100".

Amendment No. 75

On page 14, line 15, of said bill, as amended, strike out "1,211,743", and insert "1,209,413".

Amendment No. 76

On page 14, line 23, of said bill, as amended, strike out "318,285", and insert "317,785".

Amendment No. 77

On page 14, line 24, of said bill, as amended, strike out "14,950", and insert "13,120".

Amendment No. 78

On page 14, line 26, of said bill, as amended, strike out "1,269,123", and insert "1,266,793".

Amendment No. 79

On page 14, line 32, of said bill, as amended, strike out "1,211,743", and insert "1,209,413".

Amendment No. 80

On page 14, line 35, of said bill, as amended, strike out "246,896", and insert "239,264".

Amendment No. 81

On page 14, line 41, of said bill, as amended, strike out "178,513", and insert "175,297".

Amendment No. 82

On page 14, line 43, of said bill, as amended, strike out "12,478", and insert "8,062".

Amendment No. 83

On page 14, line 45, of said bill, as amended, strike out "256,676", and insert "249,044".

Amendment No. 84

On page 15, line 6, of said bill, as amended, strike out "246,896", and insert "239,264".

Amendment No. 85

On page 15, line 9, of said bill, as amended, strike out "442,434", and insert "437,500".

Amendment No. 86

On page 15, line 15, of said bill, as amended, strike out "345,012", and insert "341,184".

Amendment No. 87

On page 15, line 17, of said bill, as amended, strike out "12,537", and insert "11,431".

Amendment No. 88

On page 15, line 19, of said bill, as amended, strike out "463,489", and insert "458,555".

Amendment No. 89

On page 15, line 24, of said bill, as amended, strike out "442,434", and insert "437,500".

Amendment No. 90

On page 17, line 26, of said bill, as amended, after "centers", insert "for the period July 1, 1950 to February 15, 1951".

Amendment No. 91

On page 17, line 34, of said bill, as amended, strike out "6,000,000", and insert "3,000,000".

Amendment No. 92

On page 17 of said bill, as amended, after line 34, insert "of which not to exceed $40,000 may be expended by the Department of Education for making apportionments and for supervision of child care centers, provided that apportionments to school districts from this item shall be made only in such amounts which, together with all other available funds, will provide a program not to exceed $40 per child in attendance per month; and provided further, that no part of the appropriation made by this item shall be available for expenditure or apportionments unless or until Sections 19601 and 19613.5 of the Education Code are amended so as to authorize state funds to be expended for child care centers."

Amendment No. 93

On page 17, line 36, of said bill, as amended, strike out "609,782", and insert "606,682".

Amendment No. 94

On page 17, line 43, of said bill, as amended, strike out "679,352", and insert "676,252".

Amendment No. 95

On page 17, line 47, of said bill, as amended, strike out "801,861", and insert "798,761".

Amendment No. 96

On page 18, line 12, of said bill, as amended, strike out "609,782", and insert "606,682".

Amendment No. 97

On page 18, line 14, of said bill, as amended, strike out "1,109,616", and insert "1,096,120".

Amendment No. 98

On page 18, line 23, of said bill, as amended, strike out "1,320,363", and insert "1,306,867".

Amendment No. 99

On page 18, line 27, of said bill, as amended, strike out "1,546,779", and insert "1,533,283".

Amendment No. 100

On page 18, line 42, of said bill, as amended, strike out "1,109,616", and insert "1,096,120".

Amendment No. 101

On page 19, line 3, of said bill, as amended, strike out "421,710", and insert "420,760".

Amendment No. 102

On page 19, line 10, of said bill, as amended, strike out "406,344", and insert "405,394".

Amendment No. 103

On page 19, line 14, of said bill, as amended, strike out "504,430", and insert "503,480".

Amendment No. 104

On page 19, line 25, of said bill, as amended, strike out "421,710", and insert "420,760".

Amendment No. 105

On page 20, line 6, of said bill, as amended, strike out "255,242", and insert "250,742".

Amendment No. 106

On page 20, line 13, of said bill, as amended, strike out "248,987", and insert "244,487".

Amendment No. 107

On page 20, line 16, of said bill, as amended, strike out "299,587", and insert "295,087".

Amendment No. 108

On page 20, line 27, of said bill, as amended, strike out "255,242", and insert "250,742".

Amendment No. 109

On page 20, line 29, of said bill, as amended, strike out "501,505", and insert "495,505".

Amendment No. 110

On page 20, line 36, of said bill, as amended, strike out "541,380", and insert "535,380".

Amendment No. 111

On page 20, line 39, of said bill, as amended, strike out "676,110", and insert "670,110".

Amendment No. 112

On page 20, line 50, of said bill, as amended, strike out "501,505", and insert "495,505".

Amendment No. 113

On page 21, line 3, of said bill, as amended, strike out "1,420,271", and insert "1,408,062".

Amendment No. 114

On page 21, line 10, of said bill, as amended, strike out "1,786,712", and insert "1,774,503".

Amendment No. 115

On page 21, line 14, of said bill, as amended, strike out "2,075,939", and insert "2,063,730".

Amendment No. 116

On page 21, line 25, of said bill, as amended, strike out "1,420,271", and insert "1,408,062"

Amendment No. 117

On page 21, line 27, of said bill, as amended, strike out "1,501,732", and insert "1,475,251".

Amendment No. 118

On page 21, line 34, of said bill, as amended, strike out "1,773,141", and insert "1,748,985".

Amendment No. 119

On page 21, line 35, of said bill, as amended, strike out "213,365", and insert "211,040".

Amendment No. 120

On page 21, line 38, of said bill, as amended, strike out "2,067,710", and insert "2,041,229".

Amendment No. 121

On page 21, line 49, of said bill, as amended, strike out "1,501,732", and insert "1,475,251".

Amendment No. 122

On page 22, line 30, of said bill, as amended, strike out "1,698,262", and insert "1,696,150".

Amendment No. 123

On page 22, line 44, of said bill, as amended, strike out "1,799,202", and insert "1,797,090".

Amendment No. 124

On page 22, line 48, of said bill, as amended, strike out "2,222,032", and insert "2,219,920".

Amendment No. 125

On page 23, line 18, of said bill, as amended, strike out "1,698,262", and insert "1,696,150".

Amendment No. 126

On page 26 of said bill, as amended, strike out all of lines 30 to 32, inclusive.

Amendment No. 127

On page 26 of said bill, as amended, after line 38, insert

"103.5—For support of an institute of real estate, University of California, payable from the Real Estate Fund, to be expended during the period July 1, 1950 to June 30, 1953, at a rate of not more than $50,000 each year, exempt from Section 14 of this act---------- 150,000".

Amendment No. 128

On page 27, line 2, of said bill, as amended, strike out "1,600,678", and insert "1,605,831".

Amendment No. 129

On page 27, line 8, of said bill, as amended, strike out "1,319,869", and insert "1,324,717".

Amendment No. 130

On page 27, line 10, of said bill, as amended, strike out "28,228", and insert "28,533".

Amendment No. 131

On page 27, line 12, of said bill, as amended, strike out "1,796,426", and insert "1,801,579".

Amendment No. 132

On page 27, line 23, of said bill, as amended, strike out "1,600,678", and insert "1,605,831".

Amendment No. 133

On page 28, line 28, of said bill, as amended, strike out "10,828,582", and insert "10,601,421".

Amendment No. 134

On page 28, line 34, of said bill, as amended, strike out "9,304,401", and insert "9,176,821".

Amendment No. 135

On page 28, line 35, of said bill, as amended, strike out "1,571,437", and insert "1,515,157".

Amendment No. 136

On page 28, line 36, of said bill, as amended, strike out "140,992", and insert "97,691".

Amendment No. 137

On page 28, line 38, of said bill, as amended, strike out "11,016,830", and insert "10,789,669".

Amendment No. 138

On page 28, line 47, of said bill, as amended, strike out "10,828,582", and insert "10,601,421".

Amendment No. 139

On page 28, line 52, of said bill, as amended, strike out "660,397", and insert "657,547".

Amendment No. 140

On page 29, line 5, of said bill, as amended, strike out "12,641", and insert "9,791".

Amendment No. 141

On page 29, line 7, of said bill, as amended, strike out "660,397", and insert "657,547".

Amendment No. 142

On page 29 of said bill, as amended, after line 42, insert

"116.1—For additional support, Department of Finance to carry out the provisions of Section 17.5 of this act---------- 32,380
provided further that the Director of Finance may transfer any portion of this appropriation to any other state agency upon executive order in augmentation of the appropriation for support of such agency."

Amendment No. 143

On page 31, line 26, of said bill, as amended, strike out "1,653,597", and insert "1,644,514".

Amendment No. 144

On page 32, line 45, of said bill, as amended, strike out "33,894", and insert "37,429".

Amendment No. 145

On page 32 of said bill as amended, between lines 48 and 49, insert

"(c) Equipment ---------- 3,535".

Amendment No. 146

On page 32, line 50, of said bill, as amended, strike out "34,554", and insert "38,089".

Amendment No. 147

On page 33, line 5, of said bill, as amended, strike out "33,894", and insert "37,429".

Amendment No. 148

On page 33, line 34, of said bill, as amended, strike out "9,410,489", and insert "9,159,410".

Amendment No. 149

On page 33, line 46, of said bill, as amended, strike out "6,807,175", and insert "6,698,711".

Amendment No. 150

On page 33, line 47, of said bill, as amended, strike out "1,968,962", and insert "1,935,516".

Amendment No. 151

On page 33, line 48, of said bill, as amended, strike out "634,352", and insert "525,183".

Amendment No. 152

On page 33, line 50, of said bill, as amended, strike out "9,410,489", and insert "9,159,410".

Amendment No. 153

On page 34, line 6, of said bill, as amended, strike out "3,878,986", and insert "3,853,170".

Amendment No. 154

On page 34, line 12, of said bill, as amended, strike out "3,278,989", and insert "3,251,325".

Amendment No. 155

On page 34, line 13, of said bill, as amended, strike out "714,716", and insert "715,832".

Amendment No. 156

On page 34, line 14, of said bill, as amended, strike out "53,681", and insert "54,413".

Amendment No. 157

On page 34, line 16, of said bill, as amended, strike out "4,047,386", and insert "4,021,570".

Amendment No. 158

On page 34, line 24, of said bill, as amended, strike out "3,878,986", and insert "3,853,170".

Amendment No. 159

On page 34 of said bill, as amended, after line 27, insert "in business or professional training or any program".

Amendment No. 160

On page 34, line 29, of said bill, as amended, strike out "in the occupation".

Amendment No. 161

On page 34, lines 30 and 31, of said bill, as amended, strike out "or who have received".

Amendment No. 162

On page 34 of said bill, as amended, strike out lines 33 to 34, inclusive.

Amendment No. 163

On page 34, line 40, of said bill, as amended, strike out "237,371", and insert "243,657".

Amendment No. 164

On page 34, line 42, of said bill, as amended, strike out "178,035", and insert "183,531".

Amendment No. 165

On page 34, line 43, of said bill, as amended, strike out "57,328", and insert "58,118".

Amendment No. 166

On page 34, line 46, of said bill, as amended, strike out "237,371", and insert "243,657".

Amendment No. 167

On page 36, line 24, of said bill, as amended, strike out "2,039,229", and insert "2,016,422".

Amendment No. 168

On page 36, line 33, of said bill, as amended, strike out "1,678,339", and insert "1,661,930".

Amendment No. 169

On page 36, line 34, of said bill, as amended, strike out "610,689", and insert "607,089".

Amendment No. 170

On page 36, line 35, of said bill, as amended, strike out "38,936", and insert "36,138".

Amendment No. 171

On page 36, line 37, of said bill, as amended, strike out "2,327,964", and insert "2,305,157".

Amendment No. 172

On page 36, line 48, of said bill, as amended, strike out "2,039,229", and insert "2,016,422".

Amendment No. 173

On page 37, line 20, of said bill, as amended, strike out "1,133,783", and insert "1,128,848".

Amendment No. 174

On page 37, line 22, of said bill, as amended, strike out "877,128", and insert "872,388".

Amendment No. 175

On page 37, line 24, of said bill, as amended, strike out "42,965", and insert "42,770".

Amendment No. 176

On page 37, line 26, of said bill, as amended, strike out "1,133,783", and insert "1,128,848".

Amendment No. 177

On page 38, line 24, of said bill, as amended, strike out "3,526,730", and insert "3,506,631".

Amendment No. 178

On page 38, line 30, of said bill, as amended, strike out "2,501,094", and insert "2,482,098".

Amendment No. 179

On page 38, line 32, of said bill, as amended, strike out "109,418", and insert "108,315".

Amendment No. 180

On page 38, line 34, of said bill, as amended, strike out "3,636,272", and insert "3,616,173".

Amendment No. 181

On page 38, line 39, of said bill, as amended, strike out "3,526,730", and insert "3,506,631".

Amendment No. 182

On page 38, line 45, of said bill, as amended, strike out "4,059,983", and insert "4,044,444".

Amendment No. 183

On page 39, line 3, of said bill, as amended, strike out "2,901,499", and insert "2,887,063".

Amendment No. 184

On page 39, line 5, of said bill, as amended, strike out "118,109", and insert "117,006".

Amendment No. 185

On page 39, line 7, of said bill, as amended, strike out "4,202,063", and insert "4,186,524".

Amendment No. 186

On page 39, line 12, of said bill, as amended, strike out "4,059,983", and insert "4,044,444".

Amendment No. 187

On page 39, line 14, of said bill, as amended, strike out "2,661,473", and insert "2,652,224".

Amendment No. 188

On page 39, line 19, of said bill, as amended, strike out "1,862,381", and insert "1,853,705".

Amendment No. 189

On page 39, line 21, of said bill, as amended, strike out "65,242", and insert "64,669".

Amendment No. 190

On page 39, line 23, of said bill, as amended, strike out "2,759,978", and insert "2,750,729".

Amendment No. 191

On page 39, line 27, of said bill, as amended, strike out "2,661,473", and insert "2,652,224".

Amendment No. 192

On page 39, line 29, of said bill, as amended, strike out "2,386,452", and insert "2,377,203".

Amendment No. 193

On page 39, line 35, of said bill, as amended, strike out "1,750,728", and insert "1,742,052".

Amendment No. 194

On page 39, line 37, of said bill, as amended, strike out "75,580", and insert "75,007".

Amendment No. 195

On page 39, line 39, of said bill, as amended, strike out "2,489,973", and insert "2,480,724".

Amendment No. 196

On page 39, line 44, of said bill, as amended, strike out "2,386,452", and insert "2,377,203".

Amendment No. 197

On page 39, line 46, of said bill, as amended, strike out "2,823,257", and insert "2,814,008".

Amendment No. 198

On page 40, line 3, of said bill, as amended, strike out "2,040,598", and insert "2,031,922".

Amendment No. 199

On page 40, line 5, of said bill, as amended, strike out "68,531", and insert "67,958".

Amendment No. 200

On page 40, line 7, of said bill, as amended, strike out "2,932,508", and insert "2,923,259".

Amendment No. 201

On page 40, line 11, of said bill, as amended, strike out "2,823,257", and insert "2,814,008".

Amendment No. 202

On page 40, line 13, of said bill, as amended, strike out "3,564,488", and insert "3,551,229".

Amendment No. 203

On page 40, line 19, of said bill, as amended, strike out "2,589,901", and insert "2,577,745".

Amendment No. 204

On page 40, line 21, of said bill, as amended, strike out "97,351", and insert "96,248".

Amendment No. 205

On page 40, line 23, of said bill, as amended, strike out "3,687,368", and insert "3,674,109".

Amendment No. 206

On page 40, line 28, of said bill, as amended, strike out "3,564,488", and insert "3,551,229".

Amendment No. 207

On page 40, line 30, of said bill, as amended, strike out "2,296,157", and insert "2,277,788".

Amendment No. 208

On page 40, line 36, of said bill, as amended, strike out "1,731,599", and insert "1,713,803".

Amendment No. 209

On page 40, line 38, of said bill, as amended, strike out "93,428", and insert "92,855".

Amendment No. 210

On page 40, line 40, of said bill, as amended, strike out "2,392,461", and insert "2,374,092".

Amendment No. 211

On page 40, line 45, of said bill, as amended, strike out "2,296,151", and insert "2,277,788".

Amendment No. 212

On page 40, line 47, of said bill, as amended, strike out "3,377,869", and insert "3,361,010".

Amendment No. 213

On page 41, line 3, of said bill, as amended, strike out "2,509,019", and insert "2,493,263".

Amendment No. 214

On page 41, line 5, of said bill, as amended, strike out "92,005", and insert "90,902".

Amendment No. 215

On page 41, line 7, of said bill, as amended, strike out "3,478,542", and insert "3,461,683".

Amendment No. 216

On page 41, line 12, of said bill, as amended, strike out "3,377,869", and insert "3,361,010".

Amendment No. 217

On page 41, line 14, of said bill, as amended, strike out "4,214,750", and insert "4,204,156".

Amendment No. 218

On page 41, line 20, of said bill, as amended, strike out "3,153,234", and insert "3,143,478".

Amendment No. 219

On page 41, line 22, of said bill, as amended, strike out "95,516", and insert "94,678".

Amendment No. 220

On page 41, line 24, of said bill, as amended, strike out "4,350,810", and insert "4,340,216".

Amendment No. 221

On page 41, line 29, of said bill, as amended, strike out "4,214,750", and insert "4,204,156".

Amendment No. 222

On page 41, line 31, of said bill, as amended, strike out "2,036,138", and insert "2,024,839".

Amendment No. 223

On page 41, line 37, of said bill, as amended, strike out "1,474,215", and insert "1,463,643".

Amendment No. 224

On page 41, line 39, of said bill, as amended, strike out "66,833", and insert "66,106".

Amendment No. 225

On page 41, line 41, of said bill, as amended, strike out "2,103,378", and insert "2,092,079".

Amendment No. 226

On page 41, line 46, of said bill, as amended, strike out "2,036,138", and insert "2,024,839".

Amendment No. 227

On page 41, line 48, of said bill, as amended, strike out "3,285,484", and insert "3,271,520".

Amendment No. 228

On page 42, line 3, of said bill, as amended, strike out "2,435,160", and insert "2,422,188".

Amendment No. 229

On page 42, line 5, of said bill, as amended, strike out "84,476", and insert "83,484".

Amendment No. 230

On page 42, line 7, of said bill, as amended, strike out "3,340,366", and insert "3,326,402".

Amendment No. 231

On page 42, line 13, of said bill, as amended, strike out "3,285,484", and insert "3,271,520".

Amendment No. 232

On page 45, line 9, of said bill, as amended, strike out "324,119", and insert "305,191".

Amendment No. 233

On page 46, line 30, of said bill, as amended, strike out "7,631,684", and insert "7,629,084".

Amendment No. 234

On page 46, line 37, of said bill, as amended, strike out "2,584,961", and insert "2,582,361".

Amendment No. 235

On page 46, line 40, of said bill, as amended, strike out "9,021,177", and insert "9,018,577".

Amendment No. 236

On page 47, line 14, of said bill, as amended, strike out "7,631,684", and insert "7,629,084".

Amendment No. 237

On page 58 of said bill, as amended, between lines 7 and 8, insert

"245.1—For investigation and study of the feasibility of financing and constructing under the provisions of the California Toll Bridge Authority Act a toll bridge or other toll highway crossing between the County of Marin and the County of Contra Costa, including investigation and study of location, foundations, costs, traffic, financing, and all matters preliminary to the determination whether such a bridge or other toll highway crossing is feasible and is for the best interests of the public highways of this State, to be expended through the agency of the Division of San Francisco Bay Toll Crossings or through the Division of Highways as may be designated by the Director of Public Works to be reappropriated for the purposes herein set forth from the unexpended balance of the moneys appropriated by Item 248 of the Budget Act of 1949 200,000

The California Toll Bridge Authority shall return this appropriation, or so much thereof as may be used, with interest thereon at the rate of one and one-half percent (1½%) per annum, to be computed on the total amount, withdrawn during any one year, to the State Highway Fund in the State Treasury from the proceeds of the first sale of revenue bonds issued for the construction of said bridge or other crossing under the provisions of the California Toll Bridge Authority Act, Chapter 1, Division 17, of the Streets and Highways Code, as amended; provided, that in the event revenue bonds are not issued and sold for the construction of such toll bridge or other toll highway crossing, any moneys expended hereunder shall be returned to the State Highway Fund in the State Treasury from the tolls and revenues of the existing San Francisco-Oakland Bay Bridge, but only after all revenue bonds issued and sold by the California Toll Bridge Authority for the construction of said bridge, or for the refunding of the indebtedness thereof, have been fully redeemed and paid and all other obligations of the bridge have been fully satisfied, including the repayment of any other sums presently required by law to be repaid to the State Treasury. The California Toll Bridge Authority is hereby authorized to continue to fix and collect tolls on said bridge for the purpose of reimbursement of the State Highway Fund as required by this proviso"

Amendment No. 238

On page 59, line 21, of said bill, as amended, strike out "112,699", and insert "104,527".

Amendment No. 239

On page 59, line 26, of said bill, as amended, strike out "74,849", and insert "66,677".

Amendment No. 240

On page 59, line 30, of said bill, as amended, strike out "115,199", and insert "107,027".

Amendment No. 241

On page 59, line 35, of said bill, as amended, strike out "112,699", and insert "104,527".

Amendment No. 242

On page 60, line 26, of said bill, as amended, strike out "1,500,314", and insert "1,499,401".

Amendment No. 243

On page 60, line 34, of said bill, as amended, strike out "1,689,110", and insert "1,687,960".

Amendment No. 244

On page 60, line 35, of said bill, as amended, strike out "547,817", and insert "547,610".

Amendment No. 245

On page 60, line 38, of said bill, as amended, strike out "155,129", and insert "155,037".

Amendment No. 246

On page 60, line 40, of said bill, as amended, strike out "2,398,554", and insert "2,397,105".

Amendment No. 247

On page 60, line 43, of said bill, as amended, strike out "883,240", and insert "882,704".

Amendment No. 248

On page 60, line 47, of said bill, as amended, strike out "1,500,314", and insert "1,499,401".

Amendment No. 249

On page 61, line 14, of said bill, as amended, strike out "are", and insert "is".

Amendment No. 250

On page 62, line 30, of said bill, as amended, strike out "1,326,562", and insert "1,322,962".

Amendment No. 251

On page 62, line 42, of said bill, as amended, strike out "1,490,487", and insert "1,486,887".

Amendment No. 252

On page 62, line 46, of said bill, as amended, strike out "2,175,532", and insert "2,171,932".

Amendment No. 253

On page 63, line 10, of said bill, as amended, strike out "1,326,562", and insert "1,322,962".

Amendment No. 254

On page 64, line 35, of said bill, as amended, strike out "103,655", and insert "408,839".

Amendment No. 255

On page 64 of said bill, as amended, strike out lines 37 to 52, and insert

"(a) General Fund	102,424
(b) State Agricultural Society Contingent Fund	5,498
(c) Department of Agriculture Fund	51
(d) Board of Cosmetology Contingent Fund	63
(e) Fish and Game Preservation Fund	4
(f) State Highway Fund	46,563
(g) State Lands Act Fund	7,002
(h) Motor Vehicle Fund	193,984
(i) Motor Vehicle Fuel Tax Fund	8,987
(j) Motor Vehicle License Fee Fund	244
(k) Motor Vehicle Transportation License Tax Fund	1,590
(l) Board of Nurse Examiners' Fund	69
(m) State Park Fund	543
(n) State Park Maintenance Fund	6,424
(o) Postwar Unemployment and Construction Fund	13,840
(p) Real Estate Fund	91
(q) Division of Architecture Revolving Fund	501
(r) Estates of Deceased Persons Fund	222
(s) San Francisco Harbor Improvement Fund	2,743
(t) Unemployment Fund	15
(u) Unemployment Administration Fund	17,990
Total of schedule	408,839

The appropriation in this item shall be in lieu of the unexpended balance of the appropriation in Chapter 1281, Statutes of 1949."

Amendment No. 256

On page 65 of said bill, as amended, strike out lines 2 to 19.

Amendment No. 257

On page 66, line 40, of said bill, as amended, strike out "500,000", and insert "100,000".

Amendment No. 258

On page 67, line 11, of said bill, as amended, after "range.", insert "It is further provided that increases in compensation provided by increased salary ranges established by the Personnel Board or other salary-fixing authority during the Fiscal Year 1950-51 shall not result in a total annual salary increase of more than $150,000 for all authorized positions in classes adjusted through allocations from the appropriation in this item."

Amendment No. 259

On page 67 of said bill, as amended, strike out lines 43 to 46, inclusive, and insert

"286—For major construction, improvements, and equipment, Medical Facility (partial cost), Department of Corrections, payable from the Postwar Employment Reserve, provided, that expenditure of this appropriation or any part thereof shall be pursuant to a determination by the Public Works Board that such expenditures will produce a unit or units of an institution which shall be operable upon completion of the project within the sum herewith appropriated____ 6,380,500".

Amendment No. 260

On page 67, line 49, of said bill, as amended, after "Corrections", insert "payable from Postwar Employment Reserve".

Amendment No. 261

On page 68, line 31, of said bill, as amended, strike out "60,280", and insert "39,280".

Amendment No. 262

On page 68 of said bill, as amended, after line 31, insert

"294.1—For minor construction, improvements, repairs, and equipment, California State Prison at Folsom, Department of Corrections, payable from Postwar Employment Reserve_____ 21,000".

Amendment No. 263

On page 69 of said bill, as amended, strike out lines 2 to 7, inclusive.

Amendment No. 264

On page 69, line 10, of said bill, as amended, strike out "31,175", and insert "11,175".

Amendment No. 265

On page 69 of said bill, as amended, after line 10, insert

"300.1—For minor construction, improvements, repairs and equipment, California State Prison at San Quentin, Department of Corrections, payable from the Postwar Employment Reserve_____ 20,000".

Amendment No. 266

On page 69, line 13, of said bill, as amended, strike out "26,865", and insert "13,500".

Amendment No. 267

On page 69 of said bill, as amended, after line 13, insert

"301.1—For minor construction, improvements, repairs, and equipment, California State Prison at Soledad, Department of Corrections, payable from Postwar Employment Reserve_____ 13,365".

Amendment No. 268

On page 69, line 37, of said bill, as amended, strike out "27,300", and insert "11,300".

Amendment No. 269

On page 69 of said bill, as amended, after line 37, insert

"307.1—For minor construction, improvements, repairs, and equipment, Fricot Ranch School for Boys, Youth Authority, payable from Postwar Employment Reserve_____ 16,000".

Amendment No. 270

On page 70, line 22, of said bill, as amended, strike out "43,200", and insert "38,000".

Amendment No. 271

On page 71, line 8, of said bill, as amended, strike out "18,495", and insert "2,535".

Amendment No. 272

On page 71 of said bill, as amended, after line 8, insert

"324.1—For minor construction, improvements, repairs and equipment. Los Guilucos School for Girls, Youth Authority, payable from Postwar Employment Reserve ..... 15,960".

Amendment No. 273

On page 71, line 14, of said bill, as amended, strike out "38,975", and insert "12,975".

Amendment No. 274

On page 71 of said bill, as amended, after line 14, insert

"326.1—For minor construction, improvements, repairs and equipment, Chico State College, payable from Postwar Employment Reserve.. 26,000".

Amendment No. 275

On page 72, line 14, of said bill, as amended, strike out "28,500", and insert "3,500".

Amendment No. 276

On page 72 of said bill, as amended, after line 14, insert

"337.1—For minor construction, improvements, repairs, and equipment, Fresno State College, payable from Postwar Employment Reserve 25,000".

Amendment No. 277

On page 72, line 26, of said bill, as amended, strike out "28,240", and insert "5,240".

Amendment No. 278

On page 72 of said bill, as amended, after line 26, insert

"340.1—For minor construction, improvements, repairs, and equipment, Humboldt State College, payable from Postwar Employment Reserve ..... 23,000".

Amendment No. 279

On page 72, line 48, of said bill, as amended, strike out "56,450", and insert "44,750".

Amendment No. 280

On page 72 of said bill, as amended, after line 48, insert

"345.1—For minor construction, improvements, repairs, and equipment, San Diego State College, payable from Postwar Employment Reserve ..... 11,700".

Amendment No. 281

On page 73, line 33, of said bill, as amended, strike out "104,195", and insert "6,395".

Amendment No. 282

On page 73 of said bill, as amended, after line 33, insert

"354.1—For minor construction, improvements, repairs, and equipment, San Jose State College, payable from Postwar Employment Reserve ..... 97,800".

Amendment No. 283

On page 74, line 13, of said bill, as amended, strike out "24,980", and insert "7,200".

Amendment No. 284

On page 74 of said bill, as amended, after line 13, insert

"359.1—For minor construction, improvements, repairs, and equipment, California School for the Blind at Berkeley, payable from Postwar Employment Reserve ..... 17,780".

Amendment No. 285

On page 74, line 33, of said bill, as amended, strike out "142,100", and insert "27,100".

Amendment No. 286

On page 74 of said bill, as amended, after line 33, insert

"363.1—For minor construction, improvements, repairs, and equipment, University of California, payable from Postwar Employment Reserve, exempt from Section 14 of this act..... 115,000".

Amendment No. 287

On page 74 of said bill, as amended, after line 33, insert

"363.2—For minor construction, improvements, repairs, and equipment to airport at Davis Campus, University of California, exempt from Section 14 of this act ..... 13,000".

Amendment No. 288

On page 74 of said bill, as amended, after line 38, insert

"366—For minor construction, improvements, repairs and equipment, Napa State Farm, Department of Finance ..... 4,400".

Amendment No. 289

On page 75, line 15, of said bill, as amended, strike out "105,032", and insert "30,032".

Amendment No. 290

On page 75, line 22, of said bill, as amended, strike out "225,000", and insert "75,000".

Amendment No. 291

On page 75, line 31, of said bill, as amended, strike out "24,000", and insert "8,000".

Amendment No. 292

On page 75, line 40, of said bill, as amended, strike out "311,795", and insert "32,065".

Amendment No. 293

On page 75 of said bill, as amended, after line 40, insert

"380.1—For minor construction, improvements, repairs, and equipment, Agnews State Hospital, payable from Postwar Employment Reserve ..... 279,730".

Amendment No. 294

On page 76, line 27, of said bill, as amended, strike out "221,000", and insert "56,500".

Amendment No. 295

On page 76 of said bill, as amended, after line 27, insert

"390.1—For minor construction, improvements, repairs, and equipment, Camarillo State Hospital, payable from Postwar Employment Reserve ..... 164,500"

Amendment No. 296

On page 76, line 29, of said bill, as amended, strike out "190,725", and insert "38,000".

Amendment No. 297

On page 76 of said bill, after line 29, insert

"391.1—For minor construction, improvements, repairs, and equipment, DeWitt State Hospital, payable from Postwar Employment Reserve ..... 152,725".

Amendment No. 298

On page 76, line 36, of said bill, as amended, strike out "60,325", and insert "30,625".

Amendment No. 299

On page 76 of said bill, as amended, after line 36, insert

"394.1—For minor construction, improvements, repairs, and equipment, Mendocino State Hospital, payable from Postwar Employment Reserve ..... 29,700".

Amendment No. 300

On page 76, line 41, of said bill, as amended, strike out "80,650", and insert "17,900".

Amendment No. 301

On page 76 of said bill, as amended, after line 41, insert

"396.1—For minor construction, improvements, repairs, and equipment, Modesto State Hospital, payable from Postwar Employment Reserve ..... 62,750".

Amendment No. 302

On page 76 of said bill, as amended, strike out lines 46 to 50, inclusive.

Amendment No. 303

On page 77, line 6, of said bill, as amended, strike out "24,900", and insert "2,400".

Amendment No. 304

On page 77, line 15, of said bill, as amended, strike out "6,500", and insert "4,500".

Amendment No. 305

On page 77, line 24, of said bill, as amended, strike out "3,800", and insert "1,266".

Amendment No. 306

On page 77, line 26, of said bill, as amended, strike out "184,570", and insert "36,050".

Amendment No. 307

On page 77 of said bill, as amended, after line 26, insert

"404.1—For minor construction, improvements, repairs, and equipment, Napa State Hospital, payable from Postwar Employment Reserve ..... 148,520".

Amendment No. 308

On page 77, line 29, of said bill, as amended, after "Act", insert "payable from Postwar Employment Reserve".

Amendment No. 309

On page 77, line 50, of said bill, as amended, strike out "9,000", and insert "3,000".

Amendment No. 310

On page 77, line 52, of said bill, as amended, strike out "242,712", and insert "89,312".

Amendment No. 311

On page 77 of said bill, as amended, after line 52, insert

"411.1—For minor construction, improvements, repairs, and equipment, Norwalk State Hospital, payable from Postwar Employment Reserve ..... 153,400".

Amendment No. 312

On page 78, line 12, of said bill, as amended, strike out "41,500", and insert "45,000".

Amendment No. 313

On page 78, line 18, of said bill, as amended, strike out "322,440", and insert "62,340".

Amendment No. 314

On page 78 of said bill, as amended, after line 18, insert

"417.1—For minor construction, improvements, repairs, and equipment, Patton State Hospital, payable from Postwar Employment Reserve ..... 260,100".

Amendment No. 315

On page 78, line 24, of said bill, as amended, strike out "85,780", and insert "24,780".

Amendment No. 316

On page 78 of said bill, as amended, after line 24, insert

"419.1—For minor construction, improvements, repairs, and equipment, Stockton State Hospital, payable from Postwar Employment Reserve ..... 61,000".

Amendment No. 317

On page 78, line 29, of said bill, as amended, strike out "450,000", and insert "150,000".

Amendment No. 318

On page 79, line 18, of said bill, as amended, strike out "42,509", and insert "30,584".

Amendment No. 319

On page 79 of said bill, as amended, after line 18, insert

"432.1—For minor construction, improvements, repairs, and equipment, Pacific Colony, payable from Postwar Employment Reserve ..... 11,925".

Amendment No. 320

On page 79, line 36, of said bill, as amended, strike out "124,600", and insert "63,100".

Amendment No. 321

On page 79 of said bill, as amended, after line 36, insert

"438.1—For minor construction, improvements, repairs, and equipment, Sonoma State Home, payable from Postwar Employment Reserve 61,500".

Amendment No. 322

On page 80, line 21, of said bill, as amended, insert

"Red Bluff ---------- 106,000".

Amendment No. 323

On page 82, line 45, of said bill, as amended, strike out "major", and insert "minor".

Amendment No. 324

On page 82, line 45, of said bill, as amended, strike out "improvement", and insert "improvements, repairs,".

Amendment No. 325

On page 82, line 47, of said bill, as amended, strike out "94,350", and insert "30,350".

Amendment No. 326

On page 83 of said bill, as amended, after line 11, insert

"455.1—For minor construction, improvements, repairs, and equipment of state beaches, Division of Beaches and Parks, Department of Natural Resources, payable from Postwar Employment Reserve— 64,000
provided, that any moneys made available to the Division of Beaches and Parks, Department of Natural Resources, from this item shall be repaid to the General Fund out of any moneys impounded in the State Lands Act Fund under the decision and order of the United States Supreme Court which hereafter may be released by the Federal Government and subsequently paid into the State Beach Fund or the State Park Fund. The transfer to the General Fund from the respective funds shall be in such amounts as may be determined by the Department of Finance. Such transfers shall be made by the State Controller upon written order of the Department of Finance."

Amendment No. 327

On page 83, line 12, of said bill, as amended, strike out "major", and insert "minor".

Amendment No. 328

On page 83, line 12, of said bill, as amended, after "improvements," insert "repairs".

Amendment No. 329

On page 83, line 14, of said bill, as amended, strike out "198,100", and insert "97,100".

Amendment No. 330

On page 83 of said bill, as amended, after line 29, insert

"456.1—For minor construction, improvements, repairs, and equipment of state parks, Division of Beaches and Parks, Department of Natural Resources, payable from the Postwar Employment Reserve------ 101,000
provided, that any moneys made available to the Division of Beaches and Parks, Department of Natural Resources, from this item shall be repaid to the General Fund out of any moneys impounded in the State Lands Act Fund under the decision and order of the United States Supreme Court which hereafter may be released by the Federal Government and subsequently paid into the State Beach Fund or the State Park Fund. The transfer to the General Fund from the respective funds shall be in such amounts as may be determined by the Department of Finance. Such transfer shall be made by the State Controller upon written order of the Department of Finance."

Amendment No. 331

On page 84, line 14, of said bill, as amended, strike out "2,995,933", and insert "4,170,590".

Amendment No. 332

On page 95 of said bill, as amended, strike out lines 9 to 15, inclusive.

Amendment No. 333

On page 96 of said bill, as amended, after line 36, insert

"Section 11.1. Except for the South Calaveras Grove, which is now under appraisal and investigation, no money appropriated by Chapter 1422 of the Statutes of

1945 and subsequently transferred to the State Park Fund shall be expended from the State Park Fund for projects not previously approved by the State Park Commission and under active negotiation as of the effective date of this act until the Department of Natural Resources files with the Joint Legislative Budget Committee the supplemental surveys that it was authorized and directed to make in accordance with Section 1 of Chapter 1422 of the Statutes of 1945."

Amendment No. 334

On page 98, line 26, of said bill, as amended, strike out "heads of departments," and insert "shall be of the light class, as defined by the Board of Control, unless excepted by the Director of Finance on the basis of unusual requirements which would justify the need for an automobile of a heavier class."

Amendment No. 335

On page 98 of said bill as amended, strike out lines 27 to 29, inclusive.

Amendment No. 336

On page 98, line 33, of said bill, as amended, strike out "except the head of the department, shall," and insert "shall be of the light class, ad defined by the Board of Control, unless excepted by the Director of Finance on the basis of unusual requirements which would justify the need for an automobile of a heavier class."

Amendment No. 337

On page 98 of said bill, as amended, strike out lines 34 and 35.

Amendment No. 338

On page 99, line 29, of said bill, as amended, strike out "for", and insert "from".

Amendment No. 339

On page 101 of said bill, as amended, strike out lines 3 to 11, inclusive.

Amendment No. 340

On page 3 of said bill, as amended, after line 19, insert

"The amount for position reclassification included in the appropriation in this item is approved on the basis of the proposed administrative reorganization of the agency and the reassignment of duties and responsibilities but subject to final review and authorization by the State Personnel Board."

Amendment No. 341

On page 94 of said bill, as amended, after line 14, insert

"SEC. 3.5 Notwithstanding the provisions of Section 5 of Chapter 721 of the Statutes of 1939, the proceeds from the sale of the lands and buildings authorized by that chapter shall be deposited in the General Fund and the money so deposited is appropriated to the Department of Education for allocation to state colleges, upon order of the Public Works Board for construction, improvements, and equipment, and shall be available therefor from the time of such deposit in the General Fund, without regard to fiscal years."

Amendment No. 342

On page 94 of said bill, as amended, after line 20, insert

"SEC. 4.1. Wherever herein an appropriation is made for construction, improvements, repairs, and equipment that portion of any such item which is for plans and specifications and which is duplicated by funds available for this purpose in an existing work order or in a previously appropriated and available lump sum item for plans and specifications shall revert to the fund from which the appropriation was made. The Department of Finance shall segregate and hold any such portion in the unallocated balance of the pertinent fund pending reversion."

Amendment No. 343

On page 97, line 41, of said bill, as amended, after "new position", insert "or change in grade or class of an existing position".

Amendment No. 344

On page 97, line 42, of said bill, as amended, strike out ".", and insert "on the basis of workload and organization."

RICH	SHERWIN
HULSE	CALDECOTT
SWING	YORTY
Senate Committee on Conference	Assembly Committee on Conference

Report ordered printed in the Journal pending its consideration tomorrow, Tuesday, March 28th.

REQUEST FOR UNANIMOUS CONSENT THAT REPORT OF ASSEMBLY INTERIM COMMITTEE ON WAYS AND MEANS BE PRINTED IN THE JOURNAL

Mr. Sherwin asked for, and was granted, unanimous consent that the Report of the Assembly Interim Committee on Ways and Means be ordered printed in the Journal in 10 point type, as follows:

REPORT OF THE ASSEMBLY INTERIM COMMITTEE ON WAYS AND MEANS

March 23, 1950

To the Honorable Sam L. Collins, Speaker and to the Members of the Assembly:

Your Interim Committee on Ways and Means presents this report of its work since the adjournment of the Fifty-ninth Session of the Legislature.

The interim committee commenced hearing on the Budget for the 1950-51 Fiscal Year on February 6, 1950. At that time it was presented with the State Operations Budget in printed form, as well as a preliminary print of the Analysis of the Budget Bill by the Legislative Auditor. During the course of its hearings it was presented with printed pages of additional portions of the budget which showed the Capital Outlay program and the Local Assistance portions of the budget. In this manner the committee was enabled to consider the budgets of the various departments without delay in its work. The committee had the undivided assistance of the staff of the Legislative Auditor and the Department of Finance, because the Senate Interim Committee on Finance did not commence its hearings until after our committee adjourned on February 24th.

The committee found that the budget as presented showed more careful preparation than any budget it had considered in the past. Many items which had been criticized in the past by the Legislative Auditor and deleted by the Legislature had been eliminated from the budget by the various departments or by the Department of Finance. The committee was pleased to find that agreement had been reached by the Department of Finance and the Legislative Auditor on most requests for equipment as a result of physical inspection by representatives of those offices. The committee was thereby saved the necessity of making decisions on such questions with inadequate information.

An exception to the generally improved condition of departmental budgets was found in the office of the Adjutant General. The report of the special subcommittee contains the following statement and recommendation: "The committee finds that this department has expanded to a great extent during the past few years; that due to a combination of causes, the budgetary accounting procedures and customary controls of this department are not up to a standard of accomplishment equal to the other departments of this State, although some effort is now being

made to bring this about. Accordingly, the committee unanimously recommends that:

The Director of Finance and the Legislative Auditor are hereby requested to investigate accounting procedures now in effect in the office of the Adjutant General and to recommend changes which will place this office on an adequate and sound accounting and financial basis. The committee also recommends the following amendment:

Amendment to Item 179 of the Budget Act of 1950

On page 41, line 27, of the Budget Act of 1950, add:

The Director of Finance and the Legislative Auditor shall present to the Joint Legislative Budget Committee quarterly reports based on information supplied by the Adjutant General or otherwise on the expenditure of the funds appropriated by this item, and indicating the extent to which adequate and sound financial and accounting procedures have been established."

During the three weeks of its deliberations the committee met daily and in the evenings as subcommittees, and occasionally as the entire committee. Two and three subcommittees met simultaneously, and in this way were enabled to consider the budgets of all departments. A schedule of the nine regular subcommittees into which the committee was divided is attached hereto as Exhibit "A". In addition special subcommittees were appointed for particular purposes as indicated on Exhibit "B". Upon adjournment all regular subcommittees had completed their assignments. Almost all of the reports of the subcommittees had been considered by the entire committee, and the results of that consideration with respect to the various items in the Budget Bill Assembly Bill No. 1 was set forth in a series of amendments proposed by the committee and adopted by the Assembly on second reading on March 16th.

The committee made the following recommendations which cannot be set forth in the Budget Bill, but which should be considered by the Legislature:

1. That the Legislative Auditor present to the committee in the 1951 Session a report showing what restrictions can be imposed upon the purchases of other than light-weight automobiles for state employees.

It has been observed that in the past an unnecessary expense in the purchase of automobiles has resulted from the purchase of heavy and medium-weight cars when their purpose could be adequately served by restricting more purchases to light-weight automobiles.

It was recognized by the committee that restrictions can be made which will not impair the efficiency of employees requiring automobiles for transportation, but that such restrictions must be definite and certain so that they may be enforced, without injury to those requiring larger cars.

2. That a subcommittee of five members of this committee be appointed by the chairman to study the entire communication system of the State, and to report to this committee and the Legislature upon its consideration of the budget in the 1951 Session.

House Resolution No. 241 under which this interim committee was created made $20,000 available for its use. Of this sum $10,803.55 has been expended to date.

This report is not intended and does not purport to be a statement of views of all the members of the committee, but to include a statement of certain actions made by a majority of those present which are not reflected in the budget amendments above referred.

Respectfully submitted,

MARVIN SHERWIN, Chairman

Exhibit "A"

Ways and Means Subcommittees

February, 1950

1. LEGISLATIVE EXECUTIVE AND GENERAL ADMINISTRATION—CHAIRMAN, SILLIMAN
   Anderson, Caldecott, Collier, Erwin, Gaffney, Hawkins, Lowrey, McMillan, Stewart, and Waters
2. FISCAL AFFAIRS, CAPITAL OUTLAY MISCELLANEOUS—CHAIRMAN, STEWART
   Anderson, Caldecott, Clarke, Collier, Fleury, Gaffney, Hawkins, Kirkwood, Lipscomb, Lowrey, McCollister, and Silliman
3. AGRICULTURE, NATURAL RESOURCES—CHAIRMAN, CLARKE
   Butters, Caldecott, Crowley, Elliott, Erwin, Fleury, Grunsky, Lowrey, Price, Silliman, and Weber
4. MOTOR VEHICLES, PUBLIC WORKS, HIGHWAY PATROL, HIGHWAY BUDGET, MILITARY AFFAIRS—CHAIRMAN, BUTTERS
   Anderson, Clarke, Connolly, Elliott, Fleury, Grunsky, Kilpatrick, Silliman, Stewart, and Weber
5. MENTAL HYGIENE, VETERANS AFFAIRS—CHAIRMAN, HINCKLEY
   Butters, Clarke, Connolly, Crowley, Erwin, Gaffney, Kirkwood, McCollister, McMillan, Price, and Weber
6. CORRECTIONS, YOUTH AUTHORITY—CHAIRMAN, COLLIER
   Butters, Collins, Elliott, Grunsky, Hawkins, Hinckley, Kilpatrick, Lipscomb, McCollister, McMillan, Price, and Waters
7. EDUCATION—CHAIRMAN, LOWREY
   Anderson, Caldecott, Collins, Crowley, Hawkins, Hinckley, Kirkwood, Lipscomb, McCollister, McMillan, Price, Silliman, and Weber
8. JUDICIAL, JUSTICE, INVESTMENTS, PROFESSIONAL AND VOCATIONAL STANDARDS, PUBLIC UTILITIES—CHAIRMAN, COLLINS
   Collier, Connolly, Elliott, Hinckley, Kilpatrick, Lipscomb, McMillan, Stewart, and Waters
9. PUBLIC HEALTH, INDUSTRIAL RELATIONS, SOCIAL WELFARE, EMPLOYMENT—CHAIRMAN, KIRKWOOD
   Collins, Connolly, Crowley, Erwin, Fleury, Gaffney, Grunsky, Kilpatrick, Price, and Waters

Exhibit "B"

SPECIAL SUBCOMMITTEES—To examine particular phases of the budget:

Adjutant General's Budget:
George Butters—Chairman
Arthur Connolly
Lloyd Lowrey

Types of automobiles for state employees:
Stewart Hinckley—Chairman
Gordon Fleury
Augustus Hawkins

Extra Compensation to Master Teachers:
Lloyd Lowrey—Chairman
Thomas Caldecott
Thomas Erwin
Robert Kirkwood
Lester McMillan

Claims Bill:
Thomas Caldecott—Chairman
John L. E. Collier
Lester McMillan

STATEMENTS BY SPEAKER

Speaker Sam L. Collins announced that the problem confronting Members of the Assembly, as set forward in a communication ordered printed in this Journal, this day, is of major importance; and urged the Committee on Rules to meet, upon adjournment, and attempt to find a solution to said problem.

Speaker Sam L. Collins stated, on behalf of the Chief Clerk, that his proffered resignation has been temporarily withdrawn pending the outcome of the forthcoming meeting of the Committee on Rules.

ADJOURNMENT

At 11.30 a.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Tuesday, March 28, 1950.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

FIFTEENTH LEGISLATIVE DAY

TWENTY-THIRD CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Tuesday, March 28, 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, Crowley, Davis, Dickey, Dills, Dolwig, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rosenthal, Rumford, Sherwin, Silliman, 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: May we glorify that American spirit which founded this Nation and expanded it from ocean to ocean.

The spirit of the daring colonist and the fearless pioneer, who crossed unknown seas, ventured out into the wilderness and the perils of savage and storm.

The spirit of initiative and manly pride to depend upon one's own resources, to carve out one's own fortune without expecting social assistance.

Let us see the danger of the easy life, of that mendicant spirit which leans upon others, looks for short cuts, the danger of paralyzing industry and personal initiative by trying to make a living in lawless ways by punching a board or pulling a lever, and the ever present danger of that crippling spirit which *looks to government for hand-outs.*

Let us proclaim that society should not do for men what they should do for themselves and emulate the pioneer who won success by blood, sweat, and tears.

AMEN.

READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Cooke, 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. Reagan, on motion of Mr. Levering.

Mr. Price, on motion of Mr. Levering.

Mr. Crichton, on motion of Mr. Clarke.

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

Mr. Doyle, on motion of Mr. Geddes.

ANNOUNCEMENT

Mr. Geddes announced that, in the absence of Mr. Doyle this morning, he is pleased to call to the attention of members the attendance record of Mr. Doyle; and that Mr. Doyle has not missed a morning roll call for eight years, and has never asked, until this morning, to be excused from a single legislative day's session.

MESSAGES FROM THE GOVERNOR

STATE OF CALIFORNIA
GOVERNOR'S OFFICE
SACRAMENTO, March 21, 1950

To the Honorable Members of the Assembly of the State of California

GENTLEMEN: In accordance with the provisions of Section 1 of Article VII of the Constitution of California, I hereby transmit to you a report of the cases of pardon, commutation of sentence, and reprieve issued by me from January 3, 1949, to March 6, 1950.

Respectfully submitted,

EARL WARREN, Governor

Above mentioned report ordered filed with the Secretary of State.

BY UNANIMOUS CONSENT, BILLS TO BE HEARD WITHOUT ADVANCE NOTICE

By unanimous consent, Speaker Sam L Collins announced that, from now on, announcement will not be made in the File or Journal of bills to be given committee consideration, nor the dates to be considered, but that bills will be heard, as rapidly as possible, without further notice.

INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS

The following bill was introduced, and read the first time:

Assembly Bill No. 5: By Mr. Levering—An act to add Section 6366.1 to the Revenue and Taxation Code, relating to exemptions from the sales and use taxes.

Referred to Committee on Revenue and Taxation.

REPORTS OF STANDING COMMITTEES

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, March 28, 1950

MR SPEAKER: Your Committee on Rules, to which were referred:

Legislative Counsel Opinion No. 1468 relating to Registration Blanks for Legislative Representatives.

and

Legislative Counsel Opinion No. 1420 relating to Registration of Legislative Representatives

Has had the same under consideration, and reports the same back with the recommendation: That the opinions be printed in the Assembly Journal in 10-point type.

DICKEY, Chairman

Report read, and adopted.

OPINION OF LEGISLATIVE COUNSEL

STATE OF CALIFORNIA
OFFICE OF LEGISLATIVE COUNSEL
SACRAMENTO 2, CALIFORNIA, March 24, 1950

Hon. Randal F. Dickey
Assembly Chamber

REGISTRATION BLANKS FOR LEGISLATIVE REPRESENTATIVES—No. 1468

DEAR MR. DICKEY: You have submitted for our consideration a registration blank designed for use by persons engaging themselves for pay to influence legislation in registering under the statute regulating legislative representation (Chapter 4 of the Statutes of the First Extraordinary Session of 1949) as provided in Section 9906 of the Government Code. You have asked whether the form is sufficient, as designed, to indicate to registrants the information required to be supplied by the statute.

The registration form contains the following specifications in addition to providing blanks for the signature of the registrant and attestation of the signature:

(1) Date
(2) Name
(3) Business address
(4) Name of Employer
(5) Address of Employer
(6) Date Employed
(7) Duration of Employment
(8) Compensation
(9) Compensation to be Paid By
(10) Allowance for Expenses
(11) For What Purpose Allowed (Specify)

At the outset it should be stated that such a registration form or blank is sufficient only insofar as it indicates to the registrant the information required by law to be given at the time of registration. It should not be thought, in our opinion, that a person required to register under the law would be excused from giving all of the required information merely because the form adopted for registration does not indicate the necessity therefor. The applicable provision of law (Government Code Section 9906) provides that the registrant "shall give * * * in writing and under oath, his name and business address, the name and address of the person by whom he is employed, and in whose interest he appears

or works, the duration of such employment, how much he is paid and is to receive, by whom he is paid or is to be paid, how much he is to be paid for expenses, and what expenses are to be included."

Thus, it appears that specifications (2), (3), (4), and (5) are fully sufficient to indicate the necessary information since almost the exact words of the statute are employed. At this point, however, the statute requires the registrant to indicate the person in whose interest he appears or works. If the registrant happens to be employed and paid by one person to appear or work in the interest of another, it is our opinion that merely identifying the employer would be insufficient and would not prevent the prosecution of such registrant for his failure to give the required information merely because no blank appears therefor on the form. In this respect, it is our opinion that the form is insufficient to indicate to the registrant the true nature of the information he is required to give.

Specifications (6) and (7) would seem clearly to be sufficient to indicate what information is required as to duration of employment.

Specification (8), "Compensation", seems sufficient in all situations which occur to us to indicate that information is required as to how much the registrant is paid and is to receive, although not in the exact language of the statute. In our opinion, the same may be said as to "Compensation To Be Paid By" (Specification (9)) and "by whom he is paid or is to be paid"; "Allowance for Expenses" (Specification (10)) and "how much he is to be paid for expenses"; and "For What Purpose Allowed (Specify)" (Specification (11)) and "what expenses are to be included."

We are of the opinion that the form in question sufficiently indicates to registrants all information which is required to be submitted by Government Code Section 9906 at the time of registration with the exception of information as to the person in whose interest the registrant appears or works if such person is different from the registrant's employer.

Very truly yours,

FRED B. WOOD, Legislative Counsel
By PHILIP J. O'DONNELL, Deputy

OPINION OF LEGISLATIVE COUNSEL

STATE OF CALIFORNIA
OFFICE OF LEGISLATIVE COUNSEL
SACRAMENTO 2, CALIFORNIA, March 23, 1950

Mr. Wilkie Ogg, Sergeant-at-Arms
Assembly Chamber

REGISTRATION OF LEGISLATIVE REPRESENTATIVES—No. 1420

DEAR MR. OGG:

Question

You have requested us to consider the following question:

Are the provisions of the Assembly Standing Rules requiring registration with the Sergeant-at-Arms by persons seeking to influence legislation in a representative capacity superseded by the provisions of Chapter 4 of the 1949 First Extra Session, or is it necessary for such persons to register under both the rules and the statute?

Opinion

It is our opinion that Assembly Standing Rule No. 21, which requires registration with the Sergeant-at-Arms by persons seeking to influence legislation in a representative capacity is not superseded by Chapter 4 of the 1949 First Extra Session. Therefore, such persons would be required to register under both Rule 21 and Chapter 4.

Analysis

The Legislature is vested with all the powers and privileges which are necessary and incidental to a free and unobstructed exercise of its appropriate functions (*Ex Parte D. O. McCarthy*, 29 Cal. 395). Each house determines the rules of its own proceeding (Calif. Const., Art. IV, Sec. 9). A standing rule made pursuant to these powers, such as Assembly Standing Rule No. 21, is entirely distinct from legislation.

However, should there be a direct conflict or incompatibility between the provisions of a rule of the Assembly and a statute, it is obvious that one would have to yield to the other; but it does not appear that we are confronted with such a situation in the instant case. Analysis of the provisions of Assembly Rule No. 21 and Chapter 4 of the 1949 First Extra Session indicates that there is no conflict, incompatibility, or inconsistency between the two.

Assembly Standing Rule No. 21 requires all persons who desire to appear before the Assembly or a committee thereof in a representative capacity for the purpose of influencing legislation to register with the Sergeant-at-Arms of the Assembly. Chapter 4 of the 1949 First Extra Session requires a person who engages himself for pay for the purpose of influencing legislation to register with the Chief Clerk of the Assembly. This basic distinction, of itself, would perhaps be a sufficient answer to any question of incompatibility between the two measures.

Further, it appears that the two measures were intended to accomplish different purposes. Rule 21 is apparently designed to insure that a person holding himself out before the Assembly or a committee thereof as a representative of a particular group or organization is in fact actually representing such group or organization. To insure to the Members of the Assembly that no person can appear before them in a false capacity, it is required by Rule 21 that all legislative representatives enter in public records with the Sergeant-at-Arms the names of all persons, corporations or interests represented by them, together with a written authorization from such persons, corporations or interests to so represent them.

Chapter 4 of the 1949 First Extra Session, on the other hand, requires registration with the Chief Clerk of the Assembly by any person who, *for compensation*, engages himself to influence legislation. Such person must in addition to registering file monthly a detailed account of his receipts and expenditures in carrying on his work and a statement of the particular legislation he is employed to support or oppose. Thus, the principal purpose of Chapter 4 would appear to be to establish a public record of the financial transactions engaged in by persons attempting to influence legislation.

Accordingly, since we find no incompatibility or inconsistency between Assembly Standing Rule 21 and Chapter 4 of the 1949 First

Extra Session, and because each appears to be designed to accomplish a different purpose, we conclude that the statute does not supersede the rule and that any person falling within the provisions of both must register under each.

Very truly yours,

FRED B. WOOD, Legislative Counsel
By ROBERT G. HINSHAW, Deputy

RECESS

At 10.14 a.m., on motion of Mr. Dickey, the Assembly recessed until 11.16 a.m.

REASSEMBLED

At 11.16 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 Rules

ASSEMBLY CHAMBER, SACRAMENTO, March 28, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

Senate Concurrent Resolution No. 9

Has had the same under consideration, and reports the same back with the recommendation: Be adopted.

DICKEY, Chairman

Above reported resolution ordered on file.

CONSIDERATION OF DAILY FILE

SECOND READING OF ASSEMBLY BILLS

Assembly Bill No. 2—An act to add Section 11004.5 to the Revenue and Taxation Code and Section 139.44 to the Vehicle Code, relating to the service of warrants by members of the California Highway Patrol and the payment of the expense thereof from the Motor Vehicle License Fee Fund.

Bill read second time, and ordered engrossed.

SECOND READING OF SENATE BILLS

Senate Bill No. 3—An act to amend Section 19170 of the Business and Professions Code, relating to fees for the licensing and regulation of the upholstered furniture and bedding industries.

Bill read second time, and ordered to third reading.

Senate Bill No. 7—An act to add Section 13805 to the Revenue and Taxation Code, relating to inheritance tax exemptions.

Bill read second time, and ordered to third reading.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 23, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted.

Senate Concurrent Resolution No. 11

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. 11—Approving amendments to the charter of the City of Salinas, a municipal corporation in the County of Monterey, State of California, voted for and ratified by the qualified electors of said city at a special municipal election held therein on the twenty-third day of August, 1949.

Referred to Committee on Rules.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 27, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Joint Resolution No. 5
Senate Concurrent Resolution No 5

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 Joint Resolution No. 5—Relative to invitation to the President of the United States to speak in San Francisco on the fifth anniversary of the signing of the United Nations Charter.

Referred to Committee on Rules.

Senate Concurrent Resolution No. 5—Relative to making additional funds available to the Legislative Budget Committee, established by Senate Concurrent Resolution No. 7 (Res. Ch 75, 1949).

Referred to Committee on Rules.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 27, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Assembly Joint Resolution No. 4

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

Above resolution ordered enrolled.

Speaker Pro Tempore Presiding

At 11.20 a.m., Hon. Thomas A. Maloney, Speaker pro Tempore of the Assembly, presiding.

CONSIDERATION OF DAILY FILE (RESUMED)
UNFINISHED BUSINESS
REPORT OF COMMITTEE ON CONFERENCE

The following report of Committee on Conference was received, and read:

ASSEMBLY CHAMBER, SACRAMENTO, March 27, 1950

MR. SPEAKER: The Committee on Conference concerning:

Senate Bill No. 1—An act making appropriations for the suport of the Government of the State of California and for several public purposes in accordance with the

provisions of Section 34 of Article IV of the Constitution of the State of California, 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 be further amended as follows:

Amendment No. 1

On page 3, line 35, of said bill, as amended, strike out "265,974", and insert "261,224".

Amendment No. 2

On page 6, line 37, of said bill, as amended, strike out "3,416,126", and insert "3,428,358".

Amendment No. 3

On page 6, line 39, of said bill, as amended, strike out "2,327,931", and insert "2,334,118".

Amendment No. 4

On page 6, line 40, of said bill, as amended, strike out "1,045,183", and insert "1,048,028".

Amendment No. 5

On page 6, line 41, of said bill, as amended, strike out "65,712", and insert "68,912".

Amendment No. 6

On page 6, line 43, of said bill, as amended, strike out "3,438,826", and insert "3,451,058".

Amendment No. 7

On page 6, line 48, of said bill, as amended, strike out "3,416,126", and insert "3,428,358".

Amendment No. 8

On page 7, line 50, of said bill, as amended, strike out "243,296", and insert "241,135".

Amendment No. 9

On page 8, line 6, of said bill, as amended, strike out "210,164", and insert "209,589".

Amendment No. 10

On page 8, line 8, of said bill, as amended, strike out "5,347", and insert "3,761".

Amendment No. 11

On page 8, line 10, of said bill, as amended, strike out "248,616", and insert "246,455".

Amendment No. 12

On page 8, line 15, of said bill, as amended, strike out "243,296", and insert "241,135".

Amendment No. 13

On page 8, line 31, of said bill, as amended, strike out "714,854", and insert "712,544".

Amendment No. 14

On page 8, line 36, of said bill, as amended, strike out "258,500", and insert "256,190".

Amendment No. 15

On page 8, line 39, of said bill, as amended, strike out "726,074", and insert "723,764".

Amendment No. 16

On page 8, line 43, of said bill, as amended, strike out "714,854", and insert "712,544".

Amendment No. 17

On page 8, line 46, of said bill, as amended, strike out "1,608,030", and insert "1,581,498".

Amendment No. 18

On page 9, line 3, of said bill, as amended, strike out "1,089,728", and insert "1,075,148".

Amendment No. 19

On page 9, line 4, of said bill, as amended, strike out "662,170", and insert "656,395".

Amendment No. 20

On page 9, line 5, of said bill, as amended, strike out "28,595", and insert "22,418".

Amendment No. 21

On page 9, line 8, of said bill, as amended, strike out "1,820,543", and insert "1,794,011".

Amendment No. 22

On page 9, line 16, of said bill, as amended, strike out "1,608,030", and insert "1,581,498".

Amendment No. 23

On page 9, line 19, of said bill, as amended, strike out "2,076,149", and insert "2,048,773".

Amendment No. 24

On page 9, line 26, of said bill, as amended, strike out "1,252,803", and insert "1,241,139".

Amendment No. 25

On page 9, line 27, of said bill, as amended, strike out "853,205", and insert "841,655".

Amendment No. 26

On page 9, line 28, of said bill, as amended, strike out "57,626", and insert "53,464".

Amendment No. 27

On page 9, line 30, of said bill, as amended, strike out "2,163,634", and insert "2,136,258".

Amendment No. 28

On page 9, line 38, of said bill, as amended, strike out "2,076,149", and insert "2,048,773".

Amendment No. 29

On page 9, line 41, of said bill, as amended, strike out "3,231,104", and insert "3,198,939".

Amendment No. 30

On page 10, line 4, of said bill, as amended, strike out "1,478,930", and insert "1,462,100".

Amendment No. 31

On page 10, line 5, of said bill, as amended, strike out "64,317", and insert "48,982".

Amendment No. 32

On page 10, line 8, of said bill, as amended, strike out "3,710,089", and insert "3,677,924".

Amendment No. 33

On page 10, line 21, of said bill, as amended, strike out "3,231,104", and insert "3,198,939".

Amendment No. 34

On page 10, line 24, of said bill, as amended, strike out "767,172", and insert "760,316".

Amendment No. 35

On page 10, line 31, of said bill, as amended, strike out "565,257", and insert "562,635".

Amendment No. 36

On page 10, line 32, of said bill, as amended, strike out "348,340", and insert "345,452".

Amendment No. 37

On page 10, line 33, of said bill, as amended, strike out "14,058", and insert "12,712".

Amendment No. 38

On page 10, line 36, of said bill, as amended, strike out "955,075", and insert "948,219".

Amendment No. 39

On page 10, line 43, of said bill, as amended, strike out "767,172", and insert "760,316".

Amendment No. 40

On page 10, line 46, of said bill, as amended, strike out "981,652", and insert "972,909".

Amendment No. 41

On page 11, line 3, of said bill, as amended, strike out "703,422", and insert "700,350".

Amendment No. 42

On page 11, line 4, of said bill, as amended, strike out "278,870", and insert "276,595".

Amendment No. 43

On page 11, line 5, of said bill, as amended, strike out "23,304", and insert "19,908".

Amendment No. 44

On page 11, line 7, of said bill, as amended, strike out "1,005,596", and insert "996,853".

Amendment No. 45

On page 11, line 16, of said bill, as amended, strike out "981,652", and insert "972,909".

Amendment No. 46

On page 11, line 19, of said bill, as amended, strike out "407,413", and insert "403,232".

Amendment No. 47

On page 11, line 26, of said bill, as amended, strike out "247,865", and insert "244,145".

Amendment No. 48

On page 11, line 28, of said bill, as amended, strike out "9,819", and insert "9,358".

Amendment No. 49

On page 11, line 30, of said bill, as amended, strike out "427,453", and insert "423,272".

Amendment No. 50

On page 11, line 37, of said bill, as amended, strike out "407,413", and insert "403,232".

Amendment No. 51

On page 12, line 10, of said bill, as amended, strike out "51,734", and insert "51,374".

Amendment No. 52

On page 12, line 13, of said bill, as amended, strike out "15,055", and insert "14,695".

Amendment No. 53

On page 12, line 16, of said bill, as amended, strike out "51,734", and insert "51,374".

Amendment No. 54

On page 12, line 19, of said bill, as amended, strike out "922,011", and insert "921,287".

Amendment No. 55

On page 12, line 23, of said bill, as amended, strike out "22,161", and insert "21,437".

Amendment No. 56

On page 12, line 25, of said bill, as amended, strike out "923,811", and insert "923,087".

Amendment No. 57

On page 12, line 30, of said bill, as amended, strike out "922,011", and insert "921,287".

Amendment No. 58

On page 12 of said bill, as amended, strike out lines 31 to 35, inclusive.

Amendment No. 59

On page 13, line 8, of said bill, as amended, strike out "234,121", and insert "230,160".

Amendment No. 60

On page 13, line 14, of said bill, as amended, strike out "156,361", and insert "153,049".

Amendment No. 61

On page 13, line 15, of said bill, as amended, strike out "85,150", and insert "85,200".

Amendment No. 62

On page 13, line 16, of said bill, as amended, strike out "4,280", and insert "3,581".

Amendment No. 63

On page 13, line 18, of said bill, as amended, strike out "245,791", and insert "241,830".

Amendment No. 64

On page 13, line 23, of said bill, as amended, strike out "234,121", and insert "230,160".

Amendment No. 65

On page 13, line 26, of said bill, as amended, strike out "633,149", and insert "626,087".

Amendment No. 66

On page 13, line 32, of said bill, as amended, strike out "500,193", and insert "496,821".

Amendment No. 67

On page 13, line 34, of said bill, as amended, strike out "13,486", and insert "9,796".

Amendment No. 68

On page 13, line 36, of said bill, as amended, strike out "659,899", and insert "652,837".

Amendment No. 69

On page 13, line 41, of said bill, as amended, strike out "633,149", and insert "626,087".

Amendment No. 70

On page 13, line 44, of said bill, as amended, strike out "269,637", and insert "266,100".

Amendment No. 71

On page 14, line 3, of said bill, as amended, strike out "191,285", and insert "187,913".

Amendment No. 72

On page 14, line 4, of said bill, as amended, strike out "80,480", and insert "80,315".

Amendment No. 73

On page 14, line 7, of said bill, as amended, strike out "279,617", and insert "276,080".

Amendment No. 74

On page 14, line 12, of said bill, as amended, strike out "269,637", and insert "266,100".

Amendment No. 75

On page 14, line 15, of said bill, as amended, strike out "1,211,743", and insert "1,209,413".

Amendment No. 76

On page 14, line 23, of said bill, as amended, strike out "318,285", and insert "317,785".

Amendment No. 77

On page 14, line 24, of said bill, as amended, strike out "14,950", and insert "13,120".

Amendment No. 78

On page 14, line 26, of said bill, as amended, strike out "1,269,123", and insert "1,266,793".

Amendment No. 79

On page 14, line 32, of said bill, as amended, strike out "1,211,743", and insert "1,209,413".

Amendment No. 80

On page 14, line 35, of said bill, as amended, strike out "246,896", and insert "239,264".

Amendment No. 81

On page 14, line 41, of said bill, as amended, strike out "178,513", and insert "175,297".

Amendment No. 82

On page 14, line 43, of said bill, as amended, strike out "12,478", and insert "8,062".

Amendment No. 83

On page 14, line 45, of said bill, as amended, strike out "256,676", and insert "249,044".

Amendment No. 84

On page 15, line 6, of said bill, as amended, strike out "246,896", and insert "239,264".

Amendment No. 85

On page 15, line 9, of said bill, as amended, strike out "442,434", and insert "437,500".

Amendment No. 86

On page 15, line 15, of said bill, as amended, strike out "345,012", and insert "341,184".

Amendment No. 87

On page 15, line 17, of said bill, as amended, strike out "12,537", and insert "11,431".

Amendment No. 88

On page 15, line 19, of said bill, as amended, strike out "463,489", and insert "458,555".

Amendment No. 89

On page 15, line 24, of said bill, as amended, strike out "442,434", and insert "437,500".

Amendment No. 90

On page 17, line 26. of said bill, as amended, after "centers", insert "for the period July 1, 1950 to February 15, 1951".

Amendment No. 91

On page 17, line 34, of said bill, as amended, strike out "6,000,000", and insert "3,000,000".

Amendment No. 92

On page 17 of said bill, as amended, after line 34, insert "of which not to exceed $40,000 may be expended by the Department of Education for making apportionments and for supervision of child care centers, provided that apportionments to school districts from this item shall be made only in such amounts which, together with all other available funds, will provide a program not to exceed $40 per child in attendance per month; and provided further, that no part of the appropriation made by this item shall be available for expenditure or apportionments unless or until Sections 19601 and 19613.5 of the Education Code are amended so as to authorize state funds to be expended for child care centers."

Amendment No. 93

On page 17, line 36, of said bill, as amended, strike out "609,782", and insert "606,682".

Amendment No. 94

On page 17, line 43. of said bill, as amended, strike out "679,352", and insert "676,252".

Amendment No. 95

On page 17, line 47, of said bill, as amended, strike out "801,861", and insert "798,761".

Amendment No. 96

On page 18, line 12, of said bill, as amended, strike out "609,782", and insert "606,682".

Amendment No. 97

On page 18, line 14, of said bill, as amended, strike out "1,109,616", and insert "1,096,120".

Amendment No. 98

On page 18, line 23, of said bill, as amended, strike out "1,320,363", and insert "1,306,867".

Amendment No. 99

On page 18, line 27, of said bill, as amended, strike out "1,546,779", and insert "1,533,283".

Amendment No. 100

On page 18, line 42, of said bill, as amended, strike out "1,109,616", and insert "1,096,120".

Amendment No. 101

On page 19, line 3, of said bill, as amended, strike out "421,710", and insert "420,760".

Amendment No. 102

On page 19, line 10, of said bill, as amended, strike out "406,344", and insert "405,394".

Amendment No. 103

On page 19, line 14, of said bill, as amended, strike out "504,430", and insert "503,480".

Amendment No. 104

On page 19, line 25, of said bill, as amended, strike out "421,710", and insert "420,760".

Amendment No. 105

On page 20, line 6, of said bill, as amended, strike out "255,242", and insert "250,742".

Amendment No. 106

On page 20, line 13, of said bill, as amended, strike out "248,987", and insert "244,487".

Amendment No. 107

On page 20, line 16, of said bill, as amended, strike out '299,587", and insert "295,087".

Amendment No. 108

On page 20, line 27, of said bill, as amended, strike out "255,242", and insert "250,742".

Amendment No. 109

On page 20, line 29, of said bill, as amended, strike out "501,505", and insert "495,505".

Amendment No. 110

On page 20, line 36, of said bill, as amended, strike out "541,380", and insert "535,380".

Amendment No. 111

On page 20, line 39, of said bill, as amended, strike out "676,110", and insert "670,110".

Amendment No. 112

On page 20, line 50, of said bill, as amended, strike out "501,505", and insert "495.505".

Amendment No. 113

On page 21, line 3, of said bill, as amended, strike out "1,420,271", and insert "1,408,062".

Amendment No. 114

On page 21, line 10, of said bill, as amended, strike out "1,786,712", and insert "1,774,503".

Amendment No. 115

On page 21, line 14, of said bill, as amended, strike out "2,075,939", and insert "2,063,730".

Amendment No. 116

On page 21, line 25, of said bill, as amended, strike out "1,420,271", and insert "1,408,062".

Amendment No. 117

On page 21, line 27, of said bill, as amended, strike out "1,501,732", and insert "1,475,251".

Amendment No. 118

On page 21, line 34, of said bill, as amended, strike out "1,773,141", and insert "1,748,985".

Amendment No. 119

On page 21, line 35, of said bill, as amended, strike out "213,365", and insert "211,040".

Amendment No. 120

On page 21, line 38, of said bill, as amended, strike out "2,067,710", and insert "2,041,229".

Amendment No. 121

On page 21, line 49, of said bill, as amended, strike out "1,501,732", and insert "1,475,251".

Amendment No. 122

On page 22, line 30, of said bill, as amended, strike out "1,698,262", and insert "1,696,150".

Amendment No. 123

On page 22, line 44, of said bill, as amended, strike out "1,799,202", and insert "1,797,090".

Amendment No. 124

On page 22, line 48, of said bill, as amended, strike out "2,222,032", and insert "2,219,920".

Amendment No. 125

On page 23, line 18, of said bill, as amended, strike out "1,698,262", and insert "1,696,150".

Amendment No. 126

On page 26 of said bill, as amended, strike out all of lines 30 to 32, inclusive.

Amendment No. 127

On page 26 of said bill, as amended, after line 38, insert

"103.5—For support of an institute of real estate, University of California, payable from the Real Estate Fund, to be expended during the period July 1, 1950 to June 30, 1953, at a rate of not more than $50,000 each year, exempt from Section 14 of this act---------- 150,000".

Amendment No. 128

On page 27, line 2, of said bill, as amended, strike out "1,600,678", and insert "1,605,831".

Amendment No. 129

On page 27, line 8, of said bill, as amended, strike out "1,319,869", and insert "1,324,717".

Amendment No. 130

On page 27, line 10, of said bill, as amended, strike out "28,228", and insert "28,533".

Amendment No. 131

On page 27, line 12, of said bill, as amended, strike out "1,796,426", and insert "1,801,579".

Amendment No. 132

On page 27, line 23, of said bill, as amended, strike out "1,600,678", and insert "1,605,831".

Amendment No. 133

On page 28, line 28, of said bill, as amended, strike out "10,828,582", and insert "10,601,421".

Amendment No. 134

On page 28, line 34, of said bill, as amended, strike out "9,304,401", and insert "9,176,821".

Amendment No. 135

On page 28, line 35, of said bill, as amended, strike out "1,571,437", and insert "1,515,157".

Amendment No. 136

On page 28, line 36, of said bill, as amended, strike out "140,992", and insert "97,691".

Amendment No. 137

On page 28, line 38, of said bill, as amended, strike out "11,016,830", and insert "10,789,669".

Amendment No. 138

On page 28, line 47, of said bill, as amended, strike out "10,828,582", and insert "10,601,421".

Amendment No. 139

On page 28, line 52, of said bill, as amended, strike out "660,397", and insert "657,547".

Amendment No. 140

On page 29, line 5, of said bill, as amended, strike out "12,641", and insert "9,791".

Amendment No. 141

On page 29, line 7, of said bill, as amended, strike out "660,397", and insert "657,547".

Amendment No. 142

On page 29 of said bill, as amended, after line 42, insert

"116.1—For additional support, Department of Finance to carry out the provisions of Section 17.5 of this act---------- 32,380
provided further that the Director of Finance may transfer any portion of this appropriation to any other state agency upon executive order in augmentation of the appropriation for support of such agency."

Amendment No. 143

On page 31, line 26, of said bill, as amended, strike out "1,653,597", and insert "1,644,514".

Amendment No. 144

On page 32, line 45, of said bill, as amended, strike out "33,894", and insert "37,429".

Amendment No. 145

On page 32 of said bill as amended, between lines 48 and 49, insert

"(c) Equipment ---------- 3,535".

Amendment No. 146

On page 32, line 50, of said bill, as amended, strike out "34,554", and insert "38,089".

Amendment No. 147

On page 33, line 5, of said bill, as amended, strike out "33,894", and insert "37,429".

Amendment No. 148

On page 33, line 34, of said bill, as amended, strike out "9,410,489", and insert "9,159,410".

Amendment No. 149

On page 33, line 46, of said bill, as amended, strike out "6,807,175", and insert "6,698,711".

Amendment No. 150

On page 33, line 47, of said bill, as amended, strike out "1,968,962", and insert "1,935,516".

Amendment No. 151

On page 33, line 48, of said bill, as amended, strike out "634,352", and insert "525,183".

Amendment No. 152

On page 33, line 50, of said bill, as amended, strike out "9,410,489", and insert "9,159,410".

Amendment No. 153

On page 34, line 6, of said bill, as amended, strike out "3,878,986", and insert "3,853,170".

Amendment No. 154

On page 34, line 12, of said bill, as amended, strike out "3,278,989", and insert "3,251,325".

Amendment No. 155

On page 34, line 13, of said bill, as amended, strike out "714,716", and insert "715,832".

Amendment No. 156

On page 34, line 14, of said bill, as amended, strike out "53,681", and insert "54,413".

Amendment No. 157

On page 34, line 16, of said bill, as amended, strike out "4,047,386", and insert "4,021,570".

Amendment No. 158

On page 34, line 24, of said bill, as amended, strike out "3,878,986", and insert "3,853,170".

Amendment No. 159

On page 34 of said bill, as amended, after line 27, insert "in business or professional training or any program".

Amendment No. 160

On page 34, line 29, of said bill, as amended, strike out "in the occupation".

Amendment No. 161

On page 34, lines 30 and 31, of said bill, as amended, strike out "or who have received".

Amendment No. 162

On page 34 of said bill, as amended, strike out lines 33 to 34, inclusive.

Amendment No. 163

On page 34, line 40, of said bill, as amended, strike out "237,371", and insert "243,657".

Amendment No. 164

On page 34, line 42, of said bill, as amended, strike out "178,035", and insert "183,531".

Amendment No. 165

On page 34, line 43, of said bill, as amended, strike out "57,328", and insert "58,118".

Amendment No. 166

On page 34, line 46, of said bill, as amended, strike out "237,371", and insert "243,657".

Amendment No. 167

On page 36, line 24, of said bill, as amended, strike out "2,039,229", and insert "2,016,422".

Amendment No. 168

On page 36, line 33, of said bill, as amended, strike out "1,678,339", and insert "1,661,930".

Amendment No. 169

On page 36, line 34, of said bill, as amended, strike out "610,689", and insert "607,089".

Amendment No. 170

On page 36, line 35, of said bill, as amended, strike out "38,936", and insert "36,138".

Amendment No. 171

On page 36, line 37, of said bill, as amended, strike out "2,327,964", and insert "2,305,157".

Amendment No. 172

On page 36, line 48, of said bill, as amended, strike out "2,039,229", and insert "2,016,422".

Amendment No. 173

On page 37, line 20, of said bill, as amended, strike out "1,133,783", and insert "1,128,848".

Amendment No. 174

On page 37, line 22, of said bill, as amended, strike out "877,128", and insert "872,388".

Amendment No. 175

On page 37, line 24, of said bill, as amended, strike out "42,965", and insert "42,770".

Amendment No. 176

On page 37, line 26, of said bill, as amended, strike out "1,133,783", and insert "1,128,848".

Amendment No. 177

On page 38, line 24, of said bill, as amended, strike out "3,526,730", and insert "3,506,631".

Amendment No. 178

On page 38, line 30, of said bill, as amended, strike out "2,501,094", and insert "2,482,098".

Amendment No. 179

On page 38, line 32, of said bill, as amended, strike out "109,418", and insert "108,315".

Amendment No. 180

On page 38, line 34, of said bill, as amended, strike out "3,636,272", and insert "3,616,173".

Amendment No. 181

On page 38, line 39, of said bill, as amended, strike out "3,526,730", and insert "3,506,631".

Amendment No. 182

On page 38, line 45, of said bill, as amended, strike out "4,059,983", and insert "4,044,444".

Amendment No. 183

On page 39, line 3, of said bill, as amended, strike out "2,901,499", and insert "2,887,063".

Amendment No. 184

On page 39, line 5, of said bill, as amended, strike out "118,109", and insert "117,006".

Amendment No. 185

On page 39, line 7, of said bill, as amended, strike out "4,202,063", and insert "4,186,524".

Amendment No. 186

On page 39, line 12, of said bill, as amended, strike out "4,059,983", and insert "4,044,444".

Amendment No. 187

On page 39, line 14, of said bill, as amended, strike out "2,661,473", and insert "2,652,224".

Amendment No. 188

On page 39, line 19, of said bill, as amended, strike out "1,862,381", and insert "1,853,705".

Amendment No. 189

On page 39, line 21, of said bill, as amended, strike out "65,242", and insert "64,669".

Amendment No. 190

On page 39, line 23, of said bill, as amended, strike out "2,759,978", and insert "2,750,729".

Amendment No. 191

On page 39, line 27, of said bill, as amended, strike out "2,661,473", and insert "2,652,224".

Amendment No. 192

On page 39, line 29, of said bill, as amended, strike out "2,386,452", and insert "2,377,203".

Amendment No. 193

On page 39, line 35, of said bill, as amended, strike out "1,750,728", and insert "1,742,052".

Amendment No. 194

On page 39, line 37, of said bill, as amended, strike out "75,580", and insert "75,007".

Amendment No. 195

On page 39, line 39, of said bill, as amended, strike out "2,489,973", and insert "2,480,724".

Amendment No. 196

On page 39, line 44, of said bill, as amended, strike out "2,386,452", and insert "2,377,203".

Amendment No. 197

On page 39, line 46, of said bill, as amended, strike out "2,823,257", and insert "2,814,008".

Amendment No. 198

On page 40, line 3, of said bill, as amended, strike out "2,040,598", and insert "2,031,922".

Amendment No. 199

On page 40, line 5, of said bill, as amended, strike out "68,531", and insert "67,958".

Amendment No. 200

On page 40, line 7, of said bill, as amended, strike out "2,932,508", and insert "2,923,259".

Amendment No. 201

On page 40, line 11, of said bill, as amended, strike out "2,823,257", and insert "2,814,008".

Amendment No. 202

On page 40, line 13, of said bill, as amended, strike out "3,564,488", and insert "3,551,229".

Amendment No. 203

On page 40, line 19, of said bill, as amended, strike out "2,589,901", and insert "2,577,745".

Amendment No. 204

On page 40, line 21, of said bill, as amended, strike out "97,351", and insert "96,248".

Amendment No. 205

On page 40, line 23, of said bill, as amended, strike out "3,687,368", and insert "3,674,109".

Amendment No. 206

On page 40, line 28, of said bill, as amended, strike out "3,564,488", and insert "3,551,229".

Amendment No. 207

On page 40, line 30, of said bill, as amended, strike out "2,296,157", and insert "2,277,788".

Amendment No. 208

On page 40, line 36, of said bill, as amended, strike out "1,731,599", and insert "1,713,803".

Amendment No. 209

On page 40, line 38, of said bill, as amended, strike out "93,428", and insert "92,855".

Amendment No. 210

On page 40, line 40, of said bill, as amended, strike out "2,392,461", and insert "2,374,092".

Amendment No. 211

On page 40, line 45, of said bill, as amended, strike out "2,296,151", and insert "2,277,788".

Amendment No. 212

On page 40, line 47, of said bill, as amended, strike out "3,377,869", and insert "3,361,010".

Amendment No. 213

On page 41, line 3, of said bill, as amended, strike out "2,509,019", and insert "2,493,263".

Amendment No. 214

On page 41, line 5, of said bill, as amended, strike out "92,005", and insert "90,902".

Amendment No. 215

On page 41, line 7, of said bill, as amended, strike out "3,478,542", and insert "3,461,683".

Amendment No. 216

On page 41, line 12, of said bill, as amended, strike out "3,377,869", and insert "3,361,010".

Amendment No. 217

On page 41, line 14, of said bill, as amended, strike out "4,214,750", and insert "4,204,156".

Amendment No. 218

On page 41, line 20, of said bill, as amended, strike out "3,153,234", and insert "3,143,478".

Amendment No. 219

On page 41, line 22, of said bill, as amended, strike out "95,516", and insert "94,678".

Amendment No. 220

On page 41, line 24, of said bill, as amended, strike out "4,350,810", and insert "4,340,216".

Amendment No. 221

On page 41, line 29, of said bill, as amended, strike out "4,214,750", and insert "4,204,156".

Amendment No. 222

On page 41, line 31, of said bill, as amended, strike out "2,036,138", and insert "2,024,839".

Amendment No. 223

On page 41, line 37, of said bill, as amended, strike out "1,474,215", and insert "1,463,643".

Amendment No. 224

On page 41, line 39, of said bill, as amended, strike out "66,833", and insert "66,106".

Amendment No. 225

On page 41, line 41, of said bill, as amended, strike out "2,103,378", and insert "2,092,079".

Amendment No. 226

On page 41, line 46, of said bill, as amended, strike out "2,036,138", and insert "2,024,839".

Amendment No. 227

On page 41, line 48, of said bill, as amended, strike out "3,285,484", and insert "3,271,520".

Amendment No. 228

On page 42, line 3, of said bill, as amended, strike out "2,435,160", and insert "2,422,188".

Amendment No. 229

On page 42, line 5, of said bill, as amended, strike out "84,476", and insert "83,484".

Amendment No. 230

On page 42, line 7, of said bill, as amended, strike out "3,340,366", and insert "3,326,402".

Amendment No. 231

On page 42, line 13, of said bill, as amended, strike out "3,285,484", and insert "3,271,520".

Amendment No. 232

On page 45, line 9, of said bill, as amended, strike out "324,119", and insert "305,191".

Amendment No. 233

On page 46, line 30, of said bill, as amended, strike out "7,631,684", and insert "7,629,084".

Amendment No. 234

On page 46, line 37, of said bill, as amended, strike out "2,584,961", and insert "2,582,361".

Amendment No. 235

On page 46, line 40, of said bill, as amended, strike out "9,021,177", and insert "9,018,577".

Amendment No. 236

On page 47, line 14, of said bill, as amended, strike out "7,631,684", and insert "7,629,084".

Amendment No. 237

On page 58 of said bill, as amended, between lines 7 and 8, insert

"245.1—For investigation and study of the feasibility of financing and constructing under the provisions of the California Toll Bridge Authority Act a toll bridge or other toll highway crossing between the County of Marin and the County of Contra Costa, including investigation and study of location, foundations, costs, traffic, financing, and all matters preliminary to the determination whether such a bridge or other toll highway crossing is feasible and is for the best interests of the public highways of this State, to be expended through the agency of the Division of San Francisco Bay Toll Crossings or through the Division of Highways as may be designated by the Director of Public Works to be reappropriated for the purposes herein set forth from the unexpended balance of the moneys appropriated by Item 248 of the Budget Act of 1949 200,000

The California Toll Bridge Authority shall return this appropriation, or so much thereof as may be used, with interest thereon at the rate of one and one-half percent (1½%) per annum, to be computed on the total amount, withdrawn during any one year, to the State Highway Fund in the State Treasury from the proceeds of the first sale of revenue bonds issued for the construction of said bridge or other crossing under the provisions of the California Toll Bridge Authority Act, Chapter 1, Division 17, of the Streets and Highways Code, as amended; provided, that in the event revenue bonds are not issued and sold for the construction of such toll bridge or other toll highway crossing, any moneys expended hereunder shall be returned to the State Highway Fund in the State Treasury from the tolls and revenues of the existing San Francisco-Oakland Bay Bridge, but only after all revenue bonds issued and sold by the California Toll Bridge Authority for the construction of said bridge, or for the refunding of the indebtedness thereof, have been fully redeemed and paid and all other obligations of the bridge have been fully satisfied, including the repayment of any other sums presently required by law to be repaid to the State Treasury. The California Toll Bridge Authority is hereby authorized to continue to fix and collect tolls on said bridge for the purpose of reimbursement of the State Highway Fund as required by this proviso."

Amendment No. 238

On page 59, line 21, of said bill, as amended, strike out "112,699", and insert "104,527".

Amendment No. 239

On page 59, line 26, of said bill, as amended, strike out "74,849", and insert "66,677".

Amendment No. 240

On page 59, line 30, of said bill, as amended, strike out "115,199", and insert "107,027".

Amendment No. 241

On page 59, line 35, of said bill, as amended, strike out "112,699", and insert "104,527".

Amendment No. 242

On page 60, line 26, of said bill, as amended, strike out "1,500,314", and insert "1,499,401".

Amendment No. 243

On page 60, line 34, of said bill, as amended, strike out "1,689,110", and insert "1,687,960".

Amendment No. 244

On page 60, line 35, of said bill, as amended, strike out "547,817", and insert "547,610".

Amendment No. 245

On page 60, line 38, of said bill, as amended, strike out "155,129", and insert "155,037".

Amendment No. 246

On page 60, line 40, of said bill, as amended, strike out "2,398,554", and insert "2,397,105".

Amendment No. 247

On page 60, line 43, of said bill, as amended, strike out "883,240", and insert "882,704".

Amendment No. 248

On page 60, line 47, of said bill, as amended, strike out "1,500,314", and insert "1,499,401".

Amendment No. 249

On page 61, line 14, of said bill, as amended, strike out "are", and insert "is".

Amendment No. 250

On page 62, line 30, of said bill, as amended, strike out "1,326,562", and insert "1,322,962".

Amendment No. 251

On page 62, line 42, of said bill, as amended, strike out "1,490,487", and insert "1,486,887".

Amendment No. 252

On page 62, line 46, of said bill, as amended, strike out "2,175,532", and insert "2,171,932".

Amendment No. 253

On page 63, line 10, of said bill, as amended, strike out "1,326,562", and insert "1,322,962".

Amendment No. 254

On page 64, line 35, of said bill, as amended, strike out "103,655", and insert "408,839".

Amendment No. 255

On page 64 of said bill, as amended, strike out lines 37 to 52, and insert

"(a) General Fund	102,424
(b) State Agricultural Society Contingent Fund	5,498
(c) Department of Agriculture Fund	51
(d) Board of Cosmetology Contingent Fund	63
(e) Fish and Game Preservation Fund	4
(f) State Highway Fund	46,563
(g) State Lands Act Fund	7,002
(h) Motor Vehicle Fund	193,984
(i) Motor Vehicle Fuel Tax Fund	8,978
(j) Motor Vehicle License Fee Fund	244
(k) Motor Vehicle Transportation License Tax Fund	1,590
(l) Board of Nurse Examiners' Fund	69
(m) State Park Fund	543
(n) State Park Maintenance Fund	6,424
(o) Postwar Unemployment and Construction Fund	13,840
(p) Real Estate Fund	91
(q) Division of Architecture Revolving Fund	501
(r) Estates of Deceased Persons Fund	222
(s) San Francisco Harbor Improvement Fund	2,743
(t) Unemployment Fund	15
(u) Unemployment Administration Fund	17,990
Total of schedule	408,839

The appropriation in this item shall be in lieu of the unexpended balance of the appropriation in Chapter 1281, Statutes of 1949."

Amendment No. 256

On page 65 of said bill, as amended, strike out lines 2 to 19.

Amendment No. 257

On page 66, line 40, of said bill, as amended, strike out "500,000", and insert "100,000".

Amendment No. 258

On page 67, line 11, of said bill, as amended, after "range.", insert "It is further provided that increases in compensation provided by increased salary ranges established by the Personnel Board or other salary-fixing authority during the Fiscal Year 1950-51 shall not result in a total annual salary increase of more than $150,000 for all authorized positions in classes adjusted through allocations from the appropriation in this item."

Amendment No. 259

On page 67 of said bill, as amended, strike out lines 43 to 46, inclusive, and insert

"286—For major construction, improvements, and equipment, Medical Facility (partial cost), Department of Corrections, payable from the Postwar Employment Reserve, provided, that expenditure of this appropriation or any part thereof shall be pursuant to a determination by the Public Works Board that such expenditures will produce a unit or units of an institution which shall be operable upon completion of the project within the sum herewith appropriated---- 6,380,500".

Amendment No. 260

On page 67, line 49, of said bill, as amended, after "Corrections", insert "payable from Postwar Employment Reserve".

Amendment No. 261

On page 68, line 31, of said bill, as amended, strike out "60,280", and insert "39,280".

Amendment No. 262

On page 68 of said bill, as amended, after line 31, insert

"294.1—For minor construction, improvements, repairs, and equipment, California State Prison at Folsom, Department of Corrections, payable from Postwar Employment Reserve---------- 21,000".

Amendment No. 263

On page 69 of said bill, as amended, strike out lines 2 to 7, inclusive.

Amendment No. 264

On page 69, line 10, of said bill, as amended, strike out "31,175", and insert "11,175".

Amendment No. 265

On page 69 of said bill, as amended, after line 10, insert

"300.1—For minor construction, improvements, repairs and equipment, California State Prison at San Quentin, Department of Corrections, payable from the Postwar Employment Reserve---------- 20,000".

Amendment No. 266

On page 69, line 13, of said bill, as amended, strike out "26,865", and insert "13,500".

Amendment No. 267

On page 69 of said bill, as amended, after line 13, insert

"301.1—For minor construction, improvements, repairs, and equipment, California State Prison at Soledad, Department of Corrections, payable from Postwar Employment Reserve---------- 13,365".

Amendment No. 268

On page 69, line 37, of said bill, as amended, strike out "27,300", and insert "11,300".

Amendment No. 269

On page 69 of said bill, as amended, after line 37, insert

"307.1—For minor construction, improvements, repairs, and equipment, Fricot Ranch School for Boys, Youth Authority, payable from Postwar Employment Reserve ---------- 16,000".

Amendment No. 270

On page 70, line 22, of said bill, as amended, strike out "43,200", and insert "38,000".

Amendment No. 271

On page 71, line 8, of said bill, as amended, strike out "18,495", and insert "2,535".

Amendment No. 272

On page 71 of said bill, as amended, after line 8, insert

"324.1—For minor construction, improvements, repairs and equipment, Los Guilucos School for Girls, Youth Authority, payable from Postwar Employment Reserve ---------- 15,960".

Amendment No. 273

On page 71, line 14, of said bill, as amended, strike out "38,975", and insert "12,975".

Amendment No. 274

On page 71 of said bill, as amended, after line 14, insert

"326.1—For minor construction, improvements, repairs and equipment, Chico State College, payable from Postwar Employment Reserve -- 26,000".

Amendment No. 275

On page 72, line 14, of said bill, as amended, strike out "28,500", and insert "3,500".

Amendment No. 276

On page 72 of said bill, as amended, after line 14, insert

"337.1—For minor construction, improvements, repairs, and equipment, Fresno State College, payable from Postwar Employment Reserve 25,000".

Amendment No. 277

On page 72, line 26, of said bill, as amended, strike out "28,240", and insert "5,240".

Amendment No. 278

On page 72 of said bill, as amended, after line 26, insert

"340.1—For minor construction, improvements, repairs, and equipment, Humboldt State College, payable from Postwar Employment Reserve ---------- 23,000".

Amendment No. 279

On page 72, line 48, of said bill, as amended, strike out "56,450", and insert "44,750".

Amendment No. 280

On page 72 of said bill, as amended, after line 48, insert

"345.1—For minor construction, improvements, repairs, and equipment, San Diego State College, payable from Postwar Employment Reserve ---------- 11,700".

Amendment No. 281

On page 73, line 33, of said bill, as amended, strike out "104,195", and insert "6,395".

Amendment No. 282

On page 73 of said bill, as amended, after line 33, insert

"354.1—For minor construction, improvements, repairs, and equipment, San Jose State College, payable from Postwar Employment Reserve ---------- 97,800".

Amendment No. 283

On page 74, line 13, of said bill, as amended, strike out "24,980", and insert "7,200".

Amendment No. 284

On page 74 of said bill, as amended, after line 13, insert

"359.1—For minor construction, improvements, repairs, and equipment, California School for the Blind at Berkeley, payable from Postwar Employment Reserve ---------- 17,780".

Amendment No. 285

On page 74, line 33, of said bill, as amended, strike out "142,100", and insert "27,100".

Amendment No. 286

On page 74 of said bill, as amended, after line 33, insert

"363.1—For minor construction, improvements, repairs, and equipment, University of California, payable from Postwar Employment Reserve, exempt from Section 14 of this act---------- 115,000".

Amendment No. 287

On page 74 of said bill, as amended, after line 33, insert

"363.2—For minor construction, improvements, repairs, and equipment to airport at Davis Campus, University of California, exempt from Section 14 of this act ..... 13,000".

Amendment No. 288

On page 74 of said bill, as amended, after line 38, insert

"366—For minor construction, improvements, repairs and equipment, Napa State Farm, Department of Finance ..... 4,400".

Amendment No. 289

On page 75, line 15, of said bill, as amended, strike out "105,032", and insert "30,032".

Amendment No. 290

On page 75, line 22, of said bill, as amended, strike out "225,000", and insert "75,000".

Amendment No. 291

On page 75, line 31, of said bill, as amended, strike out "24,000", and insert "8,000".

Amendment No. 292

On page 75, line 40, of said bill, as amended, strike out "311,795", and insert "32,065".

Amendment No. 293

On page 75 of said bill, as amended, after line 40, insert

"380.1—For minor construction, improvements, repairs, and equipment, Agnews State Hospital, payable from Postwar Employment Reserve ..... 279,730".

Amendment No. 294

On page 76, line 27, of said bill, as amended, strike out "221,000", and insert "56,500".

Amendment No. 295

On page 76 of said bill, as amended, after line 27, insert

"390.1—For minor construction, improvements, repairs, and equipment, Camarillo State Hospital, payable from Postwar Employment Reserve ..... 164,500".

Amendment No. 296

On page 76, line 29, of said bill, as amended, strike out "190,725", and insert "38,000".

Amendment No. 297

On page 76 of said bill, after line 29, insert

"391.1—For minor construction, improvements, repairs, and equipment, DeWitt State Hospital, payable from Postwar Employment Reserve ..... 152,725".

Amendment No. 298

On page 76, line 36, of said bill, as amended, strike out "60,325", and insert "30,625".

Amendment No. 299

On page 76 of said bill, as amended, after line 36, insert

"394.1—For minor construction, improvements, repairs, and equipment, Mendocino State Hospital, payable from Postwar Employment Reserve ..... 29,700".

Amendment No. 300

On page 76, line 41, of said bill, as amended, strike out "80,650", and insert "17,900".

Amendment No. 301

On page 76 of said bill, as amended, after line 41, insert

"396.1—For minor construction, improvements, repairs, and equipment, Modesto State Hospital, payable from Postwar Employment Reserve ..... 62,750".

Amendment No. 302

On page 76 of said bill, as amended, strike out lines 46 to 50, inclusive.

Amendment No. 303

On page 77, line 6, of said bill, as amended, strike out "24,900", and insert "2,400".

Amendment No. 304

On page 77, line 15, of said bill, as amended, strike out "6,500", and insert "4,500".

Amendment No. 305

On page 77, line 24, of said bill, as amended, strike out "3,800", and insert "1,266"

Amendment No. 306

On page 77, line 26, of said bill, as amended, strike out "184,570", and insert "36,050".

Amendment No. 307

On page 77 of said bill, as amended, after line 26, insert

"404.1—For minor construction, improvements, repairs, and equipment, Napa State Hospital, payable from Postwar Employment Reserve ---------- 148,520".

Amendment No. 308

On page 77, line 29, of said bill, as amended, after "Act", insert "payable from Postwar Employment Reserve".

Amendment No. 309

On page 77, line 50, of said bill, as amended, strike out "9,000", and insert "3,000".

Amendment No. 310

On page 77, line 52, of said bill, as amended, strike out "242,712", and insert "89,312".

Amendment No. 311

On page 77 of said bill, as amended, after line 52, insert

"411.1—For minor construction, improvements, repairs, and equipment, Norwalk State Hospital, payable from Postwar Employment Reserve ---------- 153,400".

Amendment No. 312

On page 78, line 12, of said bill, as amended, strike out "41,500", and insert "45,000".

Amendment No. 313

On page 78, line 18, of said bill, as amended, strike out "322,440", and insert "62,340".

Amendment No. 314

On page 78 of said bill, as amended, after line 18, insert

"417.1—For minor construction, improvements, repairs, and equipment, Patton State Hospital, payable from Postwar Employment Reserve ---------- 260,100".

Amendment No. 315

On page 78, line 24, of said bill, as amended, strike out "85,780", and insert "24,780".

Amendment No. 316

On page 78 of said bill, as amended, after line 24, insert

"419.1—For minor construction, improvements, repairs, and equipment, Stockton State Hospital, payable from Postwar Employment Reserve ---------- 61,000".

Amendment No. 317

On page 78, line 29, of said bill, as amended, strike out "450,000", and insert "150,000".

Amendment No. 318

On page 79, line 18, of said bill, as amended, strike out "42,509", and insert "30,584".

Amendment No. 319

On page 79 of said bill, as amended, after line 18, insert

"432.1—For minor construction, improvements, repairs, and equipment, Pacific Colony, payable from Postwar Employment Reserve------ 11,925".

Amendment No. 320

On page 79, line 36, of said bill, as amended, strike out "124,600", and insert "63,100".

Amendment No. 321

On page 79 of said bill, as amended, after line 36, insert

"438.1—For minor construction, improvements, repairs, and equipment, Sonoma State Home, payable from Postwar Employment Reserve 61,500".

Amendment No. 322

On page 80, line 21, of said bill, as amended, insert

"Red Bluff ---------- 106,000".

Amendment No. 323

On page 82, line 45, of said bill, as amended, strike out "major", and insert "minor".

Amendment No. 324

On page 82, line 45, of said bill, as amended, strike out "improvement," and insert "improvements, repairs,".

Amendment No. 325

On page 82, line 47, of said bill, as amended, strike out "94,350", and insert "30,350".

Amendment No. 326

On page 83 of said bill, as amended, after line 11, insert

"455.1—For minor construction, improvements, repairs, and equipment of state beaches, Division of Beaches and Parks, Department of Natural Resources, payable from Postwar Employment Reserve__ 64,000
provided, that any moneys made available to the Division of Beaches and Parks, Department of Natural Resources, from this item shall be repaid to the General Fund out of any moneys impounded in the State Lands Act Fund under the decision and order of the United States Supreme Court which hereafter may be released by the Federal Government and subsequently paid into the State Beach Fund or the State Park Fund. The transfer to the General Fund from the respective funds shall be in such amounts as may be determined by the Department of Finance. Such transfers shall be made by the State Controller upon written order of the Department of Finance."

Amendment No. 327

On page 83, line 12, of said bill, as amended, strike out "major", and insert "minor".

Amendment No. 328

On page 83, line 12, of said bill, as amended, after "improvements," insert "repairs".

Amendment No. 329

On page 83, line 14, of said bill, as amended, strike out "198,100", and insert "97,100".

Amendment No. 330

On page 83 of said bill, as amended, after line 29, insert

"456.1—For minor construction, improvements, repairs, and equipment of state parks, Division of Beaches and Parks, Department of Natural Resources, payable from the Postwar Employment Reserve_____ 101,000
provided, that any moneys made available to the Division of Beaches and Parks, Department of Natural Resources, from this item shall be repaid to the General Fund out of any moneys impounded in the State Lands Act Fund under the decision and order of the United States Supreme Court which hereafter may be released by the Federal Government and subsequently paid into the State Beach Fund or the State Park Fund. The transfer to the General Fund from the respective funds shall be in such amounts as may be determined by the Department of Finance. Such transfer shall be made by the State Controller upon written order of the Department of Finance."

Amendment No. 331

On page 84, line 14, of said bill, as amended, strike out "2,995,933", and insert "4,170,590".

Amendment No. 332

On page 95 of said bill, as amended, strike out lines 9 to 15, inclusive.

Amendment No. 333

On page 96 of said bill, as amended, after line 36, insert

"Section 11.1. Except for the South Calaveras Grove, which is now under appraisal and investigation, no money appropriated by Chapter 1422 of the Statutes of

1945 and subsequently transferred to the State Park Fund shall be expended from the State Park Fund for projects not previously approved by the State Park Commission and under active negotiation as of the effective date of this act until the Department of Natural Resources files with the Joint Legislative Budget Committee the supplemental surveys that it was authorized and directed to make in accordance with Section 1 of Chapter 1422 of the Statutes of 1945."

Amendment No. 334

On page 98, line 26, of said bill, as amended, strike out "heads of departments," and insert "shall be of the light class, as defined by the Board of Control, unless excepted by the Director of Finance on the basis of unusual requirements which would justify the need for an automobile of a heavier class."

Amendment No. 335

On page 98 of said bill as amended, strike out lines 27 to 29, inclusive.

Amendment No. 336

On page 98, line 33, of said bill, as amended, strike out "except the head of the department, shall," and insert "shall be of the light class, as defined by the Board of Control, unless excepted by the Director of Finance on the basis of unusual requirements which would justify the need for an automobile of a heavier class."

Amendment No. 337

On page 98 of said bill, as amended, strike out lines 34 and 35.

Amendment No. 338

On page 99, line 29, of said bill, as amended, strike out "for", and insert "from".

Amendment No. 339

On page 101 of said bill, as amended, strike out lines 3 to 11, inclusive.

Amendment No. 340

On page 3 of said bill, as amended, after line 19, insert

"The amount for position reclassification included in the appropriation in this item is approved on the basis of the proposed administrative reorganization of the agency and the reassignment of duties and responsibilities but subject to final review and authorization by the State Personnel Board."

Amendment No. 341

On page 94 of said bill, as amended, after line 14, insert

"SEC. 3.5. Notwithstanding the provisions of Section 5 of Chapter 721 of the Statutes of 1939, the proceeds from the sale of the lands and buildings authorized by that chapter shall be deposited in the General Fund and the money so deposited is appropriated to the Department of Education for allocation to state colleges, upon order of the Public Works Board for construction, improvements, and equipment, and shall be available therefor from the time of such deposit in the General Fund, without regard to fiscal years."

Amendment No. 342

On page 94 of said bill, as amended, after line 20, insert

"SEC. 4.1. Wherever herein an appropriation is made for construction, improvements, repairs, and equipment that portion of any such item which is for plans and specifications and which is duplicated by funds available for this purpose in an existing work order or in a previously appropriated and available lump sum item for plans and specifications shall revert to the fund from which the appropriation was made. The Department of Finance shall segregate and hold any such portion in the unallocated balance of the pertinent fund pending reversion."

Amendment No. 343

On page 97, line 41, of said bill, as amended, after "new position", insert "or change in grade or class of an existing position".

Amendment No. 344

On page 97, line 42, of said bill, as amended, strike out ".", and insert "on the basis of workload and organization."

RICH	SHERWIN
HULSE	CALDECOTT
SWING	YORTY
Senate Committee on Conference	Assembly Committee on Conference

Speaker Presiding

At 11.55 a.m., Hon. Sam L. Collins, Speaker of the Assembly, presiding.

Demand for Previous Question

Messrs. Silliman, Levering, Grunsky, Hinckley, and Waters demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of the report of the Committee on Conference concerning Senate Bill No. 1.

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

AYES—Babbage, Beck, Berry, Brown, Burke, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Erwin, Evans, Fletcher, Fleury, Gaffney, Grant, Grunsky, Hagen, Hahn, Hansen, Hinckley, Hoffman, Huyck, Kilpatrick, Kirkwood, Levering, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—62.

NOES—Anderson, Bennett, Brady, Burkhalter, George D. Collins, Condon, Dunn, Elliott, Geddes, Hawkins, Hollibaugh, Lewis, and Rosenthal—13.

Request for Unanimous Consent That Name Be Placed Upon Roll Call on Report of Committee on Conference

Mr. Evans asked for, and was granted, unanimous consent that his name be placed upon the roll call on the report of the Committee on Conference concerning Senate Bill No. 1, and that he be recorded as voting "Aye."

Explanation of Vote by Assemblyman Yorty on Report of Committee on Conference Concerning Senate Bill No. 1

I voted for the budget reluctantly but with the conviction that it is as good a budget as we will have an opportunity to vote on at this session. The Senate appointed no Democrats to its free conference committee. Being the only Democrat on the committee, I was out-voted on issues such as apprenticeship standards, child care center appropriations, etc. We should be more liberal to the departments administering these programs.

SAM YORTY

Explanation of Vote on Report of Committee on Conference Concerning Senate Bill No. 1 by Mr. Condon

I voted against the budget primarily because of the cut in the child care funds and the apprenticeship program. In addition, I believe that the budget is unrealistic in not meeting the prime needs of the State insofar as unemployment and mental hospitals are concerned. I think that a Second Conference Committee should be appointed

ROBERT L. CONDON

Explanation of Vote on Report of Committee on Conference Concerning Senate Bill No. 1 by Messrs. Anderson, Lewis, Elliott, and Hawkins

We voted against the Budget Bill as amended in free conference because we feel it is inadequate to meet the needs of the people of our State. Funds for child care centers were cut in half. Funds for the Division of Apprenticeship Standards were reduced when they should be increased to create employment opportunities. The budget contains no provisions for a program for the destitute unemployed; to stimulate employment; for additional educational requirements; and to alleviate certain deplorable conditions in our mental institutions. It also contains certain wasteful expenditures that could be better devoted to more worthwhile public services or deleted in order to reduce governmental costs. It has many other shortcomings which make it inadequate to meet the minimum needs of the people.

GLENN M. ANDERSON
JOE C. LEWIS
EDWARD E. ELLIOTT
AUGUSTUS F. HAWKINS

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 28, 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 the Governor's Committee to Survey the Agricultural Labor Resources of the San Joaquin Valley.

Referred to Committee on Rules.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 28, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day passed:

Senate Bill 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 bill was read the first time:

Senate Bill No. 4—An act to amend Section 5604 of the Business and Professions Code, relating to fees for the licensing and regulating of architects.

Referred to Committee on Governmental Efficiency and Economy.

REPORTS OF STANDING COMMITTEES

Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, March 28, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 2

And reports the same correctly engrossed.

HUYCK, Chairman

Above reported bill ordered to third reading.

RESOLUTIONS

The following resolution was offered:

By Mr. Sherwin:

House Resolution No. 28

Relative to the creation of the Assembly Interim Committee on Ways and Means

WHEREAS, It is necessary that a continuing study be made as to the needs for appropriations for state purposes and particularly of the items to be contained in the Budget Bill enacted at each regular session of the Legislature; now, therefore, be it

Resolved by the Assembly of the State of California, As follows:

1. That the Assembly Standing Committee on Ways and Means of the 1950 Regular Session is hereby constituted the Assembly Interim Committee on Ways and Means and is authorized and directed to ascertain, study, and analyze all facts relating to the needs for state expenditures, including expenditures for support of state agencies, for construction, improvements, and all other purposes, and the adequacy of the revenues of the State during the 1950-51 and 1951-52 Fiscal Years, and particularly with respect to the items of appropriation to be included in the Budget Act to be enacted at the 1950 and 1951 Regular Sessions Whenever a Member of the Assembly

is appointed to, or relieved of, membership in the existing Assembly Standing Committee on Ways and Means, he shall automatically be or cease to be, as the case may be, a member of the Assembly Interim Committee on Ways and Means, so that the membership of the Standing and the Interim Committees shall, at all times be identical. The chairman shall be appointed by the Speaker. Vacancies occurring in the membership of the committee shall be filled by the appointing power. A vacancy shall be deemed to exist whenever any member of the committee fails to secure the nomination of his party at the primary election or fails to be elected at the general election.

2. The committee is authorized to act during this session of the Legislature, including any recess, and after final adjournment until April 30, 1951, with authority to file its final report not later than that date.

3. 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 and amended from time to time at this session, which provisions are incorporated herein and made applicable to this committee and its members.

4. The committee has the following additional powers and duties:

(a) To select 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 subpenas, 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

(f) To appoint subcommittees from the membership of the committee, which subcommittees shall have the same rights, powers, and duties as are conferred and imposed upon the committee itself under this resolution.

5. 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

6 The Assembly Interim Committee on Ways and Means created by House Resolution No. 241 of the 1949 Regular Session is hereby abolished The unexpended and unobligated balance of Contingent Fund moneys made available to such committee shall revert to the Contingent Fund of the Assembly on the effective date of this resolution.

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

REPORTS OF STANDING COMMITTEES

Committee on Ways and Means

ASSEMBLY CHAMBER, SACRAMENTO, March 28, 1950

MR. SPEAKER: Your Committee on Ways and Means, to which was referred: Assembly Bill No. 3

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. 3—An act to amend Sections 916.1 and 917.3 of the Agricultural Code, relating to fees for testing, examining, and certifying seeds.

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. 9: By Mr. Dickey—Relative to adjournment sine die of the 1950 Regular Session of the Legislature of the State of California.

Held at desk without reference to committee.

ANNOUNCEMENT OF COMMITTEE MEETINGS

It was announced that the following committees would hold meetings:

Today—

At 2 p.m.—

Rules.

At 3 p.m.—

Social Welfare.

Agriculture, in Room 432.

REQUEST FOR UNANIMOUS CONSENT THAT LETTER OF TRANSMITTAL AND PRELIMINARY REPORT ON PUBLIC HEALTH BY THE ASSEMBLY INTERIM COMMITTEE ON PUBLIC HEALTH BE PRINTED IN JOURNAL

Mr. Thompson asked for, and was granted, unanimous consent that the letter of transmittal, and the Preliminary Report on Public Health, by the Assembly Interim Committee on Public Health, be ordered printed in the Journal, in 10-point type.

PRELIMINARY REPORT TO THE LEGISLATURE BY THE ASSEMBLY INTERIM COMMITTEE ON PUBLIC HEALTH

16—L-9885

LETTER OF TRANSMITTAL

HONORABLE SAM L COLLINS
Speaker of the Assembly
California State Legislature

DEAR MR. SPEAKER: In accordance with H. R. 237 of the 1949 Legislature, your Interim Committee on Public Health was organized and does hereby submit its preliminary report.

Many bills were referred to this committee for study by the 1949 Legislature, i.e., chronic alcoholism, treatment of garbage for feeding swine, drugs and related subjects, investigation of certain institutions, and several other problems

In this preliminary report we have set forth what the committee has done up to date, and in our final report that will be submitted to the 1951 Legislature we will cover all subjects referred to and investigated by this committee, together with its recommendations.

Respectfully submitted,

JOHN F. THOMPSON, Chairman
ARTHUR H. CONNOLLY, JR., Vice Chairman
AUGUSTUS F. HAWKINS
CLAYTON A. DILLS
GLENARD P LIPSCOMB
W. BYRON RUMFORD
H. ALLEN SMITH

COMMITTEE MEETINGS

August 5, 1949	Planning for the agenda of committee	San Francisco
September 9, 1949	Committee organization meeting	Sacramento
November 3, 1949	Tre Monte meeting	San Jose
November 7, 1949	Department of Public Health meeting	San Francisco
November 11, 1949	Meeting with physiotherapists and study of Mary E. Burke Foundation	Los Angeles
February 10, 1950	Committee meeting on chronic alcoholism	San Francisco

The need for studies of various problems confronting the Assembly's Standing Committee on Public Health, together with the great number of bills that died in committee, resulted in the creation of the Assembly Interim Committee on Public Health via H. R. 237, to which committee was referred for further study many of the bills referred to it by the Assembly's Standing Committee on Public Health.

Some of those bills were as follows:

A. B. Nos 582, 1955, and 2523—all relating to rehabilitation and institutionalizing of inebriates.

A. B No. 2532—relating to the regulation of ambulances and ambulance drivers.

A. B. No. 1218—relating to physiotherapy.

A. B. No. 551—relating to the feeding of swine.

A. B. No. 1697—creating a Board of Chiropractic Examiners and regulations affecting the chiropractic profession.

A. B. Nos. 1553 and 1554—relating to private cemeteries.

Among the many problems referred to the committee by various organizations as well as Members of the Legislature, was that of a study of the advisability of establishing a board of examiners to regulate the practices of consulting psychologists; a study of the advisability of establishing a board of examiners to regulate the practice of clinical and X-ray laboratories, and a general revision of laws relating thereto, from the medical and X-ray laboratories of the Association of California; a request for the investigation of the advisability of certifying and regulating dental technicians, establishing a school for such training; a study of chronic alcoholism; a thorough and complete study of the Mary E. Burke Foundation at Campo, California.

With these problems in mind the committee has undertaken to make a careful study of each individual problem as its particular need necessitated.

In its organization meeting in Sacramento, September 9th, Chairman Thompson suggested that the first order of business be the election of a vice chairman. Mr. Lipscomb nominated Mr. Connolly, which was seconded by Mr. Rumford. The unanimous ballot was cast for Mr. Connolly, after which Chairman Thompson appointed three subcommittees, namely: Chronic Alcoholism, Mr. Connolly, Chairman, and Smith; Treatment of Garbage for Feeding Swine, Mr. Dills, Chairman, and Hawkins; Drugs and Related Subjects, Mr. Rumford, Chairman, and Lipscomb.

MARY E. BURKE FOUNDATION

The committee employed Mr. William Young to make an investigation of the Mary E. Burke Foundation concerning irregularities at the home. The committee's attention was first called to the Mary E. Burke Foundation by innumerable newspaper stories.

Mrs. Burke at one time conducted a similar home for spastic children in Santa Cruz County, close to the Santa Clara County line, and gave Mr. Young first hand information as to how she was in the habit of conducting such a home (she having been forced to close her childrens' home in Santa Cruz County on account of the way she had conducted that home).

Mr. Young made a very complete investigation and his report to the committee is, as well as Dr. Louis Josephs' of the Department of Mental Hygiene, as follows:

REPORT OF INVESTIGATION BY WILLIAM H. YOUNG

Special Investigator

CONTENTS

Statements of:
Charles T. Rogers, Chief Probation Officer
Jane Boland, Assistant Probation Officer, San Diego.
Deputy District Attorney, John H. Barrett, August 5, 1949.
Mary Akers, by Barrett.
Hermione Hobbs, by Barrett, August 8, 1949.
Transcript of recorded interview of Hobbs.
Interview of Betty Lehmann, by William H. Young.
Memorandum report of Deputy District Attorney John Barrett, August 11, 1949.
Sheriff's office reports of investigation.
Sheriff's office reports of arrest.
Sheriff's office copies of removal order of children.
Copies of complaints by Department of Public Welfare, Alaska.
Interview of Edgar Brown, Community Welfare Council.
Interview of Stanley N. Gue, Labor Commissioner.
Report of inspection, by William H. Young.
Notarized copy of complaint of Ben Dane.
Letter from Assemblywoman Kathryn T. Niehouse.
Letter from Dr. Josephs to Mary M. Burke, September 8, 1949.

REPORT OF INVESTIGATION

To: California State Assembly Interim Committee on Public Health

From: William H. Young, Special Investigator

Assignment

1. To investigate reports of irregularities at the Mary E. Burke Foundation at Campo, California, and report on conditions at that institution for spastic and mentally retarded children.
2. To recommend to the California State Assembly Interim Committee on Public Health appropriate and applicable changes or additions to the California Administrative Code.

Procedure

1. Investigated background and history of Mary E. Burke Schools.
2. Investigated present Mary E. Burke Foundation.
   a. Interviewed former employees.
   b. Interviewed Deputy District Attorney Barrett, San Diego.
   c. Interviewed Captain Mason and Deputy Mathiot, San Diego, Sheriff's Office.
   d. Interviewed Mr. Charles T. Rogers, Probation Officer, San Diego County.
      (1) Information from Los Angeles Juvenile Probation Officer.
   e. Interviewed Carolyn DooLittle, Supervisor Child Welfare, San Diego County.
      (1) Information from Alaska Probation Officer.
   f. Interviewed Edgar Brown, Community Welfare Council, San Diego County.
3. Conducted an "on the spot" inspection of the foundation.
   a. Interviewed Mary E. Burke.
   b. Interviewed Stanley N. Gue, Labor Commissioner, San Diego.
4. Interviewed Assemblywoman Kathryn T. Niehouse, Seventy-ninth District.
5. Interviewed Dr. Louis Josephs, Medical Inspector, Department of Mental Hygiene.

Findings

1. The following copies of records, reports, letters, and interviews were taken from the various persons named above and are attached:
   a. State of Betty Lehmann, former employee.
   b. Deputy District Attorney Barrett.
      Report of Deputy D.A. John H. Barrett, of interview of Mary Akers.
      Report of Deputy D.A. Barrett, dated August 5, 1949.
      Statement of Hermione Hobbs to Deputy D.A. John Barrett dated August 8, 1949.
      Memorandum report of Deputy D.A. John H. Barrett, August 11, 1949, of inspection by Barrett and Dr. Louis Josephs of the Mary E. Burke Foundation.
   c. Copies of Sheriff's Department, San Diego County, report of the violation of Section 702 of the Welfare and Institution Code by two employees of the Mary E. Burke Foundation.
      Subsequent reports of the Sheriff's Department, San Diego County, of details of violations.
      Arrest reports of Mary E. Akers and Clinton Sinclair, members of the foundation.
      Deputy's reports of investigation of Akers and Sinclair.
      Letter from J. R. Devitt, Sheriff of Santa Cruz County, to Burt Strand, Sheriff of San Diego County re Sinclair and Akers.
      Deputy's report of removal of juvenile patient John Mihalow from Mary E. Burke Foundation.

Deputy's report of removal of the juvenile patient Allen Johnson from Mary E. Burke Foundation on court order. Copy of superior court, State of California, County of San Diego, order of removal of Allan Johnson from Mary E. Burke Foundation.

d. Report of interview of Charles T. Rogers, Chief Probation Officer, San Diego County, by William H. Young.
Copy of report by Jane M. Boland, Assistant Probation Officer, to Charles T. Rogers, dated August 5, 1949.
Report was made of interview with Mary Akers by Mrs. Boland.
Transcript of recorded interview of Mrs. H. Hobbs.
Interview conducted August 8, 1949, by Mr. Charles T. Rogers, Chief Probation Officer, re conditions at foundation.

e. Report of interview of Carolyn DooLittle, Supervisor, Child Welfare Division, and Mrs Edith Loach, Supervisor, Child Welfare Service, San Diego County.
Copies of letters dated August 3, and September 6, 1949, re complaints against the Mary E. Burke Foundation by Territory of Alaska, Department of Public Welfare, and authorizing withdrawal of Alaska wards from the Mary E. Burke Foundation.

f. Report of interview of Stanley N. Gue by William H. Young.
Notarized copy of complaint of Ben Dane, former employee of Mary E. Burke Foundation.
Complaint made to labor commissioner, Stanley Gue, August 27, 1949.

g. Report of interview of Edgar Brown, Community Welfare Council, San Diego County, by William H. Young.

h. Report of interview of Assemblywoman, Kathryn T. Niehouse, San Diego.

i. Report of interview of Dr. Louis Josephs, Medical Inspector, Department of Mental Hygiene, by William H. Young, is incorporated in summary.
Copy of letter dated September 8, 1949, to Mary E. Burke from Dr. Josephs, Medical Inspector, Department of Mental Hygiene.

j. Roster of private institutions licensed by Department of Mental Hygiene, State of California, for fiscal year ending June 30, 1949.

k. Newspapers clippings of publicity given Mary E. Burke Foundation subsequent to the Akers, Sinclair conspiracy.

Summary

1. *Mary E. Burke—Background*

This woman is approximately 65 years of age, a convincing conversationalist, and a very forceful and dominating personality. She claims to have 40 years' experience in working with spastic and mentally retarded children. As near as this investigator could ascertain, she was first issued a license to operate a private institution some time around 1931 or 1932.

From 1931-41, Mrs. Burke operated what was called the Shannon Lodge School in Saratoga for mentally retarded and epileptic children. From 1941 to May 13, 1949, she operated the Mary E. Burke School at Chaminade Catholic School for Boys in Santa Cruz. Dr. Fred Butler, state inspector in the early 1930's first issued Mrs. Burke her license.

Interesting to note is the admissions by Mrs. Burke that her institution at Saratoga was involved in a scandal when her former husband, reportedly a doctor, was charged with having sexual relations with one of the juvenile female inmates; that during the years she operated her school in Santa Cruz, she "found it impossible" to meet the suggestions of Dr Josephs for improvements which was made by Dr Josephs semiannually during his inspections since 1946 when he was appointed to his present position. She was first licensed under the State Department of Institutions and later her license came under the Department of Mental Hygiene.

2. *Mary E. Burke Foundation at Campo, California*

This plant was formerly the Camp Mitchell convalescent hospital for officers of the United States Army. The War Assets Administration leased this plant to Mrs. Burke for $1 per year, provided she meet the following requirements set forth in a letter dated March 1, 1949, to Mrs. Burke from Donn A. Biggs, Associate Deputy Regional Director, WAA.

a. That within 30 days Mrs. Burke have a reserve fund available. Fund to be $50,000 for improvements and operation of the first year.
b. Mrs. Burke was not to take possession until the opening requirements were met.
c. Financial statements and balance sheet were to be furnished the WAA semiannually.
d. The property was to be utilized for 10 years.
e. No property was to be sold for 10 years without the written approval of the WAA.
f. Title of the property was to revert to the United States in the event of any violation.
g. Semiannual reports of the foundation were to be made to the WAA during the 10 years.
h. Title to the property to be conveyed for a quitclaim deed on a date mutually agreed on.
i. In event of a national emergency, the United States Government is to have unrestricted use of the property and agrees to pay rent on any improvements thereon.
j. Compliance with requirements of War Assets Administration Regulation No. 5, including amendments thereto.
k. Conditions d, e, f, and g are to be removed on payment of a sum equal to the amount allowed as public benefit, less 10 percent of said amount for each 12 months of operation, in compliance with terms of transfer.
l. Mary E. Burke Foundation is to be operated to pay any external administrative expenses incurred by WAA.
m. Any transfer of title subject to written approval.
n. Acceptance of any other requirements deemed necessary by the general counsel.

The above agreement was contained in a letter from D. A. Biggs, Region 10, Office of Real Property Disposal, 1000 Geary St., San Francisco, California, and a copy was sent to Dr. Louis Josephs.

The property mentioned includes some 74 permanent buildings, a power plant, swimming pool or pools, and includes 670 acres. It is valued at a figure in excess of $1,000,000. Incorporated in the agreement with WAA, Mary E. Burke is to pay $1 a year for 10 years and the foundation is to be a nonprofit corporation. The board of directors of the corporation are to be approved by WAA.

On May 13, 1941, Mrs. Burke transported from her school in Santa Cruz to Campo, California, all of her patients, equipment, and personnel, taking possession of the property before actually meeting the requirements as set forth in the letter.

Reports made to this investigator by employees state that the movement of all the patients was very ill-planned, if planned at all, as the patients, some of them custodial cases (unable to care for their own toilet) were allowed to remain in the filth accumulated during the 26-hour trip in the vehicle (see statement of Betty Lehmann and Mrs. Hobbs). Number of patients has varied between 40-odd at Santa Cruz to over 80 patients at Campo.

The Campo School was opened upon their arrival and Mrs. Burke administered it with a negligence that borders on criminal.

On July 22, 1949, attention of San Diego authorities was drawn to the Mary E. Burke Foundation by the report that two attendants, Mary Akers and Clinton Sinclair, attempted to promote a tryst between a male inmate, 16 years of age, and a female inmate, both with a mentality between two and four years. Purpose of this tryst was to arrange for the boy to have intercourse with the girl. Consummation of this arrangement was prevented by a male employee who reported it to Deputy Sheriff Mathiot who in turn reported to the sheriff and district attorney's office, San Diego.

The attitude of Mary E. Burke regarding this incident changed from admission of the attempted conspiracy to a denial and subsequently to a belligerent attitude toward the sheriff's office and the district attorney's office, San Diego County.

After some investigation by the sheriff's office and the district attorney's office, those officials took into custody the two attendants who subsequently confessed that they had arranged the tryst. The attendants, Mary Akers and Clinton Sinclair, pleaded guilty to a charge of contributing to delinquency of a minor and were sentenced to the San Diego County Jail for 90 days each.

As a result of the attention this incident provoked, several investigations immediately followed. Summary of which is herein set forth.

a. Charles T. Rogers, Chief Probation Officer, his assistant, Carol McFadden, and Mr. Edgar Brown, Community Welfare Council inspected the Mary E. Burke Foundation on August 5, 1949. In interviews with the undersigned investigator, Mr. Rogers and Mr. Brown rendered very unfavorable reports. (See interviews of Mr. Rogers and Mr. Brown attached.)

b. Carolyn DooLittle, Supervisor Child Welfare, San Diego County, inspected the Mary E. Burke Foundation on two occasions and reports the following violations.
No isolation facilities.
No medical facilities.
No doctor there either time.
Partial segregation of patients in ward 310, only.
Improper punishment and discipline used.
Inefficient attendants.
Administration generally not competent.
Hopeless morale of mentally competent patients.

c. In addition Mrs. DooLittle stated that at the request of the Alaskan Probation Officer, her office had instituted the removal of the Alaskan patients with the exception of two. She is attempting to find places for these two. Accompanying Mrs. DooLittle was Mrs. Loach who reports that in a conversation with Dr. Marnell the doctor informed her his duties did not constitute the administering of mental care, that he was there only as medical advisor.

d. Assemblywoman, Kathryn T. Niehouse, Seventy-ninth District, inspected the Foundation. Her report was unfavorable and parallels the report of probation officer. (See letter attached.)

e. Stanley N. Gue, Labor Commissioner, San Diego, stated that originally several complaints were lodged with the Labor Commission, charging that Mary E. Burke had violated labor laws. Some of these were withdrawn when Mrs. Burke settled with them. However, Gue states that he will soon file one or two charges of labor violations against Mrs. Burke. See copy of labor complaint attached. (Mrs. Burke arrested September 28, 1949, and booked at county jail.)

f. Copies of statements and interviews with employees, Hobbs, Akers, and Lehmann, are attached These statements paint a vivid picture of irregularities by Mrs. Burke in the administration of the school.

3. *Medical Inspector, Department of Mental Hygiene*

The undersigned investigator spent several hours with Dr. Louis Josephs. Dr. Josephs has been Medical Inspector since 1946 when he returned from services in the United States Navy.

The Department of Mental Hygiene is under the California State Department of Public Health. According to Dr. Josephs' statement he inspects approximately 200 private institutions covering the entire State of California. He has no staff with the exception of some secretarial help. There are 800 institutions directly under the Public Health Department which are inspected by a chief, an assistant, a consultant and six or seven inspectors.

Title 9, Mental Hygiene, Department of Mental Hygiene, State of California, Administrative Code, provides that licensing of private institutions for the care of any insane, mentally ill, or other incompetent persons (including the mentally deficient, alcoholics, drug addicts, and epileptic) shall be governed as provided by Sections 5699 to 5753 and 7500 to 7507 inclusive, of the Welfare and Institutions Code, and by the

rules and regulations as set forth in Chapter 2, Articles 1-22 inclusive, of the Administrative Code.

Dr. Louis Josephs' offices are located at 315 South Broadway, Los Angeles, California. His statements were emphatic in stressing the point that 200 institutions in the State of California constitutes a great problem of inspecting and licensing for one man. He states that he tries to inspect each institution at least once annually.

Usual procedure upon receipt of an application for a license to operate a private institution is the following: (according to Dr. Josephs)

a. Applicant is informed that they must first pass city and county fire and health inspection.
b. Upon meeting local requirements, Dr. Josephs then inspects the proposed building setting forth requirements, to be met by the applicant with respect to living quarters, space, toilet facilities, attendants, equipment and care.

Upon meeting the above requirements, license to operate a private institution is then issued on payment of license fee as follows:

2 patients or less	$5 license fee
7 to 25 patients	$25 license fee
26 to 50 patients	$50 license fee
50 or more	$75 license fee

NOTE: As the code is now written, there are no requirements or standards for applicants to meet regarding education, business, or professional background and experience.

Dr. Josephs explained his leniency in licensing private institutions, by stressing the need for such institutions, emphasizing that the two state institutions at Sonoma and Pacific Colony have a combined maximum population of between 3,500 and 4,000 patients.

As they are both overcrowded and there is a waiting list for entry numbering in the thousands, Dr. Josephs states that relief can come only from the operation of more state institutions or the operation recommended to the Department of Mental Hygiene, a suggestion that the State of California take the necessary measures toward operating a state mental institution at the Campo location upon which the Mary E. Burke Foundation now operates.

In a letter to Mrs. Burke dated September 8, 1949, Dr. Josephs lists a total of 18 delinquencies of the foundation (see letter attached) and advises Mrs. Burke that unless these conditions are rectified by October 1, 1949, the license for the foundation will be denied.

Dr. Josephs is in receipt of a copy of a letter from the War Assets Administration, Regional Office, to Mary E. Burke giving her until October 15, 1949, to meet WAA requirements as previously set forth in this report.

Conclusion

1. Specifically the Mary E. Burke Foundation
   a. Is very delinquent in administration.
   b. Has been operated without sufficient funds
   c. Has operated with an inefficient board of directors, composed mainly of members of Mrs. Burke's family.
   d. Is lacking an educational program and education equipment.

e. Is lacking sufficient medical equipment and medical supervision.
f. Is operated without a registered nurse in attendance.
g. Is delinquent in providing a sufficient diet.
h. Is delinquent in cleanliness, i.e , patients, clothing, bedding and quarters.
i. Is delinquent in segregation of patients in regard to sex, affliction, and age.
j Is guilty of mistreatment of patients.

2. Medical inspector, Dr. Josephs, Department of Mental Hygiene, State of California, is understaffed and motivated in his work by the pressing need of mental institutions. He has been unable to enforce the regulations governing private institutions because of the physical impossibility of personal inspection of institutions which are located over the entire State of California.
3. It appears that an effort has been made by the Department of Mental Hygiene to increase in number these institutions rather than increase the quality of the institutions.

Recommendations

1. That a code of minimum standards be set forth for personnel applying for licenses under the California Administrative Code governing private institutions for care of mental cases, spastics and alcoholics.
   a. Special attention should be made to improve present standards of applicants regarding educational background, professional experience, moral integrity.
   b Minimum requirements to operate an institution caring for six or more patients should be that the operator be a registered nurse.
2. That a sufficient increase in personnel be added to the Department of Mental Hygiene to facilitate adequate inspections of licensed institutions.
3. That investigation be made by the State of California into the possibilities of a WAA grant of the Campo property.
4. That the State Legislature appropriate funds for operation of a state institution on the property.
5. That subsequent investigations be conducted with reference to the buying of surplus foods by Mary E. Burke from State of California. References, Mr. Patterson, Surplus Property, Library and Courts Building, Sacramento 14, Calif., invoice number 40604, 4/21/49, warehouse issue sheet 37-039-6X01, shipped from 5707 South Alameda Street, Los Angeles 11, Calif.
   Value $490.88
   Price said $28.50
6. That investigation be made of the acquiring by Paul Groszman, son of Mary E. Burke, of three large commercial fishing boats, minimum total value $40,000. Rumors indicate necessity for an investigation for clarification
7. That an investigation be made into reported purchases of drugs from Abbott Laboratories, San Francisco, by Mary E. Burke.
8. That copies of the enclosed findings of this report be forwarded to proper authorities for criminal prosecution.

INTERVIEW OF CHARLES T. ROGERS
Chief Probation Officer, San Diego County

Mr. Rogers inspected the Mary E. Burke Foundation on August 5, 1949. His report made in conjunction with Mrs. Carol McFadden, Assistant Probation Officer, San Diego County, states that they arrived about 11.15 a.m. August 5, 1949, unannounced. When they arrived, some of the children at the foundation were receiving haircuts. Mr. Rogers states that obviously this was not a regular procedure judging from the children's action. In his report Mr. Rogers makes special note of observing a young woman attendant with a switch in her hand supervising some of the children patients.

Mr. Rogers and Mrs. McFadden were met by Mrs. Groszman (Mrs. Burke's daughter-in-law) who kept them occupied awaiting Dr. Marnell, foundation physician. Rogers reports that it was obvious as soon as Dr. Marnell arrived, Mrs. Groszman left to alert other staff members of the impending inspection. He states that Dr. Marnell obviously stalled the start of the inspection and unduly explained "the incident." It obviously was for the purpose of detaining Mr. Rogers and Mrs. McFadden in the hope that attendants could clean up things.

During the inspection, Mr. Rogers asked Dr. Marnell about skin infections that appeared on some of the children Dr. Marnell explained that they were not skin infections but manifestations of allergies, although he admitted no diagnosis and no laboratory examinations had been made to determine causes. It appeared to Mr. Rogers that Dr. Marnell was very ignorant of the status of the foundation because where Helen Groszman had pointed a building out as being the Medical Building, Dr. Marnell pointed the building out as a "beauty shop."

In the Nursery Building, Mr. Rogers found two older children present and his inquiry was answered by the explanation that one of the older boys was "just a visitor who happened in." There were no toys present for the children to play with except some stuffed animals on a narrow shelf seven feet above the cribs which evidently were never used. The matron's attitude indicated that an inspection was expected.

In the building for "unteachables," Dr. Marnell explained that nothing could be done with these patients. Boys and girls were mixed, all living in the same building. Dr. Marnell explained that the boys slept on the upper floor. This group appeared to Mr. Rogers to be mixed as far as mental ability was concerned and some patients appeared normal and others ranged to idiots. There was one toy in the building which was an extremely soiled stuffed Panda clutched by a girl with an infectious appearing sore on her chin. There was no evidence of any occupational program for these children. Mr. Rogers says "They sat apathetically." The attendant in this building had a cigarette in her hand which was disposed of quickly when the inspection party entered. The girls' dormitory did not appear well-kept. All beds did not have sheets on them. The few sheets that were in evidence showed poor laundering and the clothing in the closets was extremely meager. There were some pictures on the walls indicating that the children had been allowed to hang them.

In the laundry Mr. Rogers found conditions indicating that the laundry was not done frequently and when done, was extremely dirty.

In the boys' dormitory, sheets were lacking, blankets and comforters were inadequate, very few pajamas were seen. One patient was in bed unable to walk because of leg ulcers. The room in which he was lying had no handle on the door constituting a fire hazard in that the door could not be opened in a very short time. Mr. Rogers states that Dr. Marnell was not concerned or interested in the boy's condition. Mr. Rogers got the impression of hurried clean-up attempts with much dirt left in evidence. Most children's hair was uncut and unkept and faces and hands were dirty as well as their clothing, from accumulated dirt. He was impressed by the lack of play equipment leaving the inmates the alternatives of playing in the dirt or running and tussling. Many of the patients were sitting and waiting for the next meal.

The classroom door was padlocked and there was no equipment inside the room except the mess tables. Dr. Marnell curtly ordered one of the inspecting party to follow his planned tour when the person attempted to look in the mess hall.

In the mess hall, Mrs. Smith who was the cook at that time spoke to one of the inspecting party stating, "I am glad you are here. I hope you won't let them fool you. You can see how much food is in here." Mr. Rogers noted that the refrigerator contained only one case of tomatoes, one lug full of eggplant, four or five pint boxes of cottage cheese, and three or four milk cans of a smaller type containing less than five gallons each. When questioned Mrs. Smith stated, "They haven't had milk in 21 days to my knowledge. I never have worked in any institution with conditions as bad as here. I don't know yet what I am to serve for supper. There are no supplies yet for supper." Other quotes of Mrs. Smith were, "There is no menu a day in advance. No instructions are given to me until a few minutes before a meal. Mrs. Burke buys the supplies, rarely for more than two or three meals at a time."

Mr. Rogers noted that the children straggled in while the attendants ate at a separate table "sullenly casting venomous looks toward the inspecting party." New plastic plates were being used but they ran out and the remaining children ate from tin plates that were discolored and blackish. The only person active in supervision was Helen Groszman. The children acted with holiday enthusiasm indicating this meal was very unusual and it varied between that and being strange and unusual. When glasses were placed before them, they appeared not to know what the purpose of the glass was. When asked, a colored patient answered, "We don't get milk." Questions by Mr. Rogers resulted in answers indicating that none of the children could remember when they had milk last. They were served bread from a bread plate and Mrs. Groszman buttered the bread from a pan of melted margarine. This whole procedure created great interest among the children.

With reference to an occupational program for the children, Dr. Marnell responded to questions asked, by stating that they plan to have one but had not gotten it underway yet, were building a chicken house to have some chickens and mentioned having some horses later. He talked of having rounded up 32 dogs in the camp and having them destroyed. At the same time inferring that he thought that having dogs around was some sort of program for the children. Mr. Rogers' impression of Dr.

Marnell was that he chatted excessively in a rambling and confused manner and made conversation in an effort to sell "Mother" Burke as being the very soul of charity and goodness.

General impressions of Mr. Rogers:

1. Children improperly fed and clothed.
2. Children not kept clean and quarters not regularly cleaned.
3. Bedding is inadequate and not properly laundered.
4. No attempt to provide a program of activity for those children capable of benefiting therefrom.
5. Some children are at an intelligent level to be trained in table manners and simple manual skills.
6. Staff members are disinterested or sullen.

In an interview the following morning, August 8, 1949, Mrs. Hobbs, an attendant gave information to Mr. Rogers verifying his suspicions of efforts to delay the inspection. milk rarely served, tin plates normally used, food usually is "a mess," bread normally thrown to children, never any margarine or butter. She added that "Bud" a 23-year-old boy; usually went naked in the mixed group mentioned above and that she suspected a female patient, Belle Freitas was given an abortion by an attendant at the foundation.

NOTE: Subsequent interviews of Mrs. Hobbs and Mary Akers by Mr. Rogers corroborated most of the above report of Mr. Rogers. Their statements charged that Mrs. Burke has used extreme measures of discipline with some of the patients, i.e, striking Robert Taylor, Delmar Hammick, Eddie Russel with a board from an orange crate, locking them up in an improvised jail, forcing them to work barefooted all day. This was in an effort to secure a confession of theft from these boys.

Another corroborated statement by Hobbs, Akers, and Betty Lehmann refers to a patient, Johnny Thompson, who was reported to have had an infection on his head. Reports of all three state that he was given no medical attention and ultimately maggots formed on his head.

STATEMENT OF (MRS.) JANE M. BOLAND
Assistant Probation Officer

Re: Interview with Mary Elizabeth Akers regarding conditions at the Mary E. Burke Foundation at Campo

August 5, 1949

Mr. Charles T. G. Rogers
Chief Probation Officer

Officer interviewed Mary Elizabeth Akers at the county jail and she gave the following information regarding conditions at Mrs. Burke's school:

She states that the children are all improperly and underfed and she cited as an example the fact that they consume just over 200 quarts of milk for approximately 100 people. The exact figure she gave was 216 quarts of milk for children and attendants. She states that none of the weight charts are accurate, that before they can be filed in the case record, they are "leveled off" at Mrs. Burke's direction. She stated that there were two particular children, both wards of the Los Angeles Court, one Robert Taylor who has lost 15 pounds since coming to San Diego

County, the other, Kolia Temaren, who she claims has lost 20 pounds. She states that the children at this school receive no medical supervision nor do they receive any psychological or psychiatric care although Dr. Mornay is supposed to be the school psychiatrist. Mrs. Akers says that she has no authority to examine case histories but she has done so and there are voluminous reports prior to their admission to the school and that none of the case histories have any entries by the doctor in at least six months.

Mrs. Akers also stated that when they were in Santa Cruz they had a woman employed by the school with the name Ara Cronkit who was supposed to be a registered nurse. This woman left because of conditions in the school. She further stated that another woman by the name of Florence Stevens worked for about a year and a half, that she still lives in Santa Cruz and that she would be willing to give information about conditions there and would probably know the whereabouts of Ara Cronkit.

Mrs. Akers further states that the epileptic children are kept on a routine of phenobarbital and dilantin. These drugs are administered by the attendants without medical direction and without medical supervision. At one time they attempted to hire a registered nurse who stated that she would not risk losing her California license by administering narcotics without a doctor's direction. She further stated that they had a nurse in San Diego County for a very short time by the name of De Loo, that this woman was a drug addict and an alcoholic and even she could not stand the conditions.

Mrs. Akers states that the longest term of employment of any one person now working at the foundation is approximately 11 months, that most people who are employed by Mrs. Burke cannot take it for any long period of time. She states that Mrs. Burke is extremely abusive to the employees, that she calls them all kinds of filthy names, that she has terrific outbursts of temper and screams at them. She will delegate authority to them but if they try to exercise it, she creates scenes saying that she is the boss, that no one else can give any orders. According to Mrs. Akers she recently said to Mr. St. Clair, who is now under arrest with Mrs. Akers, that "I am the queen and you are all slaves." She further stated that Mrs. Burke's language to the children is very bad. She calls them "black Mexican bastards, dirty skunks, Mexican son of a bitch." She uses these names directly to the children, that if she comes into a room and finds that one of the children is there, she will say, "Get that thing out of my sight. Do I have to look at them?" She further stated that she would never permit one of the children to ride in her car saying "they stink."

Mrs. Akers further stated that she had personally witnessed the beating of three boys. She said that on this occasion Delmar Hammick, Eddie Russell, and Robert Taylor who were all wards of the Los Angeles Juvenile Court, were beaten by Mrs Burke with a heavy board from an orange crate. They were then put in jail overnight Jail is a small stone building with bars on the windows and no furniture. The following day the three boys were forced to work barefooted all day long with no food. Mrs. Akers says that the following five adults were present at this beating besides herself: Emory Fisher, Mr. Cummer, Betty Lehman, Mr. Haidht

and Mr. Dame. Mrs. Akers states that this beating was an attempt to make the boys confess to stealing a pocketbook holding $17 from one of the matrons. She says that the attendants tried to explain to Mrs. Burke that it was impossible for these boys to have taken the money because of the time element involved. She states that the thing that happened was that a girl from Alaska the last of the children to be brought in from the territory, one Betty Sitin was flown in and was met at the airport by Mrs. Burke. She apparently was not searched and had in her possession $6. Mrs. Akers said that she knew that this money was in Betty's possession because Betty had given some to Wilma Johnson, Allan Johnson's sister, and that the money had been given by Wilma to Allan and by Allan to Delmar Hammick. She states that on the night the beating was administered she and Mrs Burke were riding into the grounds and saw Delmar Hammick come out of the Post Exchange with 20 candy bars. This boy was immediately accused of the theft and the beating followed. She further stated that Mrs. Burke's son, Paul Grossman, has an uncontrollable temper and that he can never keep his fists off the boys. She feels that the reason the children have not been beaten so badly since coming to Campo has been because Paul Grossman was off the grounds until just recently but she does not believe he is able to keep his hands off the children.

Mrs. Akers also stated that when the school was moved from Santa Cruz to Campo, 42 children including all of the babies, the epileptics and spastics were removed in four vehicles, a 15-passenger bus, station wagon and two five-passenger cars Six babies were carried in one car, five in another and the other 31 children were divided between an ordinary station wagon and one 15-passenger bus. She further stated that the trip took them 26 hours and that the total cost of transportation was $84 which was expended for gasoline, oil and car expenses. She said that this amount was charged on Mr. Kerr, that is Mrs Akers' son-in-law's credit card. She further stated that when she tried to get this money from Mrs. Burke she was unable to do so for a long time and that her son-in-law lost his credit card as a result. She went on to say that Paul Grossman, Mrs. Burke's son, could get $150 out of his mother any time he wanted to but that for anyone else to get even their pay was a pretty difficult job.

Mrs. Akers also told this officer that there is a child in the nursery whose name is Johnnie Thompson. She said that this child had maggots in his head and that they were removed by her aunt, Mrs. H. Hobbs, and that she kept them as evidence. She further stated that this child suffered third degree burns (sunburns) around the back of the head and shoulders, that these burns were not treated and were permitted to heal from the outside and that they have broken through from the inside and that the child is in a perfectly dreadful condition and that when Mrs. Hobbs, the matron, took care of the child, she was covered with blood.

Mrs. Akers states that there are a great number of children committed there by the Los Angeles County Court, the Juvenile Court, that one of the officers from the Los Angeles Court has come and interviewed each child individually, that the children have told about being underfed. She said that each time the visit was made, the children became very excited thinking that something was going to be done but that nothing had ever happened. She further advised that eight Alaskan children in the institution are all eager to talk about conditions in the school. She stated that in

Santa Cruz there was a child by the name of Ivar Johnson, who is Allan Johnson's brother. This boy is about 14. She states that the child became psychotic and she believes that he now is in Anthony's Hospital in Idaho. She states that at Santa Cruz they had a psychologist by the name of Douglas Sport, that this psychologist told her that Ivar Johnson's mental break was the direct result of the misuse and abuse he had received in the institution. She further states that every time Mrs. Burke, or as she is known "Mother Burke," sees Allan she will say "the only thing you have to look forward to is the insane asylum." "You know you are going insane."

Mrs. Akers also states that there is a girl by the name of Joan Nutter whom she believes has normal mentality but is crippled. She states that this girl has not had shoes for 14 months. That there is another child by the name of Bobbie Fazingo who is covered from head to foot with sores. She said that all of the children are covered with sores but that they have been told that these sores are not impetigo but are caused by a starchy diet. She states that they are probably the result of malnutrition.

She also told this officer that in what is known as the Custodio Building the boys and girls are quartered together. She states that when they first came to Campo, the boys and girls slept in the same dormitory and that the last girl was moved upstairs and the last boy was moved downstairs about two minutes before Dr. Josephs arrived on the grounds He was dissatisfied with the arrangement of having them both in one building but that Mrs. Burke assured him that she had a matron on duty on each floor at all hours. Mrs. Akers says that this is not true, that there is never more than one matron on duty in the building at a time. She states that the matrons in the Custodio Building range in age from 10 to 30, the oldest is a Mexican woman whose name is Stella and she is 30 years old. Mrs. Akers states that at this time this woman is pregnant, at least the report of the attendants in the building is that she is now in a pregnant condition. She further stated that the inmates of the Custodio Building are never permitted outside, that Mrs Burke does not want the general populace to know that she has them on the grounds.

Mrs. Akers says that the best care of all is given to the spastic children because the matrons who work with them are probably the best of any on the grounds.

Mrs. Akers further states that Mrs. Burke's husband, Dr. John Burke, is still living, is not divorced from Mrs. Burke and is somewhere in New York State. She states that prior to the opening of the school in Santa Cruz, Mrs. Burke had a school in Saratoga, California, and while they were in Saratoga Dr. Burke became involved in a sex scandal involving a 12-year-old child. He was tried and acquitted and then left the State. She states that Mrs. Burke discusses this frequently and freely and it was from her that she got this information. She also states that there was a child, a 13-year-old girl at Santa Cruz by the name of Betty Britton and that it was common talk among the children that Mrs. Burke's son, Paul Grossman, had had sexual intercourse with Betty Jean. This child was supposed to have been brought to Campo but has never arrived and Mrs. Akers says that she could not prove this She also states that when the school was in Santa Cruz or Saratoga, she was not sure which, Mrs. Burke was questioned regarding the death of a child who supposedly died

as the result of forced feeding. She went on to say that the Board of Directors of the Mary E. Burke Foundation is composed of Mary E. Burke, her son, Paul Grossman, her daughter Betty Kingdon, her son, John Burke, and Dr. Mornay. Mrs. Akers says, "If that is not a pat hand, I don't know how else she could deal the cards."

During the period that this officer was interviewing Mrs. Akers, she was taken to the municipal court before Judge Molina and this officer listened to her testimony. She stated that sometime about the 17th of July she learned that Allan Johnson and Velma Misoff, age 21, had gotten out of their dormitories and had been together. She states that a couple of nights later she learned that the same thing had happened. Going back further, Mrs. Akers stated that for some time Allan Johnson, who is about 17, had become interested in a 13½-year-old girl whose mother is an attendant at the school. She states that she is a girl of normal mentality, that she was apparently attracted to Allan and that when she, Mrs. Akers, learned of the situation she went to Mrs. Burke and tried to discuss it with her. Mrs. Burke's solution to the problem had been to call the child, "a bitch, a prostitute and slop." She said that because she could get no cooperation from Mrs. Burke she became increasingly concerned about the situation and that on a couple of occasions Allan had said to her, "I am afraid I am going to do something that I don't want to." She stated that on or about the night of the 21st of July, she, Mr. St. Clair and Mrs. Butcher met at the Trading Post outside the ground and were discussing the situation. They talked about the fact that Allan and Velma had sneaked out of their dormitories to be together and decided that if they would allow these young people to get together that it would divert Allan's attention from the younger child to Velma since they had previously been attracted to each other and would lessen the danger of anything happening to the younger child. She states that Velma had been sterilized before coming to Campo and that Velma had been involved in previous sex experiences. She told on the witness stand and later to this officer that a man who one time was employed as a cook by the name of Lindsay had been having relations with Velma, that when the report of that reached the sheriff's office and they tried to investigate, they were "given the royal run around," by Mrs. Burke and that Lindsay was taken off the ground and dismissed.

Mrs. Akers plead guilty to the charge and was bound over to the superior court. Afterwards this officer talked with her again and she stated that she felt very much better since she had taken this step, that she realized that she had done something that was very wrong but that actually her intentions had not been bad. She talked about the fact that there was a great deal of homosexuality particularly in the boys' dormitory and that when they tried to discuss it with Dr. Mornay he said there wasn't a damn thing they could do about it and they just had to let nature take its course. She said she did not know what would happen to her but she hoped she would not be sent to the penitentiary, however she said that if she were sent to prison, she could take it. She was an adult and if she had it coming to her, it was all right. She felt, however, that out of this an investigation would be made into the welfare of the children and even if there was not enough evidence uncovered to remove Mrs. Burke from her position as head of the school, at least Mrs. Burke would be frightened enough so that the children would receive better

treatment. In answer to a question as to whether or not the school should be closed, she stated that she felt that it should not, that the buildings were ideal for the purpose, that the school could really meet a great need in the State but she felt that it should be under different management, supervision and control and also that Mrs. Burke should have nothing whatsoever to do with administering the institution.

Mr. Barrett from the district attorney's office took a statement from Mrs. Akers on August 4, 1949, that corroborates the information given to this officer and Capt. Mason states that he interviewed Mr. St. Clair on August 4, 1949, and that his information also corroborates any statement made by Mrs. Akers.

STATEMENT OF JOHN H. BARRETT
(COPY)

August 5, 1949

People vs. Clinton St. Clair and Mary Akers
DA No. 24825

At 11.30 a.m. today I talked by long distance telephone to Dr. Louis Josephs, head of the State Board of Mental Hygiene. I recalled to him our previous conversation of last Friday and told him of the developments which had since occurred. He asked me if we had continued our investigation into the criminal charge against members of the staff in the Mary Burke School and I informed him that the complaint had been filed, charging the above named two defendants with contributing to the delinquency of a minor. The charge had resulted in full statements by both defendants in open court acknowledging their participation in the acts and admitted their guilt.

Dr. Josephs wanted to know what we proposed to do next. I told him that our opinion in this office was the same as it had been last week in that regard and that further steps to investigate the situation at the school should be taken by the state board of which he is the head. I told him also that Mary Akers had made a lengthy statement concerning conditions at the school and, in her opinion, called for immediate attention. These conditions included cruelty to the children, improper administration of discipline, improper diet, lack of rehabilitation program and possible financial irregularities.

Dr. Josephs stated that he did not want to close the school but hoped a way could be found to keep the school in operation with a change of administration. I concurred in this viewpoint and stated we would do everything possible to assist him in accomplishing this aim. He also stated that Mrs. Burke had not had issued to her a renewal of the license which she had previously obtained to run the school while it was at Santa Cruz.

I referred Dr. Josephs to a Mr. Barkdale of the Los Angeles Probation Department, Juvenile Division, who had visited the school and received numerous complaints from Los Angeles County children. He stated he would contact him before coming to San Diego and that he anticipated being in our office sometime next Wednesday, August 10th, 1949.

Respectfully submitted,
By JOHN H. BARRETT, Deputy District Attorney

STATEMENT OF MARY AKERS
(COPY)

People vs. Clinton Sinclair and Mary Akers
DA No. 24825

This morning at 9.30 a.m. I interviewed Mary Akers in the district attorney's office in the presence of Charles Fry and Chick Mathiot, and a jail matron. The purpose of the interview, as explained by me to Mrs. Akers, was to obtain information which might be used to further an investigation of conditions at the Mary Burke Foundation School at Campo. I told her that she did not have to say anything but we would appreciate any information she was willing to give. I further stated that I anticipated the information would be made available to Dr. Louis Josephs, head of the State Board of Mental Hygiene. She indicated she was quite willing to talk and discussed in detail items along the following lines:

Cruelty to Children Inmates

Approximately in the middle of June, 1949, Mary Akers, H. D. Haight, Emory Fisher, Betty Lehman, Mr. Sinclair and Mr. Connard witnessed an episode in which Mrs. Mary Burke used a board, reportedly the end of a lug box, to beat Delmar Hammock, 17, Los Angeles County Probation; Robert Paylor, 19, Los Angeles County Probation, and Eddie Russell, 17, Los Angeles County Probation. The striking was occasioned by an attempt by Mrs. Burke to make the boys confess that they had stolen the purse of a matron in order to obtain money which they used to purchase candy bars at the Trading Post. Mrs. Akers states that the money was smuggled in by a girl named Sitton and her brother, who had not been thoroughly searched upon arrival. The money was passed around and some of it eventually was used to obtain the candy. The purse was later found intact where it had been hidden in the bed by a very small boy. The subjects of this attack by Mrs. Burke were bruised but otherwise not seriously injured.

On about July 20th Mrs. Burke was involved in another episode in which she threw a water glass and its contents into the face of John Tories at the same time using violent and profane language. This was occasioned by the fact that her son and Mrs. Akers had permitted the children to have jugs of water on the table with their meals which was contrary to the procedure which Mrs. Burke had originally established. Mrs. Burke removed the jug at the same time. Her use of profane and abusive language can be substantiated by almost all of the staff, all of the children, and at least two of the sheriff's deputies, Mr. Fry and Mr. Mathiot.

Mrs. Burke's son, Paul Grossman, assistant head of the school, about 38 years of age, has also been the aggressor in several acts of brutality toward the children. At the time five of the boys early in July broke into a cafeteria at the neighborhood school near the foundation and stole considerable food, Mr. Grossman hit Allen Johnson, 16, from Alaska, inflicting bruises. The other participants in this episode were Tories, Lowell Menchaca, Sebastian Abina and Delmar Hammack, all of Los Angeles Probation. The boys all have stated that they stole the food because they were hungry and were not fed sufficiently at the foundation.

Mrs. Akers also related an episode which occurred at Santa Cruz in which Grossman grasped John Magdellano, 10 years, in a manner which resulted in his bleeding at the nose and ears. Mrs. Akers cleaned the boy up afterwards but is unable to explain how this bleeding was caused by Grossman.

Disciplinary Action

Mrs. Akers states that the large boys are subjected to rigorous disciplinary action. Upon occasions when Mrs. Burke feels it is called for. At the time the group broke into the nearby cafeteria they were chained and handcuffed to their beds in the boys dormitory.

At the time of the incident concerning the matron's purse, there were about six or seven confined in the lock-up on the premises which it is believed was used by the Army authorities as a brig when the Army occupied the hospital. After the night in the lock-up they were sent to the farm to work the next day without any breakfast.

About the tenth of July Robert Paylor and John Tories ran away when they were involved in an episode where Grossman is reported to have drawn a knife to frighten the boys when he and a group of the boys became involved in a water battle of the usual horseplay type, and Grossman attempted to stop the activity. After the boys ran they were handcuffed to their beds at the dormitory when they returned to the school.

Medical Supervision

There is a resident psychiatrist, Dr. Marnell, who is in charge of medical supervision. Mrs. Akers states she has never seen any evidence of his educational background or license to practice. There are no registered nurses currently employed. There is a working arrangement with Dr. Hubbard, a woman physician, who practices in the neighborhood, which arrangement was entered into on July 21, 1949, when a girl inmate, Charlene Bristol, had an epileptic seizure of considerable duration. Dr. Marnell was not on the premises at the time and Dr. Hubbard was called the next day, when she examined the child.

There have been various registered nurses employed at different times but they have been unwilling to remain because there was no practicing physician under whom they could work. Mrs. Akers states that Dr. Marnell has been prescribing for the different children, using specific prescriptions supplied for one child as a source of drugs and medicines for all children. Mrs. Akers believes that she has been able to destroy most of the supplies which she feels were being improperly used for children for whom they had not been prescribed.

At the moment there is an extensive prevalence of athlete's foot at the school. There are also many cases of skin rashes, many infectious, but which it is possible may result from diet deficiencies, and may be some impetigo, in this class of skin rash, as well as possible allergies. One boy, Tom McKeon, is suffering from leg ulcers which have been receiving little attention. Another boy, John Thompson, was recently severely sunburned on the top of his head and the burn was neglected to a point where it became infected with maggots, which were removed by Mrs. Aker's aunt, Mrs. H. Hobbs, a member of the staff, who preserved them in a bottle and has offered to exhibit the maggots to the sheriff's deputies.

Malnutrition

Mrs. Akers states she believes that the feeding of the children has improved materially lately but that there is still much further room for improvement. There is little milk and if the employees attempt to supply more food than Mrs Burke has permitted in her orders, they are severely taken to task. There is a new woman cook, Mrs. Smith, who appears to be doing a better job than was done by the former cook, a man named Dale Cline. The most severe criticism with regard to food is that food is sometimes withheld as a punishment and the presents or gifts which are sent to many of the children by parents often fail to get to the children because they are intercepted and used by Mrs. Burke and her family.

Work Program

There is little specific criticism of the work program which Mrs. Akers believes to be proper and beneficial activity for both boys and girls. Her only adverse comment was that sometimes the girls are worked longer than seems beneficial. In conjunction with the work program there is apparently no real educational program and Mrs. Akers states that the staff understands that only five children over the last three years have been considered rehabilitated sufficiently to leave the institution. She feels that this is a distinct cause for criticism of the program.

Administration

The board of directors of the foundation consists of Mrs. Burke, Paul Grossman (son), Jack Burke (her son), Betty Kingdom (her daughter), and Dr. Marnell. There have been recent attempts by certain people interested in the school, particularly a Mr. Martin and a Mr. Roberts to obtain a change in the administration as a condition precedent to making donations to the school. All such attempts have been repulsed. With regard to the financial facts and figures, Mrs. Akers has nothing in the way of specific information to supply to us. However, she accused Mrs. Burke of financing Paul Grossman in a tuna fishing venture by using school funds donated for other purposes and Mrs. Burke never denied the accusation. There is an audit currently being conducted by James Hicks from El Centro, and it is believed he should be interviewed for many details of a financial nature.

A Mr. Eldridge LaPlanto, 832 Fifth Avenue, also is reported to have information on a specific transaction regarding a sum of money which was improperly used. The family set-up enables Mrs. Burke to keep a very close control over such items as incoming supplies, whether purchased, donated or furnished by the authorities responsible for a child. Gifts of clothing apparently rarely reach the intended child intact, and such items as bedding and towels furnished by the authority behind the children have been the subject of adverse comment by Dr. Louis Josephs at his most recent visit to the school. He stated that such linen was not adequately furnished and Mrs. Akers states that she knows of one specific instance in which sheets and towels furnished for specific children were retained by Mrs. Burke until Mrs. Akers demanded that they be given to the children. Betty Kingdom has immediate supervision of this problem of supply.

General

Throughout the interview Mrs. Akers was, of course, attempting to depict herself as a bulwark protecting the children from Mrs. Burke and her family. While much of what she said must be discounted because of the colored picture she gave me, her remarks coincide very closely with statements made by Mr. Francis, WAA guard at the hospital, Mr. H. D. Haight, Mr. Connad, the fire chief, Mr. St. Clair, her co-defendant in the criminal action, and the various children who have been interviewed by the sheriff's deputies.

There were many other miscellaneous matters discussed, among them a story of a beating at Santa Cruz by Grossman of a boy named Stephen Evanovitch, seven, which was witnessed by a Mrs. Cronkit, a nurse then employed at the school, who can be reached through Mrs. Florence Stevens at Santa Cruz. There were also statements of irregular activity between former employees and inmate girls, including acts of sexual intercourse which were discovered by Mrs. Burke and which resulted in the discharge of the employees involved.

The labor turnover is very rapid. The employee with the longest service record being Mr. Dain, the laundryman who has been with the school 11 months.

There were also stories of Mrs. Burke's attitude toward the children. Specifically of her repeated remarks to the eight Alaska children that they were charity patients whom she retains out of the kindness of her heart, when, in fact, the territory pays $50 per month for each of the children. A representative of the Los Angeles Juvenile Probation Office, Mr. Barksdall, has visited the Los Angeles County wards and has received from them many complaints along all these lines. Mrs. Akers was unable to state what his reaction was to either the complaints or the school as he found it.

Respectfully submitted,

JOHN H. BARRETT, Deputy District Attorney

STATEMENT OF HERMIONE HOBBS

(COPY)

Re: People vs. Clinton St. Clair and Mary Akers
(Mary Burke Foundation) DA No. 24825
Date: August 8, 1949
Place: District Attorney's Office
Present: John Barrett, Deputy District Attorney
Holly Burrow, Reporter

HERMIONE HOBBS, being questioned, stated as follows:

Q. (By Mr. Barrett): Your name is Mrs. Hermione Hobbs?

A. Yes.

Q. That is your present address, Box 134, Campo?

A. I have to, sent it to her box, and it is opened.

Q. Mrs. Hobbs, this is merely for information which our office is working with Dr. Josephs when he comes to San Diego. You have told me that at the time of the visit to the Mary Burke Foundation on Friday,

August 5th, there was a materially amount of covering of improper conditions and substituting proper conditions. Will you state briefly what you observed at that time?

A. The dining room was filthy as it always has been and the girls were made to scrub and clean it properly, as soon as word came in. At 10 minutes of 12 the children lined up, face and hands washed, hair combed, never done before, marched in and sat down with kind words. The tin plates were removed off and put under the counter and new plates put on. New pitchers of milk put on the table, glasses which had been very soiled and dirty were polished and cleaned by the girls—which had been very dirty, they had been black, the probation officers asked if they were new glasses they shined so. The children's food was put on the plate separately, nice big piece of fish, succotash, squash—only before it had been piled on in a heap and the fish stirred in. They had all the milk they could drink, until the second couple left the room, then Wilma Johnson asked for another glass and Helen grabbed the pitcher up and she said, "You know you are not to have more milk, put it in the kitchen."

Q. Who was Helen?

A. Her daughter-in-law, Paul's wife.

Q. Mrs. Grossman?

A. Yes.—She melted butter—oleo, in a pan and stood at the end of the table and buttered bread, that was never done before. They had forks, that had not been done. The bread was put in bread baskets instead of being thrown at the children, sometimes they fell on the floor and the children had to pick it off the floor—that was in colored bread baskets. Wednesday when you come, there will be cookie jars filled with cookies, that has never been done before. The nursery is being painted today from head to foot and all beds being painted. When Dr. Josephs was out there the last time, that he was on the grounds, quite a while ago, he demanded that there was enough sheets in the building to have double sheets on the beds and quit using the blue spreads that we have been using, which don't even cover the mattress, they are short. We are still using them. Ordered two towels for every child and wash rags, we don't have them. I have 14 wash rags and 51 children. Four little boys are wiped on one towel in the evening, then there are no towels in the morning to wipe their faces with. The children are being separated today and moved to different dormitories to cover up something that wouldn't pass.

Q. How do you mean by that, are they generally mingled, boys and girls?

A. The girls dormitory is being moved one dormitory up and they are going to segregate the big boys from the little boys for Wednesday. In 310, the unteachables, is where one boy goes around naked most of the time, that is a mixed group of boys and girls in that. These boys' ages ranging from 19 to 26 and the oldest girl in there must be 27 or 28. The unteachables mean they are very low in mentality but still isn't right to be naked that way. I think the letter covers most of the other things, so many things I could tell and talk on and on about, the injustice, the dirt, filth, and what she does with those children, tell them she will send them to the insane asylum. She pulled one girl out of bed, Wilma Johnson, Allen's sister, she got Wilma out of bed, tried to get her to admit lot of things which the child didn't know about, then she planned to run away

with Allen because the child couldn't answer those questions. She told her, "I will send you to an insane asylum just where your mother and father are in Salem, Oregon." The child cries now and cries herself to sleep every night. Two of the girls were barefoot when the Alaskan probation officers came—not allowed to talk to the probation officers, but when your probation officers came out, Helen went and got shoes from her daughter to put on these two girls. Dr. Marnell said they had to have shoes on for the looks of things.

Q. I believe you have also told me that, as you said in your letter, the members of the staff would be glad to cooperate——

A. They will.

Q. ——in the investigation, if it is possible to interrogate them out of the presence of Mrs. Burke.

A. And there are children there that can be interrogated, they are not all feeble-minded, and they would like to talk. One boy did talk when his folks came to get him.

Q. Who was he?

A. Mike Kelly. There have been six children taken out since this has started.

Q. Where is Mike Kelly from?

A. Crown Point, the probation, no the man in the sheriff's office will know where it is, they took him out yesterday. Friday night after you folks—your probation officers had been there, for supper that night the children got one slice of tomato, about that much cole slaw (indicating a very small amount) cut very coarse, and one slice of bread. That was their supper. Since then the food is being brought in abundantly and they are being fed very well and will be. The menus are made out until after Thursday.

Q. This information is much appreciated and we will furnish it to Dr. Josephs.

A. I hope you do. She made the remarks to some of us that when she wanted to get her license and she said, "Just get Dr. Josephs drunk and I can get my license." And I wonder if Dr. Josephs really knew the conditions out there, or if he was blind.

Q. Whereabouts was that statement made?

A. Chamnoade, Santa Cruz.

TRANSCRIPT OF RECORDED INTERVIEW OF MRS. HOBBS

August 8, 1949

ROGERS: What is your name?

HOBBS: Mrs. Hobbs, H-O-B-B-S.

ROGERS: And where do you live?

HOBBS: At the school. I've been with her going on eight months now.

ROGERS: That's with Mrs. Burke?

HOBBS: Mrs. Burke.

ROGERS: Would you like to tell us just in your own words.

HOBBS: I would like to tell you first what the investigators who were there will tell you. There was a lot of camouflaging put over on you. I don't know whether you realized it or not, but, just before you entered the door, the rusty tin plates were deposited so nicely underneath the

counter and the new plates were brought on. These had only been used twice. They were supposed to have been in there when you first entered the school. The children's faces and hands and hair were combed and washed—never done before—they came in as they are from the playgrounds filthy and dirty. They were ushered into the dining room and sat down to the table and the dinner was served, if you remember, a piece of fish here and potatoes over here and the zucchini squash was over here. It wasn't all piled on top of each other as it is originally. The children were given a fork which is something they've never had——very much ——the bread was put on in bread baskets instead of being thrown at them across the table—sometimes the bread goes clear across the table and on the floor and the child picks it up and eats it off the floor, the milk was put in pitchers and brought onto the table which was the first milk that those children had had, I'm putting it mildly, by saying 19 days, the very first milk. The bread was buttered, which in my knowledge had never been done in the——once in a while they had a little bit of oleo spread on a pancake or a piece of toast but very seldom. But the bread was buttered before your sight, you saw that. They got all the milk they wanted to drink as long as you people were in the room—two of you went and went up to 310, which two I don't remember, but two of you did and two stayed in the dining room. As soon as those two were not in the dining room, a child by the name of——asked for another glass of milk and she was told "You know you are not to have any more milk" and away the milk went to the kitchen right quick. They didn't have any dessert that day at all, but they were hardly served very often anyway with the exception of stewed prunes or something like that. So that was the way that meal was. That wasn't the way it would have been if you hadn't been there.

ROGERS: That was not the usual type of meal served then, you understand.

HOBBS: What was that noise then. They were cut very short. The children left the dining room every one of them complaining of being hungry and I didn't blame them, it was best not to say anything. They got a spoonful—about that much coleslaw, cut coarse, in the plate, one slice of tomato and one slice of bread—that was supper.

ROGERS: I'm interested in that because I asked Mrs. Smith, who is the cook, what was to be served for supper and at the time that we were there she said she had not yet been told what was to be served nor did she have any food to serve.

HOBBS: Many times there is no food in there to serve and at the last minute the babies will have bread and milk stirred up with a little bit of sugar in it. Many nights that's all the babies get.

ROGERS: Who does the buying, do you know?

HOBBS: Who does the buying, she does.

ROGERS: Regularly?

HOBBS: Most of the time because she will not trust anybody else to buy the food. And she tries to get things cheap like those watermelons. I sat in the kitchen—stood in the kitchen—I won't say sat because we have to be truthful, I stood in the kitchen on Wednesday, saw the man fixing the wienies, he threw out 23 wienies out of the pile of wienies that were green. He had to cook the rest because that is all that there was and

they served the wienies with sauerkraut and watermelon to the children. The watermelon had been in the freezer for two and a half weeks and had been condemned by Dr. Marnell on the day before to be thrown out, but she would not allow it to be thrown out, it was fed to the children and that night there were children that had dysentery and throwing up at the same time——they had to eat it.

ROGERS: Tell me, Mrs. Hobbs, what unit do you usually work in?

HOBBS: Work anyplace, I'm a matron, sewing woman, laundry, sort the children's clothes out—she's worked me everywhere.

ROGERS: So that you have been around.

HOBBS: I have been in every place and done every manner of work

ROGERS: We visited the nursery.

HOBBS: The nursery will be all painted when you come Wednesday. They're working on it today. Every crib, everything in it is going to be painted snow white and decorated with decals.

ROGERS: Tell me, when we saw the nursery on Friday, did it appear as it usually had appeared?

HOBBS: No, neither did 310.

ROGERS: What was the—what changes had been made in the nursery?

HOBBS: I didn't go up to see the nursery, the—before you saw it so I didn't know. They told me that it was spotless, that the children were spotless, they're not other times. Went up to 310 and they——

ROGERS: What is 310?

HOBBS: 310 is the unteachables.

ROGERS: Yes.

HOBBS: The room where the boys and girls are kept together and I could tell you something about that but I couldn't prove it. Right now it's common knowledge on the grounds that—to have proof of it——I don't know how you'd get it.

ROGERS: What sort of things is that?

HOBBS: Like the place where the boys and girls are kept in the same building, all supposed to be unteachables. You went up there and saw them up there. They said they were—beds were all made up so nice and one boy was sleeping on the bed, Philip Jones and Bud was sitting in his bed and the girls and boys were around playing and I'm surprised they let you in there, they've never done that before, but when you're not there the children, this Bud, goes around naked.

ROGERS: How old is Bud?

HOBBS: Bud is 23. Philip Jones is 26, Ned is 19, and Douglas, the one that is so abusive to all the other children in there—he's the one who threw the hot water over Jack Fry's back, assaulted him, and when I reported it to Dr. Marnell, she calls him "Fuzzinuts," so if she had any respect for her doctor she wouldn't call him that, would she? When I went and reported Jack Fry's back to—it was a third degree burn—she said well pay no attention to it, just a minor burn. The boy got infection and he had a bad back and you can see the scars on his back now if you ask to see Jack Fry I think he's a charity case—she don't get much——I think his folks don't pay very much for him but even at that he deserves good care which he didn't get.

ROGERS: When we were there on Friday, I noticed that one of the attendants whom we surprised in a room they told us was a medical room, had a group of children and was carrying a switch. Is that the common practice for the attendant?

HOBBS: Yes, that's common.

ROGERS: What is the purpose of the switch?

HOBBS: To put fear into the children. Not every one of them does it. I don't, Mary didn't, Jennie doesn't, Berry, she's the stenographer or bookkeeper or whatever you want to call her in the office, she doesn't have to have anything to do with the children so she doesn't. But, we who love the children don't have to carry a switch——of those children——they're not afraid of.

ROGERS: Have you ever known any of the attendants to use a switch on the children?

HOBBS: Yes, I've known attendants who used switches on the children and there are times when the children do need a little corporal punishment, but not to be abused, but I have seen Mrs. Burke abuse the children.

ROGER: In what way?

HOBBS: Pounding their heads up against the walls as hard as she can, hitting across the face with a board.

ROGERS: What do you mean a board?

HOBBS: A board.

ROGERS: About—you measuring about six inches wide?

HOBBS: Yes.

ROGERS: And about how thick?

HOBBS: Just so she could hold it in her hand and do this way right across Delmar's face. (Indicates striking across nose with flat of the board.)

ROGERS: Whose face?

HOBBS: Delmar's, Delmar Hansen. And that isn't the only one. She loves to twist their ears. She twists their ears like this and she'll take her arm, I can't demonstrate on myself, but twist the arm around until you think she's going to break it. I saw that with my own two eyes.

ROGERS: Do you know what sort of a program of play or education is provided for those youngsters who would profit by such program?

HOBBS: There is none.

ROGERS: There is no program?

HOBBS: That's all a lie.

ROGERS: Are there any toys provided?

HOBBS: There are lots of toys that are kept locked up except what her grandson has. Kept locked up down in the warehouse. I wouldn't be surprised if Wednesday they wouldn't be pulled out, but they're not there now.

ROGERS: What happens to clothing and food that is sent by parents or other persons for the individuals?

HOBBS: They go into her house or else down to her daughter-in-law's or else are allowed to dry out in the open until they are thrown in the garbage can. The towels, the sheets and things like that up until the time that things broke, had went to the house, up to the colonel's cottage, or else——down to her daughter's. Last Sunday there was three packages

came into the mail in the post office, the post mistress called me over to pick the packages up. There was a box of cookies for Bud.

ROGERS: Did Bud ever get those cookies?

HOBBS: No, Bud never got those cookies.

ROGERS: You mean that these inmates are allowed to go around without clothing?

HOBBS: Well, Bud does.

ROGERS: And how old is he?

HOBBS: He's about 23. I think he's 23.

ROGERS: What's his mentality?

HOBBS: His mentality, I would say he's an idiot.

ROGERS: Is he the rather emaciated boy that I saw sleeping crawled up in a corner?

HOBBS: That was he. On the bed?

ROGERS: No, he was on the floor

HOBBS: No, that was——

ROGERS: That's another one.

HOBBS: No, Bud's a great big thing. He was sleeping on a bed next to Philip Jones when you went there Friday, because I was told Bud was sound asleep and they had him covered.

ROGERS: How tall is he?

HOBBS: Bud would be about 5 foot 4 inches or 5 inches, he's very strong. We matrons have had some awful fights with him because he'll take after a girl or take after a matron. Just Tuesday night, one of the matrons came down late at night in my ward where my dormitory is and asked me to go up and help to calm him down. But on my way up to look after him——and get him back into bed by main force why I saw Paul across from the office so I called Paul and he went up and I don't know what happened, but anyway Bud got back to bed.

ROGERS: You say there's no program for these children. What do they do all day long?

HOBBS: Sit, sit in the dirt, throw dirt, sit on benches. One boy told me the other day, he said, "My folks thought we were going to have horseback riding, metal work and wood work and leather carving and all of these things." He said, "All I've learned is just to sit on my bench." That's the truth. You saw the boys and girls——, no, you weren't, they were publicity folks, came out to take those pictures. The boys and girls were allowed then to have a ball to play ball back and forth, but as soon as the publicity men were out through the gate the balls were taken away and the boys and girls separated again and there was no game. There are no teachers on the grounds except herself, she says she's an accredited teacher. There are no teachers on the grounds and there haven't been any except Mrs. _____ who came from Piedmont School near Berkeley. She stayed just a month, either two weeks or a month and she left because she couldn't stand it any longer. The only material that she had to teach the kindergarten age, as they call it, the little fellows, was 26 blocks.

ROGERS: We were shown a classroom which at the time that we saw it was padlocked.

HOBBS: It's always padlocked.

ROGERS: There were two tables in there, two mess tables. Is there any more equipment available for this class? Are those rooms ever used by the children?

HOBBS: No, they're locked. I've had three doctors came up there one day to see if there weren't something queer—Dr. Stone, Dr. Mills and another one.

ROGERS: Men doctors?

HOBBS: Women doctors. They asked me how come the school is kept padlocked, and I tried to get across to them and thought maybe they could give some information and I said well when those doors are padlocked they are kept that way. Dust is on the tables in there. She said do you have school every day and of course I was supposed to say yes. We didn't have no school.

ROGERS: We visited the dormitories provided for both boys and girls. Two separate buildings.

HOBBS: You just wait a minute. The boys and girls dormitories are side by side. The girls are being moved today down the street—— and the little boys are going to be moved into 103 and 104 so they're going to be separated. That's being done today.

ROGERS: Now, when we went through we noticed that the boys had been rather recently mopped, they smelled of disinfectant. Was that the usual procedure, done each week or something of that sort?

HOBBS: That was done just before you came. The dining room was scrubbed. The girls had to scrub the dining room and clean it up in less than three quarters of an hour's time and were drove to do it so it would be spotless when you came.

ROGERS: Did you see all that?

HOBBS: Yes.

ROGERS: What about the dormitories, were they cleaned specially after this difficulty arose? We noticed that some of the beds had sheets and some of the beds did not have.

HOBBS: There aren't enough sheets to put sheets on the beds. There aren't enough towels so every child can have a towel. We have just exactly in the boys and girls dormitory, I have 14 washcloths.

ROGERS: For how many boys, 14 washcloths for how many.

HOBBS: Fourteen washcloths for about I would say 45 boys and that's putting it mild, and 13 girls.

ROGERS: Were you with Mrs. Burke before you moved down?

HOBBS: I was.

ROGERS: How were conditions then?

HOBBS: Bad. She told us that it was going to be altogether different when we got to this place. That's the reason Mary and I stayed. We like this work. I've been in it before. I didn't like this setup. But she told us if we came down here everything was going to be on the up and up. It got steadily worse. And just two weeks ago, she pounded the table and says I'll make this place like Chominade and you will be my slaves.

ROGERS: She'll make this place like what?

HOBBS: Like Chominade the school she had in Santa Cruz. When I went to Chominade there were boys laying two to a cot, not a bed. A cot, a narrow cot. Down in the dirty old basement—— Two boys to

the cot. They have laid on those mattresses so long that there were holes just the shape of their two bodies in there. And they were soilers so you can imagine the condition of those boys. There were ants on one boy on three different occasions. He was a cripple, he can't raise his hands to brush them off. I saw that.

ROGERS: Someone made the statement that there was a youngster in the nursery that had some sort of bugs or maggots on their head. Do you know anything about that?

HOBBS: Yes, I do, I saw the maggots. And I'm not the only one that saw them.

ROGERS: What youngster was that?

HOBBS: Johnny Thompson. If Johnny Thompson's mother, who is a nurse in Los Altos, Palo Alto, would know that Johnny's head was in the condition it was in, she would have been down here. And as I told Mr. _____ I wrote a letter to Johnny's mother and I left it on my table in my own home because I had——

On Thursday morning at 5.30 the doctor called. Mrs. Burke called and Paul and Helen were all up in the nursery very busily working on Johnny's head and they've been working ever since. You saw Johnny with that white bandage around his head Before that he had not had any care it's been on his head for about five days. Two weeks ago this coming Wednesday, when he came into the dining hall at lunch time and this thing had broken and pus was all running down over his face.

INTERVIEW OF BETTY LEHMANN

Miss Lehmann was in the employ of Mary E. Burke for 10 months as a stenographer-clerk. She resigned early in August, 1949, and is now employed at Stanford University.

The following is a summary of the pertinent parts of her statements:

In the early part of June, a purse, belonging to one of the staff members, was stolen from the dining room. That night all the older boys were herded into the dining room and questioned. Upon questioning them and not receiving the answers desired, Mrs. Burke in a fit of rage, or call it what you may, picked up a board from the kitchen, approximately 12 inches long, one-half inch thick and six inches wide, and beat two of the boys on the face, head, and ears. Boys were Robert Paylor and Delmar Hammack, both Los Angeles County Probation Children. Also that night, five boys were, under order of Mrs. Burke, locked up in the guardhouse where they remained all night without blankets, bathroom privileges, or supervision. Boys were Robert Paylor, Delmar Hammack, Bob Rerimahaw Eddy Russell, and Billy Niciff.

The food was 98 percent of the time very inadequate. The children received no milk to drink until investigations were started. One morning in May breakfast for the children consisted of one slice of bread. Breakfast, before the investigation, usually consisted of uncooked mush, (rolled oats half-done) and dried eggs scrambled. There was never enough food and the children always complained of being hungry. One week quite a number of sacks of cantaloupes were bought at a very reasonable price, four sacks were stored in the warehouse behind the old office building. They were, after sitting there a week or two beginning to spoil, when one of the staff members suggested to Mrs. Burke that they be served to

the children, she replied, "why don't you mind your own business, I'll do what I want to with those cantaloupes." A few days later they were dumped because of spoilage.

Robert Paylor and Eddy Russell were locked in the guardhouse over night, under orders of Mrs. Burke, for attempting to run away. This happened, I believe, in July or the earlier part of August.

I drove the station wagon (International) with 11 of the smaller boys, ages six to ten, from the school. We left about 11 p.m. Friday, May 13th. The trip took us 26 hours with no layovers. During that time the children were fed but twice, meals consisted of one sandwich, one cup of milk (same cup used by all 11 children), and two cookies. This is all the food provided for the trip. There were no stops for bathroom use, we were, when we started out, handed two tin cans and were told the children were to use those when they had to. Eleven children using cans to go to the bathroom in while riding in a moving vehicle. Quite a few spills occurred, making the surroundings damp! One boy, Mark Bermudez, Santa Clara County Probation Department, had spills, three in fact, on the way down. There was no doctor or nurse along on the trip.

One hot day one of the girls went up to Mrs. Burke and asked her for a drink of water, she got it all right, thrown in her face by Mary E. Burke.

WILLIAM H. YOUNG

MEMORANDUM REPORT OF DEPUTY JOHN A. BARRETT

(COPY)

Re: People vs. Mary Akers and Clinton St. Clair, DA No. 24825
(Mary Burke Foundation)

As companions to Dr. Louis Josephs, Marvin Oliver, Jerry Crosier and I went to the Mary Burke Foundation School at Campo and spent the day, Thursday, August 11th. While Josephs was conducting his own inspection, I was free to look about the premises as I wished and was able to have conversations, more or less extensive with Mr. Haight, Mr. and Mrs. Sheppard, Mrs. Adderbury, Mrs. Gibhard, Mrs. Hobbs, Fire Chief Connard and WAA Guard Glen Frances. All these people impressed me with their willingness to do their best to assist in continuing the school, not just as a matter of personal employment but as a particular type of activity which was very badly needed and which they felt they could assist by remaining on the job at the school.

The only lengthy conversation I managed to have concerning the conditions at the school was with Mrs. Gibhard and Mrs. Hobbs. Since visiting our office on Monday, August 8th, Mrs. Hobbs had been removed from her previous work with the children and ordered to remain in the small sewing room where she has been working on sheets and towels in an effort to provide enough linen to meet Dr. Josephs' requirements. Mrs. Hobbs was ordered not to talk to any of the other members of the staff and they were instructed to refrain from visiting or talking to her. However, the staff members appear very loyal to Mrs. Hobbs and take every opportunity to be companionable with her. The only personalities who impressed me unfavorably were Mrs. Burke, her son, Paul Grossman, and Dr. Marnell. Grossman and Marnell accompanied Dr. Josephs and were

very quick and quite loquacious in explaining any discrepancies or omissions which he pointed out.

For two hours in the afternoon Dr. Josephs queried Mrs. Burke and Grossman on items which were the subject of specific complaint by either the children or other investigating authorities. They denied any and all of the acts complained of and were very lengthy in their explanations of questionable conditions. At the end of the interview Mrs. Burke became highly emotional and read from a prepared paper a statement to the effect that she had spent her life in sacrifice to this type of work and had now nothing but regret that she had done so. She thought the work most unrewarding and the lack of gratitude the most striking in any activity with which she was familiar. She also stated that she was advising her son to leave this type of work so that he should not waste his life. When Dr. Josephs asked her if this attitude indicated an intention that they should withdraw from the school she quickly reversed her field and stated that she would not see her life work wasted.

Insofar as further contact by our office with the conditions there is concerned, Mrs. Hobbs stated she was more than willing to write constantly, keeping our office informed of developments within the staff and that the staff members would be equally willing to meet representatives from the office at any time or place possible without the knowledge of the Burke family, so that other information or plans of action might be communicated.

Respectfully submitted,

JOHN H. BARRETT, Deputy DistrictAttorney

(COPY)

SHERIFF'S OFFICE REPORTS OF INVESTIGATION

SHERIFF'S DEPARTMENT

SAN DIEGO COUNTY

Crime 702 W. & I. Code *Classification* *No. 46930*

Victim or Complainant—
BURKE, Mrs. Mary
Address—Campo
Business—Director, Mary Burke Foundation
Investigators—Fry, Mathiot
Phone
Where Committed—Campo
Person and/or Property Attacked—WMJ, 16, WFA, 21-mental defectives
How Attacked
Means of Attack—Unlawful conspiracy
Time of Attack—PM 7/22/49
Objects of Attack—Unknown
Trademark—Male and female employees of school for mental children conspire to have male and female patients engage in sexual intercourse.

Reported by—Glenn Francis
Address—Campo
Reported to—Mathiot, Dep. L. A. Time—AM 7/24/49

DESCRIPTION OF SUSPECTS

1. Name—SINCLAIR, Clinton Address—Campo
2. Name—AKERS, Mary Address—Campo

Detailed Report of Crime, Description of Property, Facsimile of Check

Deputy Mathiot, Jacumba, reports he has received a complaint from the above named school or institution, that suspects SINCLAIR, AKERS, both employees of the institution, conspired together on the evening of 7/22/49 to have Allen Johnson, 16, and Velma Misoff, 21, mental deficients engage in an act of sexual intercourse in a vacant building on the institution grounds Allen had informed Glenn Francis, another employee, of the proposed plan on the 20th, instant, and was told by Francis to keep the appointment with Sinclair and Akers according to the plan and then come and report what he observed to Francis. See report submitted by Mathiot for additional details. Sgt. C. V. Fry is conducting an investigation.

Ashley
PM a:26
7/26/49

SHERIFF'S DEPARTMENT
SAN DIEGO COUNTY

Deputys' Report

Victim or
Complainant MRS. MARY BURKE *No. 46930*
Address CAMPO *Crime 702 W. & I*

To the Sheriff: SAN DIEGO, CALIF., July 30, 1949

After getting the original report from deputy Mathiot on this case, I was informed that Mary Burke, the director of the Mary Burke Foundation in Campo, was coming to the District Attorney's office, to get a complaint against Clinton SINCLAIR and Mary AKERS, employees at the Foundation, who she suspects of planning to get two wards of the Foundation together for sexual intercourse.

As stated in the original report by deputy Mathiot, one of the wards, Velma Misoff, 21 years, has the mentality of a four year old, and is reported by Mrs. Burke to be highly oversexed. The other ward, Allen Johnson, 16 years of age, is reported to have the mentality of a fourth grader. Both of these people are wards of the territory of Alaska, and are being cared for by the Mary Burke Foundation.

After Mrs Burke failed to ask for a complaint in this case, I was sent to interview her, and in company with deputy Mathiot, talked to her on July 27th. Mrs. Burke talked at length to us about the affair, admitted to us that Mary Akers, who was the head nurse at the institution, had committed this act against her patients, and Mrs. Burke explained the nurse's actions by the fact that she was trying to "play God." Mrs. Burke said that nurse Akers had explained her actions by the fact that Allen Johnson had recently become restless and highly nervous, and that

she thought that if he had sexual intercourse with Velma, it would be for his welfare. Mrs. Burke then told us that she feared any publicity in this matter, and did not wish to sign a complaint now as she had thought the situation over. She is on the verge of getting the Camp Mitchell Hospital site for her foundation, which is reported to be a nonprofit organization for the care of mentally deficient children, and she feared that if there is any adverse publicity, this deal will not go through. Mrs. Burke later in our conversation tried to prove an alibi for Mary Akers, and show us that the Misoff girl was never taken to the building where she was to meet the Johnson boy. In fact, Mrs. Burke called in Nurse Ethel Bucklind, who was in charge of the nursery on the evening that the meeting was to take place, and in whose care the Misoff girl was found by special deputy Glenn Francis and H. D. Haight, a member of the school staff. Nurse Bucklind told us that the Misoff girl had been brought to her in the nursery by nurse Akers on that evening, and that the girl had been in Bucklind's charge for quite some time before Mr. Haight and Francis came into the nursery, and took her to Mrs. Burke's office.

Mrs. Burke told me that she would come to the District Attorney's office on Thursday, July 28th, and relate the facts to the District Attorney, and would sign a complaint if it was thought advisable by the District Attorney's office, but up to this time Mrs. Burke has not appeared either at the Sheriff's or the District Attorney's office to discuss this case. I talked to nurse Mary Akers, who is still employed at the school, and has only been suspended as head nurse at the institution, and nurse Akers refused to make any comment on her actions in bringing this boy and girl together. I also talked to H. D. Haight, whose information is contained in deputy Mathiot's report. Special deputy Francis was interviewed and he told me that he was present in Mrs. Burke's office when the suspects, Akers and Sinclair, each admitted planning to get these two patients together in building No. 306, which is an empty barracks building on the hospital grounds for the purpose of sexual intercourse. He told us that he also heard the Misoff girl and the Johnson boy tell that they had been taken to this empty building by the suspects and that the Johnson boy said that he had immediately left the building to report this incident to Mr. Haight; also that the Misoff girl had been taken to the building by nurse Akers and had been left there awhile, then after the Johnson boy had gone, nurse Akers returned and took the Misoff girl out of the barracks by way of the fire escape and around to the nursery, where she was left with nurse Bucklind I have given all of the information I have on this case to deputies Curtis, Berrett and Wilson of the District Attorney's office, and have been informed by them that I would not have a case of conspiracy against these suspects, but that I can make a case of contributing to the delinquency of these mental patients.

On Monday, August 1st, Chief Deputy O'Keefe, will return to the District Attorney's office, and if by that time Mrs. Burke has not requested a complaint in this case, I will at that time request a warrant for the arrest of Sinclair and Akers Investigation will continue.

Respectfully submitted,

MATHIOT & FRY
By _____
C. V. FRY, Sgt.

(COPY)

SHERIFF'S DEPARTMENT
SAN DIEGO COUNTY

Deputy's Report

Victim or
Complainant MRS. BURKE, MARY No. 46930
Address CAMPO Crime Contributing to the Del.
San Diego, Calif., July 25, 1949

To the Sheriff:

At 11:00 A.M. 7-24-49, Glen Francis, Campo, reported for Mary Burke, who operates the Mary Burke Foundation School at Campo, for mentally deficient children, that two of the school staff had been involved in contributing to the delinquency of minors.

H. D. Haight, a member of the school staff, stated that on 7-20-49 Allen Johnson, 16 years, a ward of the school, who had the mentality of a 4th grade child, reported to him that Clinton Sinclair, who has charge of the boys' dormitory, had asked Johnson how he would like a date with Velma Misoff, 21 years, a ward of the school, who had the mentality of a 2nd grade child. Johnson was instructed by Haight to go through with Sinclair's plan but not to have anything to do with the girl, and to notify Haight immediately. On the afternoon of 7-22-49, Johnson told Haight that it was to happen tonight.

At about 9:00 P.M. 7-22-49 Johnson appeared at Haight's house, he was wearing only the bottom half of his pajamas, told Haight that Sinclair had taken him to a vacant building and told him to wait for Velma. Haight immediately got Glen Francis and went to the girl's dormitory where they found Mary Akers, the matron in charge of the girl's dormitory, standing outside, and when she saw Haight and Francis she broke and ran toward the vacant building. Velma was later found in the nursery building. Velma Misoff stated that she had been taken to the vacant building to meet Allen, by Mary Akers, but said that Allen left as soon as she entered the building. After Velma waited several minutes for Allen to return she was taken from the building to the nursery building by Mary Akers, who entered the building and took Velma away via a rear fire escape.

Mary Burke stated that she had questioned Sinclair and Akers, both had admitted before witnesses, that they had conspired to get Allen and Velma together in the vacant building.

Mrs. Burke advised to take Allen Johnson, Velma Misoff and H. D. Haight to San Diego with her on 7-25-49, and see the District Attorney regarding a complaint.

Respectfully submitted,

L. A. MATHIOT, Deputy

(COPY)

File 46930
August 3, 1949

MR. J. R. DEVITT
Sheriff, Santa Cruz, California

DEAR SIR: This department has received a report involving two employees of the Mary Burke Foundation, Clinton Sinclair and Mary Akers, which institution is now located at Campo, this county.

These employees have been charged with violation of Section 702 of the Welfare and Institutions Code. As Mrs. Burke formerly operated her school at the old Dr. Phillips place in Ben Lomond, I would appreciate it if you would advise me of any complaints about the conduct of any of her employees, or herself, that you may have received while she was in your county.

Any information of any nature as to her activities will be helpful.

Very truly yours,

BERT STRAND, Sheriff
BROOKS S. WHITNEY, Lieut.
Record Division

(COPY)

J. R. Devitt
Sheriff

W. P. Hendrick
Under Sheriff

COUNTY OF SANTA CRUZ
SANTA CRUZ, CALIFORNIA

SHERIFF'S OFFICE
P. O. BOX 603

August 5, 1949

BERT STRAND, *Sheriff*
County of San Diego
San Diego 12, California

Your file: 46930

Attention: Brooks S. Whitney, Lieut.
Record Division

DEAR SIR: Your letter dated August 3, regarding two employees of the Mary Burke Foundation, now located at Campo, your County, has been received and a check of our files brings forth the following information for what value it may be to your Department.

The Mary Burke School, was located in the old Chaminade School on Paul Sweet Lane, just outside the City of Santa Cruz. We have never received complaints as to the conduct of the school; but had several calls for missing and runaway children; and due to the hiring of cheap labor, some being ex-cons, of which we did not approve; we had a few calls of an employee being drunk or disturbing the peace.

The only information we offer on subject, Clinton Sinclair is that he was employed by the City of Santa Cruz in the Fire Department a position which he held for several years, he has no criminal record in our files.

Mary Elizabeth Akers, who may be the same as the Mary Akers in your letter, is described as: Brown hair; hazel eyes; 5'6"; 205; white,

female, American; stout build; olive complexion; born in Montana 5-11-1902; 36 years; she was arrested this County on 502 CVC charge, May 3, 1948, paid $150.00 fine, our #19039 and again arrested August 9, 1948 on a 321 P.C. charge, paid $50.00 fine, our # 13929.

Trusting this may be of some assistance to you and if we can be of further service to you do not hesitate to call on us.

Very truly yours,
(Signed)

J. R. DEVITT, Sheriff
W. P. HENDRICK, Under Sheriff

(COPY)

SHERIFF'S OFFICE COPIES OF REMOVAL ORDER OF CHILDREN

SHERIFF'S DEPARTMENT
SAN DIEGO COUNTY

Deputy's Report

Victim or
Complainant MARY BURKE — No. 46930
Address CAMPO, CALIFORNIA — Crime Contributing
To the Sheriff: — SAN DIEGO, CALIF., August 4, 1949

On Wednesday, August 3rd, I went to the Mary Burke Foundation at Campo with warrants for the two suspects in this contributing case, and upon notifying Mr. Rogers of the Probation Department that I was going to Campo, he requested that I take Probation Officer Boland and return a ward of the Juvenile Court, John Mihalow, from the Mary Burke Foundation to a boarding home at 4634 - 31st Street.

Mr. Rogers handed me a Superior Court order in this matter and the child was returned to the boarding home as requested.

BOLAND, MATHIOT & FRY

(Signed)

By C. V. FRY, Sgt.

COPY

SUPERIOR COURT, STATE OF CALIFORNIA
COUNTY OF SAN DIEGO
JUVENILE DEPARTMENT

No. 18327

The People of the State of California on behalf of JOHN MIHALOW Ward ___ of the Juvenile Court. } ORDER

This is to authorize you, the Sheriff of San Diego County, to take into custody from the Mary E. Burke Foundation, Campo, California, said John Mihalow and transport and deliver him to the County Probation Office, 1165 Front Street, San Diego, California.

(SEAL)

Done in Open Court, this 3rd day of August, 1949.

ATTEST: A true Copy,
T. H. SEXTON, County Clerk
By (Signed) Sylvia G. Stephens, Deputy

ROBT. B. BURCH, Judge of the Juvenile Court

COPY
SHERIFF'S DEPARTMENT
SAN DIEGO COUNTY

Deputys' Report

Victim or
Complainant MRS. MARY BURKE No. 46930
Address CAMPO Crime W. & I. Code
San Diego, Calif., August 5, 1949

To the Sheriff: On August 4th Capt. Mason interviewed Clinton St. Clair, whose name has formerly been carried on our reports in error as Sinclair, and he told Capt. Mason of the facts leading up to this charge against St. Clair and nurse Mary Akers.

He said that on approximately July 20th Mary Akers came to him and said that they had to do something about Allen Johnson, who had been writing notes and trying to get a date with the daughter of one of the attendants at the institution. Mary Akers asked St Clair if he would let Allen Johnson out of the dormitory some night in the near future for a date with Velma Misoff, and it was understood that these two patients at the institution were to be allowed to get together for sexual intercourse. St. Clair said he asked Allen if he wanted to get a "piece of tail" and Allen expressed his willingness.

A night or so later St. Clair let Allen out of the dormitory and told him to get going to building 306 where Velma would be. St. Clair said that this is the last he saw of Allen until he was brought to the office of Mrs Burke at the headquarters of the institution. Upon being asked if he had heard Mrs. Burke use obscene language to the children, or in the presence of the children, St. Clair stated that he had heard her call one of the boys a "Mexican son-of-a-bitch" and a little nigger boy "a black skunk." He stated that both of these statements were made in the presence of the children referred to. St. Clair stated that he did not see the alleged beating of the boys with a board by Mrs. Burke, as he was out of the building at the time. However, he does know the beating took place. He said the beating was occasioned by Mrs. Burke trying to make some of the boys confess to stealing a purse from one of the attendants. This purse which was stolen was later found, and these boys who had been made to confess the theft had no part in it.

On August 5th a young man named Gaylen W. Stringham of 1542 Front St., San Diego, came to the Sheriff's office and told Capt. Mason and myself that he had gone to the Mary Burke Foundation on the 9th of July and stayed there until the afternoon of the 11th of July to apply for a job as chauffeur at the institution. He said that after seeing the treatment of the children at the home he decided that he didn't wish to work there and did not apply for the position. He stated that the children were controlled and herded like animals and he said that a Mexican guard and another guard carried large sticks when herding the children around. He said the Mexican guard apparently carried the large boards or sticks to clap together and scare the children into doing his bidding. Stringham also told us that the dining floor appeared to be dirty at all times as the children apparently just pushed the dirt around the floor with mops and after mopping other children came and pushed the food from the table onto the floor. He stated that on one occasion he saw a small

child vomit while at the table, and the child was removed from the dining room hall by nurse Akers, and that the other children got on the floor and ate the vomit. Stringham stated that there were other attendants in the room at the time of this occurrence and they did not stop it.

On August 4th Clinton St. Clair took the stand in Municipal Court and made a statement admitting his part in this charge of contributing to the delinquency of a minor. Mary Akers will be taken to Municipal Court for arraignment on August 5th and she has indicated that she wishes to take the stand in this matter.

On August 4th deputy Barrett of the District Attorney's office took a statement from Mary Akers in this matter and a statement pertaining to the conditions at the Mary Burke School in Campo and a copy of this report has been brought to this office and placed in the file.

Respectfully submitted,

MASON & FRY
By /s/ Charles V. Fry
C. V. FRY, Sgt.

(SIGNED)
CVF RH
8/5/49
Copy taken to Prob. Dept.

SUPERIOR COURT, STATE OF CALIFORNIA
COUNTY OF SAN DIEGO
JUVENILE DEPARTMENT

No. 19254

In the Matter of ALLEN JOHNSON (10-4-33) person___under the age of twenty-one years	PETITION SUBDIVISIONS "D" & "K"

To the honorable, the above named court:

Your petitioner Percival H. Burrows shows: That there is within said County of San Diego, the above named person, and that person is under the age of 21 years, to wit: fifteen years;

That petitioner is informed and believes, and therefore alleges the fact to be that said person should be adjudged to be a ward of the Juvenile Court, for the following reasons:

(State reasons or give facts)

"D" That the place where said person is living, the Mary Burke Foundation, is unfit for him, by reason of the depravity of Mary Akers, nurse, and Clinton Sinclair, attendant, in that said person was induced and encouraged to engage in an act of sexual intercourse on or about July 22, 1949, in a deserted barracks located in the vicinity of the Mary Burke Foundation at Campo, County of San Diego, State of California; and further,

"K" Said person is in danger of leading an immoral life in that the supervision and training received at the Mary Burke Foundation is detrimental to the moral health and welfare of said minor.

That said person is now in custody and control of Mary Burke Foundation, Campo, California.

That the names and addresses of said person's parents are Ivor and Nancy Johnson, Morningside Hospital for the Insane, Portland, Oregon.

WHEREFORE, your petitioner prays that this Honorable Court set a time and place for the hearing of this petition; and to show cause, if any there be, why such person should not be adjudged a ward of the Juvenile Court;

And that this Honorable Court at such hearing inquire into the truth of the statements of fact herein alleged, and in pursuance of the Statute in such case made and provided, make such order in the premises as to this Honorable Court may seem meet and proper.

---------- Petitioner.

PERCIVAL H. BURROWS
Supervising Assistant
Probation Officer

STATE OF CALIFORNIA }
COUNTY OF SAN DIEGO } ss.

Percival H. Burrows being duly sworn, deposes and says:

That he is the petitioner in the foregoing matter; that he has read the foregoing petition, and knows the contents thereof; that the same is true of his own knowledge, except as to those matters therein stated on information or belief, and that as to those matters, he believes the same to be true.

PERCIVAL H. BURROWS, Petitioner

Subscribed and sworn to before me, this 4th day of August, 1949.
T. H. SEXTON, County Clerk
By SYLVIA G. STEPHENS, Deputy

Order Setting Time and Directing Citation to Issue

Upon the filing of the within and foregoing petition, it is ordered by the Court that the hearing of said petition be and the same is hereby set for the 18th day of August, 1949, at 2 o'clock p.m., of said day, in the Superior Court of the State of California, in and for the County of San Diego, Department No. 1 (Juvenile Department) at the Court Room of said Court, at the Court House in the City of San Diego, County of San Diego, State of California.

Done in open Court, this 4th day of August, 1949.
T. H. SEXTON, County Clerk
By: H. A. MOODY, Deputy

Request and Order of Detention

In the matter of the above-mentioned person, it is respectfully submitted as follows:

That the above petition has been filed in the Juvenile Court of the County of San Diego; that said above-mentioned person is a resident and is residing within said county, and is a person alleged to come within the provisions of Subdivisions A to N of Section 700, of the Juvenile Court Law, of the State of California, approved June 5th, 1915, and Acts Amendatory thereto and further, petitioner represents that said person is of the age of 15 years, and is in need, or should be detained pending hearing for the reasons stated in the petition.

Therefore, Probation Officer respectfully requests that said minor be taken into custody by the San Diego County Sheriff and placed in

Anthony Home, San Diego, California, pending further hearing and disposition by said Court.

Dated this 4th day of August, 1949.

PERCIVAL H. BURROWS
Supervising Assistant Probation Officer

Good cause appearing therefore and it being for the best interest and welfare of said minor, it is ordered that the above-named minor be taken into custody by the San Diego County Sheriff and placed in Anthony Home, San Diego, California, until further order of this Court.

Dated this 4th day of August, 1949.

ROBT. B. BURCH, Judge of the Juvenile Court

(COPY)

September 6, 1950

Mr. Charles Rogers
Chief Probation Officer
Mrs. Edith Loach, Supervisor
Child Welfare Services

ATTENTION: Mrs. Walker RE: JOHN NUTTER
JOAN NUTTER
BETTY SITTON
WILMA JOHNSON
PAULA HOCH

This letter is subsequent to our telephone conversation today. We are referring these children to you because there is no parent or guardian capable of exercising proper parental control. The physical equipment and personnel where the children now are is inadequate to meet their needs. These children are all at the Mary Burke Foundation School and were placed by the Department of Public Welfare of the Territory of Alaska.

On *August 29, 1949*, Mrs Hobbs, an employee of the school, reported to Miss Doolittle that the children were not receiving proper food or care. On September 2, we made a trip to the school and interviewed each of these children individually. We were told that the food is inadequate, that the school program has been the same for the past four years so that the children are really not having any educational opportunities. In addition, it is not permissible for any contacts, even between brothers and sisters. The methods of discipline are unusual. Mrs. Burke stated that when Betty does not perform as expected she is disciplined by being placed in the building with the unteachables.

We are enclosing the summary which we have received from Alaska in regard to these children as well as a copy of our most recent correspondence with them, indicating that this county has the authority to take whatever action is needed.

We greatly appreciate your cooperation in this situation.

Yours very truly,

J. H. RAINWATER, Director
By (Mrs.) EDITH LOACH, Supervisor
Child Welfare Services

(COPY)

August 3, 1949

Re: Miss Doolittle
CWS Supervisor
Re: Mary E. Burke Foundation

MR. FRANK DUNN
District Attorney's Office
302 Civic Center, San Diego 1, California

DEAR MR. DUNN: A Mrs. Anna McMurtry of Loma Linda, California, was in our office Friday, July 29th, making a complaint regarding the Mary E. Burke Foundation.

Mrs. McMurtry has had three years of nurse's training and was employed as a nurse by Mrs. Burke for about a week prior to this date. Her reason given for leaving was that she could not stand to work in a place where the children were mistreated. She states that medical supplies were inadequate but Mrs. Burke refused to purchase anything although the children had sores of long standing from impetigo, athlete's foot. Dr. Markel, who is supposedly in residence, is there only infrequently and never sees the children. Mrs. Burke will not call a doctor to visit, but occasionally telephones one for advice Mrs. McMurtry stated that the children were never given fresh milk or fresh fruits. They were not allowed liquids even in the morning.

She questioned that some of the children were subnormal mentally, stating that there were delinquent older boys there who were perfectly normal mentally. She stated that discipline was too harsh and that there was considerable dissatisfaction among staff, although many were afraid to initiate any action. She hinted at many other things but was urged to see Dr. Josephs of the State Mental Hygiene Department in Los Angeles who has responsibility for licensing the institution. She agreed to at least telephone him between trains in Los Angeles.

Very truly yours,

J. H. RAINWATER, Director
By (Miss) CAROLYN DOOLITTLE, Supervisor
Child Welfare Division

INTERVIEW OF EDGAR BROWN
Community Welfare Council, San Diego County

September 15, 1949

The undersigned investigator interviewed Mr. Brown at his offices in San Diego at which time Mr. Brown vehemently condemned Mrs. Burke for her mode of operation He stated that because of his position in the Community Welfare Department of San Diego, and the fact that he had participated in some activity in helping Mrs. Burke start to organize the Foundation, he took it upon himself to inspect the school, arriving there at the time Mr. Rogers and his assistant, Mrs. McFadden, were inspecting. He concurred with the irregularities found and reported by Mr. Rogers.

He went on to say that in March, 1949, as a result of a request by a Mr. George Scott, wealthy merchant in San Diego, he had investigated Mary E. Burke's background and Santa Cruz School. (Mr. Scott was

contemplating a $10,000 donation to Mrs. Burke, at that time.) During his investigation of Mrs. Burke at that time, he asked Dr. Louis Josephs about Mrs. Burke, her school, and general reputation. Mr. Brown says that Dr. Josephs recommended her very highly stating she "has a gift with mentally defective children," "is operating a reputable school in Santa Cruz," and generally recommended her very highly to Mr. Brown. Mr. Brown feels a little resentful toward Dr. Josephs as a result of this recommendation and thinks that Dr. Josephs "used very poor judgment and should know better."

At a later meeting with Mrs. Burke. Mr. Brown and Mr. Scott, before going ahead with the proposed donations, insisted that Mrs. Burke have a satisfactory advisory committee as they objected to her board of directors listing herself as president, Dr. Marnell, secretary treasurer; her son, Paul Groszman as director; another son, J. W. Burke, as vice president and director; and a daughter, Mrs. I. V. Kingdon, director. Mrs. Burke also listed August LaRasx, San Jose pharmacist, and State Senator H. Ray Judah, as directors, stating that they were inactive members who had loaned their names to the board of directors. When Mrs. Burke refused to accept their request on the grounds that she "would not take orders from anyone," both Mr. Brown and Mr. Scott withdrew their support of the foundation.

Mr. Brown is of the opinion that Mrs. Burke has no planning ability and is oblivious to normal reactions of other people, verbally bluffs her way through situations and does not allow herself to be pinned down to facts on plans for the foundation. He is very emphatic in his opinion that Mrs. Burke not be allowed the responsibility of care and treatment of children in an institution.

WILLIAM H. YOUNG

INTERVIEW OF STANLEY N. GUE
Labor Commissioner, San Diego County

September 15, 1949

Mr. Gue revealed that several complaints had been filed against Mrs. Burke for violations of labor laws, that she had subsequently borrowed some money from a man named Chenoweth, paid the complainants' claims and they had dropped their charges.

However, Mr. Gue states that very soon he will file other charges of labor violations against Mrs. Burke.

Mrs. Burke was subsequently arrested on September 28th, booked at the San Diego jail and released on her own recognizance pending arraignment.

According to Mr. Gue's records, complaints alleged violation of:

Excess hours.
Day of Rest Law.
Deducting in excess for Social Security, withholding tax, unemployment insurance.
Eight-hour Women's Law.

In his records, the Mary E. Burke Foundation was assertedly chartered January 15, 1946, as a nonprofit corporation and was inactive until May 13, 1949, when it took over the Mary E. Burke School. Efforts

of Mr. Gue to have Mary Burke produce her books and records of the institution have resulted in the vague explanations by Mrs. Burke that she "needed a month to get them into shape, they were lost, and they were somewhere between here and El Centro."

WILLIAM H. YOUNG

REPORT OF INVESTIGATION—INSPECTION OF MARY E. BURKE FOUNDATION

September 15, 1949

Arrived at the Mary E. Burke Foundation at Campo, California at 11 p.m. this date and accompanied by Deputy Sheriff Mathiot, inspected the institution, generally finding that conditions had improved over what had been previously reported by local authorities.

In spite of the improvements such as painting, cleaning, operation of laundry, and improved food supplies, it appeared to the undersigned that the job of operating this institution is too big for Mrs. Burke or any of her attendants or friends.

Special attention was paid to the previous reports of delinquencies and obviously all conditions had been improved with the exception that Mrs. Burke's records and books and other important administrative papers have been and are being grossly mishandled.

Interviewing Mrs. Burke, it became obvious that she was frantically attempting to change all the conditions previously reported delinquent. Impressions gathered after talking with this woman a short time are not favorable. She is continually attempting to create false impressions of her philanthropy, her executive ability, and of her being persecuted. Her explanations of reported irregularities are not sound. In her own opinion, Mrs. Burke is perfect and it is obvious that she is not a competent planner and appears to be lacking the normal ability of perception of the responsibilities of her work. She grossly exaggerated "her hopes," speaking of them as facts.

The opportunities provided by the Office of War Assets Administration and by prospective financial contributors are too great for a person of Mrs. Burke's intelligence or ability to handle.

WILLIAM H. YOUNG

COPY OF COMPLAINT OF BEN DANE

STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
DIVISION OF LABOR LAW ENFORCEMENT

Report of Hearings and Interviews

STATE OF CALIFORNIA }
COUNTY OF SAN DIEGO } ss.

Ben Dane, personally appearing and being duly sworn deposes and says on oath: I have been employed by Mrs. Mary E. Burke, promoter of the Mary E. Burke School of Santa Cruz and the Mary E. Burke Foundation at Campo. I worked for this institution from August 19, 1948, to August 23, 1949, when I was discharged for demanding my wages. I can testify of my own knowledge that this institution has been

a family affair operated and controlled by Mrs. Burke and her sons and daughters and relatives while pretending to be a "nonprofit" institution and soliciting donations from the government surplus food administration and money from charitable people. While I was employed at Santa Cruz by Mrs. Burke, prior to May 13th when they came to Campo with their institution, they were continually pleading poverty and lack of money to hire help. They compelled practically all the help to work overtime in violation of the Women's Eight-hour Law and the Day of Rest Law, saying they didn't have money to hire extra help. But at the same time Mr. M. P. Groszmann, son of Mrs. Burke and business manager of the institution owned a fishing boat which he tried to sell for $5,000, later leasing it. Then he suddenly bought a new boat which he told me he paid $18,000 for. I also know that Mrs. Groszmann, daughter-in-law of Mrs. Burke bought a new Studebaker auto. All the time they were buying these new automobiles and boats they were going further and further behind with their pay rolls and debts. I don't know whether they diverted and appropriated the school moneys to buy these things for the family or not but I do know they owe me $335.73 in back wages and that they owe hundreds of dollars in wages to other employees. I make this affidavit so that the Labor Commissioner and the U. S. Internal Revenue Service can investigate the income and wealth of the Burke family including Mr. Groszmann and determine what amounts of wages and pay roll taxes may be due from them. I am applying to the Labor Commissioner at San Jose for a criminal complaint for the arrest of Groszmann and Mrs. Burke for violations of the Day of Rest Law in my case.

(SIGNED) BEN DANE

Subscribed and sworn to before me this
twenty-seventh day of August 1949

(SIGNED) STANLEY N. GUE
Deputy, Division of Labor Law Enforcement,
Department of Industrial Relations,
State of California

LETTER FROM ASSEMBLYWOMAN NIEHOUSE

CALIFORNIA LEGISLATURE
FIFTY-SIXTH SESSION
ASSEMBLY

KATHRYN T. NIEHOUSE
Member of Assembly, Seventy-Ninth District

Chairman
Committee on Social Welfare

DEAR MR. YOUNG: I am leaving today for the East and remembered that I had promised you something on Campo.

This will be brief as I have very little time. I made a surprise visit to Campo. The children seemed to be getting a good lunch altho it was certainly not appetizing looking. They were very late in serving on some wards. I was on one at 1.30 and no lunch had been served there as yet. There was no supply of food on hand. I looked in the refrigerator and the pantry and there was scant food. If old Mother Hubbard had been there I think she would have made her original ditty, "And so the poor children had none."

I had understood that there had been no milk served for 21 days but there was milk there that day.

The help was far below standard. The brochure that Mrs. Burke circulates is a beautiful thing and any parent would think what a marvelous school in looking at that.

The treatment room was locked and when I insisted in looking at it the old doctor had to find some one who had a key. It was dirty with an open pail of soiled bandages setting there. They told me that they had a school but it was too hot to open it. They still have not opened it.

One ward of the teen age group had both boys and girls. They told me they slept one group upstairs and one down. But the probation officer of San Diego County told me that up until his visit they were sleeping in the same quarters.

The spot is delightful. The buildings will stand for 30 years, I have been told. It would make a fine site, in my opinion, for the State to purchase and would care for the 1,800-bed shortage which we have.

I meant to end with that thought but find that I have not told you about the linens on the beds which were filthy. I turned the covers back to see. I notice Dr. Josephs' report showed a shortage of linen and inadequate laundry facilities.

Sincerely,

(signed) KATHRYN T. NIEHOUSE

(COPY)

LETTER FROM DR. JOSEPHS TO MARY E. BURKE

STATE OF CALIFORNIA
DEPARTMENT OF MENTAL HYGIENE
SACRAMENTO

September 8, 1949

Mrs. Mary E. Burke, Director
Mary E. Burke Foundation
Campo, San Diego County, California

DEAR MRS. BURKE: This is in reply to your letter of August 30, 1949, relative to requirements for reorganization of the Mary E. Burke Foundation at Campo, California, to be known as "The Childrens' City."

You are informed that all basic requirements and recommendations have been discussed in detail with you on numerous occasions within the past year, and during this period specific requirements were outlined to you. This is with specific reference to our discussions of requirements held at your school at Santa Cruz, in my office in Los Angeles, San Diego, and Campo, California; this included the special inspections and investigations made by me of the proposed Burke Foundation at Campo, California, on December 14, 1948, June 11, 1949, and August 11, 1949, respectively.

The undersigned was requested to confer with the Director of the Department of Mental Hygiene in Sacramento on August 22, 1949, relative to the operation of the Mary E Burke Foundation at Campo, California. Following this conference it was requested that no license be issued to the Mary E. Burke Foundation until all requirements necessary to operate a private institution with an authorized capacity of 200

for the care, treatment, and training of mentally retarded children have been complied with; this would include those children who in addition to being mentally deficient are also physically handicapped. Compliance with all rules and regulations of our department governing these types of institutions is also required.

As indicated above, the following articles include the basic requirements previously outlined to you during the past year prior to and after you had acquired the Government property through the War Assets Administration. Therefore, full compliance with these articles will have to be accomplished before a license of your foundation can be considered by the Department of Mental Hygiene:

1. Adequate organization consisting of a board of directors of at least five members selected from known and recognized responsible persons acceptable to the War Assets Administration and the Department of Mental Hygiene.

2. That an adequate operating fund of a minimum of $50,000 be assured and available for initial operating expenses throughout the first year and until such time as the foundation would become self-supporting.

3. Full compliance with the provisions set forth in the award received from the War Assets Administration approved by the regional director.

4. There shall be adequate professional and non-professional personnel at all times, consistent with the number of children to be cared for and subject to the approval of our Department.

5. One or more licensed physicians shall be available at all times and shall supervise all medical facilities and be responsible for the medical care and treatment of all children admitted to this foundation. An adequate infirmary shall be provided consistent with the total capacity of children (a suggested ratio would be one bed for every 15 children).

6. An educational program shall be provided for the teachable children, with adequate number of certified teachers in charge, and there shall be an adequate number of classrooms provided for this program.

7. A vocational program shall be provided and supervised by qualified instructors.

8. Adequate playgrounds and playrooms shall be provided and made available for children.

9. There shall be adequate and appropriate segregation of sex at all times. This should include chronological age and mental status segregation.

10. Adequate and constant supervision of all children by qualified and temperamentally adapted personnel shall be maintained at all times.

11. Adequate food supplies shall be maintained on the premises at all times so that all children will be assured of an adequate amount and a daily well-balanced diet of carbohydrates, fats, and proteins. This shall include an adequate amount of milk, fresh fruits and fresh and green vegetables daily (in season), eggs at least a minimum of three times a week. Menus shall be made out at least one week in advance by a qualified person.

12. There shall be efficient management of this institution at all times; the superintendent or director and other members of the staff in

executive or supervising capacity shall be approved by the board of directors whose members are acceptable to the Director of the Department of Mental Hygiene and the Regional Director of the War Assets Administration.

13. A copy of a certificate indicating that the Mary E Burke Foundation has been legally incorporated as a nonprofit institution in the State of California shall be furnished to the Department of Mental Hygiene.

14. Adequate housekeeping and facilities for comfortable housing of all children shall be maintained at all times, including bedding, linens, towels, etc., with adequate laundry facilities

15. If mentally deficient children who are spastic or otherwise physically handicapped are admitted for care, adequate therapy with equipment and facilities shall be provided for the proper treatment and care of these children under qualified medical supervision.

16. Abuse of children by corporal punishment, punishment by starvation, or placement in seclusion for maximum restraint, shall be prohibited and will not be tolerated by the Department of Mental Hygiene.

17. Full compliance with all the Rules and Regulations will be required as set forth in the California Administrative Code, Title 9, Department of Mental Hygiene, copy of which was sent to the Mary E. Burke Foundation while operating in Santa Cruz; and another copy is herewith enclosed for your ready reference.

18. The foundation will also be subject to compliance with all local and state laws, rules, and regulations governing these types of institutions. Inspections and investigations made in June and August of 1949 respectively and subsequent to starting operations in your new location at Campo, California, disclosed that you have *not* complied with the original plans and basic requirements or with the Rules and Regulations of the Department of Mental Hygiene governing these types of institutions.

Since you have already had over three months to comply with the basic requirements repeatedly outlined to you and which have not been accomplished to date, I have been instructed to inform you that unless full compliance is accomplished by October 1, 1949, the license for the Mary E. Burke Foundation located at Campo, California, will be denied by this department, and you will, therefore, be required to discontinue all operations.

Yours very truly,

DIRECTOR OF MENTAL HYGIENE
By Louis Josephs, M.D., Medical Inspector

IJ:LK

cc: Robert B. Bradford, Regional Director, W.A.A.
James Don Keller, District Attorney, San Diego County
James Oakley, Executive Secretary, Governor Earl Warren
Dr. Lawrence Kolb, Acting Director, Department of Mental Hygiene
Carl Applegate, Deputy Director
A. Edward Nichols, Administrative Adviser
Los Angeles Office

MARY E. BURKE FOUNDATION

Report by Dr. Louis Josephs

Brief Resume of History of Burke Foundation

For your ready reference, the Burke Foundation formerly operated at Santa Cruz, California, for over eight years as the Chaminade School for the care of mentally deficient children and had been licensed by our Department during this period. Our file discloses that numerous complaints from local and other public authorities, as well as individual parents of children, had been received during these war and pastwar years. The file also reveals that the license had been withheld on numerous occasions during this period for various causes, chiefly for failure to comply with local health authorities and State Fire Marshal; insanitary conditions; inadequate food supplies and underfed children; poor housekeeping and poor supervision with undermanned personnel; poor management and cooperation.

As a result of numerous inspections and investigations it was possible at times to improve the general conditions with special reference to the above complaints. It is true that during the war years personnel and supplies were difficult to obtain. However, during the first postwar years considerable improvement had taken place following insistence on the part of our department.

In February of 1949 Mrs. Burke informed me that she had received official notice from her landlord, a Catholic institution, of their desire to take the buildings back and to resume operations as a parochial school. Following this notice she negotiated with several people for new locations, and finally through her efforts she acquired through the War Assets Administration the allocation of 670 acres of government property with about 74 existing buildings at Campo, California. This was formerly known as the Mitchell Army Convalescent Hospital which since had been abandoned by the United States Army.

Location at Campo

During the past year this proposed new location has been discussed by me in detail with Mrs. Burke on numerous occasions, at which time all basic requirements were outlined to her, and she was specifically informed that this being a large project she would be required to establish an adequate organization with adequate professional and nonprofessional personnel, together with adequate equipment and facilities, and to assure efficient management and operations, feeling that she alone would not be capable of operating so large an institution and that our department would not approve the same type of organizaiton and management in the new proposed institution at Campo, California, that had existed at Santa Cruz, which obviously was inadequate at all times. Her attention was particularly directed to the fact that adequate finances to operate such an institution would have to be assured during her first year of operations and until the institution became self-supporting.

Mrs. Burke assured us that sufficient finances were already available for her use and that a representative board of directors had been chosen that would be acceptable to our department. She further assured us that there would be modern equipment, facilities, and qualified personnel maintained at all times and particularly at the time of moving

into the new location; also assuring us that full compliance with all laws, rules and regulations governing this type of institution would be carried out.

Prior to moving into her new location Mrs. Burke contacted many civic minded citizens in San Diego County as well as private and public organizations in San Diego County and some in other parts of the State, and I was informed that she had described a flowery picture of plans for a nonprofit institution for the care of the "many unfortunate mentally retarded children," including the spastic and other physically handicapped. Through this effort considerable commendable publicity appeared in the local press in San Diego, which resulted in interesting many of the prominent public spirited philanthropic businessmen. This included some of the local officials such as the Health Officer and Mayor of San Diego.

Upon receipt of preliminary report from the State Fire Marshal, dated December 3, 1948, I proceeded to Campo, California, on December 14, 1948, for a preliminary inspection of all the buildings proposed to be used for the initial recommended authorized capacity of 200 to 500 children. Twenty-three buildings were inspected by me, and it was ascertained that eight of these buildings could be made ready for occupancy within 90 days. Mrs. Burke and Mr. Francis, the Government Custodian and Superintendent of the Grounds, accompanied me in most of these buildings.

Following my inspection Mrs Burke was again warned of the importance of compliance with basic requirements outlined to her on previous occasions before a license would be considered by the Department of Mental Hygiene for her proposed foundation.

Upon receipt of the State Fire Marshal's report, dated May 9, 1949, of fire clearance for an approved authorized capacity of 200 children, I made my second visit and inspection on June 11, 1949, after being informed that Mrs. Burke had already moved all her children from Santa Cruz to the new location at Campo. Upon my arrival there Mrs. Burke stated that they had been operating for two weeks.

This inspection disclosed that there were 84 children being housed and cared for at this foundation, that eight of the buildings were in use (this was in compliance with State Fire Marshal's recommendation.) Investigation further disclosed that poor housekeeping was still evident, kitchen and dining room being untidy; inadequate linens for beds; poor ventilation and bad odors in some dormitories; no infirmary or medical room set up; temporary medical or treatment room was untidy, drugs poorly arranged; conditions appeared in somewhat of a turmoil because of sudden moving of children, personnel, and equipment from Santa Cruz. Many of the conditions found could have been remedied in the two weeks they were in operation. The total personnel was given as 40. However, this number was not apparent. Mrs. Burke claimed to have four certified teachers and one registered nurse, together with 13 housemothers. This breakdown was included in the total personnel of 40. This, however, could not be verified.

Mrs. Burke was again admonished that considerable improvement and better cooperation for compliance with requirements must be accomplished before her license could be considered. Mrs. Burke was further informed by me that the conditions found on this date were entirely unsatisfactory.

In requesting a list of her present board of directors, Mrs. Burke gave me eight names and appointed herself as president, director, and general manager. Most of the remaining members were members of her family. The other names given were not officially appointed and therefore not verified. One of these names happened to be Mr. Scott, a prominent civic minded philanthropist of San Diego, but learned later he was never appointed. Mrs Burke was further informed that the Department of Mental Hygiene might not approve her as president and general manager of this foundation, that such an officer should be selected by the board of directors acceptable to our department.

On August 5, 1949, I received a long distance phone call from the District Attorney of San Diego County stating that as a result of complaints received by his office and following his investigation of two of the employees of the Mary Burke Foundation at Campo he desired to file criminal charges against these two employees of this institution for contributing to the delinquency of two inmates, one a boy age sixteen, another a girl age twenty-one, both mentally deficient. The District Attorney requested our approval to take appropriate action. Needless to state, he was informed that our department would naturally approve such action on his part where criminal charges are involved and sufficient evidence exists. In view of the other general complaints received by his office on the Mary Burke Foundation regarding its organization and inefficient operations the District Attorney was advised that I would make plans to again visit the institution for a thorough investigation.

Investigation of Mary Burke Foundation—August 10, 11, 12, 1949

On August 10, 1949, I proceeded to San Diego, reporting at the district attorney's office, where I was met by his entire staff, including the chief probation officers of both Los Angeles County and San Diego County and their assistants, together with representatives of all the local newspapers and their many photographers Needless to say, a statement was requested from me and they were informed that my mission was to make a thorough investigation and inspection of all complaints registered; that I would personally make a thorough investigation of the foundation which would include the equipment, facilities, personnel, and all the children now housed there; and that my instructions were to get at the bottom of the entire matter. They were further informed that no license had been issued to the Mary Burke Foundation to date and would not be recommended until all requirements, including rules and regulations, were complied with. This included adequate organization and efficient executives and personnel.

I particularly interviewed all the officials concerned in this case which consisted chiefly of the deputy district attorney, chief deputy district attorney, district attorney's investigator, the chief probation officers of both Los Angeles and San Diego County, and their assistants. The probation officers of both counties stated that they had already made an

investigation of this foundation at Campo (this was made prior to my arrival). The results of their investigation were very unfavorable and consisted chiefly of the complaints set out below. They stated further that they were immediately recommending the removal of all their county wards. Therefore, as a result of their recommendations, eighteen of the children under supervision of the probation departments were removed. The deputy district attorney and his assistants also made investigation of the foundation and in addition had obtained statements from employees of the foundation confirming many of the complaints made.

I was also contacted by Mrs. Kathryn Niehouse, the Assemblywoman in San Diego, who informed me that she made a personal visit to this foundation for the purpose of investigating conditions and had enumerated many of the complaints already reported to the district attorney's office. She was assured by me that a thorough investigation would be made and that appropriate action would be taken.

The following day, August 11th, I proceeded to the Foundation at Campo and was accompanied by Deputy District Attorney Mr. Barrett, the District Attorney's Investigator, Mr Oliver, and a stenographer from their office. Upon my arrival there I immediately proceeded with inspection of all buildings, including equipment and facilities; made an inspection of all children housed at the institution on this date. I was accompanied on this inspection by Dr. Marnell, a member of the board and "Medical Director" of the Foundation I also interviewed privately several of the employees.

Summary of General Complaints

The general complaints received from all sources are too numerous to describe in detail. Most of these complaints were received by the District Attorney's office in San Diego and in substance consisted chiefly of the following:

1. Poor organization and incompetent management.
2. Poor segregation and supervision. Grown teen-age boy permitted to go around naked in presence of female children.
3. Insufficient food supply and most children found to be underfed.
4. Abuse of children by corporal punishment and restraint. Three children were punished with a stick for alleged stealing of a pocketbook containing $17 belonging to a matron, and according to reports received from employees these children were later found to be innocent of the offense.
5. Undermanned and incompetent personnel.
6. Poor medical facilities and nursing supervision.
7. Promiscuous use of drugs without supervision
8. Poor housekeeping, including inadequate bedding.
9. Misrepresentation of facilities.
10. General insanitary conditions with special reference to the kitchen and dining rooms.
11. No prepared menus, cooks complaining that there was not sufficient food to serve meals at times, and reported there had been no milk for 21 days.
12. Inadequate supply of clean laundry, employees reporting 14 washrags available for 51 children; that one towel was used for four children, that most of the beds have no sheets.

13. Children were found to be poorly clothed, some children without shoes for many months.

14. Weight charts misrepresented in children who have been known to lose weight but not so recorded.

15. Children with infections and skin lesions were not given medical care, and treatment neglected.

16. Some of the adult girl inmates were allegedly reported to be pregnant. (This was not confirmed.)

17. No daily activities were provided for training or recreation of children. Classrooms were found locked.

18. Food that was about to be consumed by the children but condemned by Dr. Marnell was later approved by Mrs. Burke. It was later reported that following consumption of this food many of the children became ill.

19. Many of the employees' wages allegedly remained unpaid due to insufficient funds for the pay roll.

Summary of Investigation and Inspection at Campo

The following, in substance, is the report of my investigation made on August 10, 11, and 12, 1949. (Campo is 66 miles southeast of San Diego, near Mexican border.)

1. As a result of numerous investigations made by various inspection parties in the previous four days there were evidences of an attempt at a quick housecleaning throughout the many buildings housing the children. This apparently was in anticipation of my visit. In spite of this there was a great deal to be desired; many beds were without sheets; mattresses were ill fitting; children's clothing was thrown together in one locker without segregation; children appeared poorly clothed. The supply of linens appeared to be inadequate for present needs; this is with special reference to bed sheets and towels. Reports received from some of the employees indicated that the parents of many children had sent clothing, certain foods (cookies, etc.), and toys to their children but that they would never be received by these children.

2 Some of the children appeared to be underweight which may be attributed to underfeeding. A few of the children showed some external evidences of bruises and discoloration which allegedly were self-inflicted, according to Mrs. Burke. Many children were sitting on benches; others were playing in dry dusty grounds, with apparently no supervised recreational activities.

3. During my inspection I observed the serving of the noon meal which appeared adequate as to quantity and quality on this date, but according to some of the employees, particularly the cook, I was informed that there had been a marked improvement in the serving of meals since the recent investigations, as prior to this the food supply was very lacking Inspection of the food stores disclosed recent arrival of food supply, particularly dry stores, and with not much variety. Prunes appeared to be the only source of fruit being served at this time.

4. Following interviews with some of the employees, it appeared that there had been poor segregation of the children as to sex, chronological age, and mental status of children, and that sex segregation had been corrected to a great extent in the past 24 hours. This was evident at the time of my inspection.

5. One of the employees stated that he had seen Mrs. Burke on several occasions strike some of the children with a stick and use abusive language; also threatening to send them to an "insane asylum." The names of three children who were alleged victims of corporal punishment by Mrs. Burke were given to me. An attempt was made to examine and interview these children, but I was informed they had been removed by the probation officer prior to my arrival.

It was also reported that many of the attendants carried "switches" which were used on children for discipline. It was also reported that Mrs. Burke's son, Paul, not uncommonly loses his temper and strikes children with his fists.

6. There were no educational, vocational, or recreation programs provided for the children at the time of my visit, and the many classrooms which were to be used for the children were found to be locked up and with no facilities. A review of the present staff failed to disclose any teachers or graduate nurses on the pay roll of the present personnel.

I was informed that a graduate nurse had been engaged but she was later found to be a drug addict and an alcoholic and, therefore, left. The remaining personnel consisting chiefly of housemothers and maids would appear inadequate for present needs and therefore considered undermanned. The attitude of many of these appeared unsympathetic and not temperamentally adapted to this work; there were many complaints of considerable overtime work by employees.

7. The medical facilities and drug room were entirely unsatisfactory. There was a general appearance of untidiness. The large drug locker was unlocked, with no segregation of drugs and medicine, and numerous bottles of barbiturate compounds were easily accessible to anybody, indicating poor supervision. It was also reported that the drugs, particularly sedatives, were administered by attendants without orders from a doctor or proper supervision.

8. Relative to the report received that two or more of the female inmates became pregnant, will state that this was not borne out inasmuch as examinations with pregnancy tests were made, and according to report received by me none were found to be diagnosed as pregnancy.

9. There were no adequate facilities or adequate medical supervision for the care and treatment of the spastic or other physically handicapped children.

10. The general management, supervision, facilities and equipment were found at this time to be unsatisfactory, all of which is a result of poor organization.

11 Following the completion of the inspection of the buildings, including the facilities, I returned to Mrs. Burke's office where I interviewed Mrs. Burke and Dr. Marnell in the presence of Deputy District Attorney Barrett, District Attorney Investigator Oliver, and their stenographer. Mrs. Burke's attention was directed to all the complaints outlined above, all of which she definitely denied. This, of course, would be inconsistent with the results of the many investigations, and her attitude was desperately defensive. Her attention was particularly directed to the unsatisfactory conditions which I found at that time.

I directed Mrs. Burke's attention to what may be considered her present major problems, which had been discussed with her on numerous

occasions in the past year, and informed her that unless there is reasonable satisfactory compliance, her license will be denied by the Department of Mental Hygiene. This was with particular reference to the following:

(a) That she has not complied with the provisions set forth in the award submitted to her by the War Assets Administration;

(b) That the original and general plans outlined to her by our department had not been accomplished;

(c) That the minimum funds consisting of $50,000 to be made available during the first year for initial operations were never established or made available;

(d) That the present board of directors consisting chiefly of members of her family would not be acceptable to the Department of Mental Hygiene or the War Assets Administration, and that the present organization and management was not satisfactory; that the original names of representative citizens which she submitted to our department were never officially appointed on the board or apparently did not accept;

(e) That her present staff and personnel to operate her foundation was considered entirely inadequate;

(f) That there had been no educational, vocational, or recreational programs provided for the children;

(g) That from May 16, 1949, to this date (August 11, 1949) was considered reasonable time to comply with the basic requirements outlined to her but which were not accomplished;

(h) That the primary reason for her inability to comply with the basic requirements was obviously due to a lack of funds which apparently was attributable to her (Mrs. Burke) insistence to direct, operate, and disburse all funds herself, having been previously informed that this foundation was too large for her to operate and manage alone, that, in fact, it was too large for any one woman for an organization of this type which had been incorporated as a nonprofit institution.

Conferences

1. Following the completion of my investigation, I returned to San Diego, and the following day I interviewed Mr. George Scott, the owner of the Walker Department Store, San Diego, and Mr. Edgar Brown, the Director of the Community Welfare Council. Both of these men were mentioned by Mrs. Burke as members of her board of directors. Mr. Scott, particularly, was to be an important member of the board inasmuch as he had offered to donate from ten to twenty thousand dollars to the foundation. Mr. Scott informed me that he had only met Mrs. Burke once in his office at the time she approached him regarding the proposed foundation; he stated further that at no time was he ever officially appointed on her board. Mr. Brown stated that the same thing applied to him. Mr. Scott stated further that he is still interested in donating to a foundation such as Mrs. Burke had described but since his investigation and the attitude that Mrs. Burke had taken regarding her desire to manage and supervise the entire organization herself he would no longer be interested in the foundation as long as Mrs. Burke is at the head of it as he feels that she was not capable of undertaking the sole supervision of such an organization. Mr. Brown expressed the same sentiments and was in accord with Mr. Scott.

I then suggested to both of these gentlemen that it was obvious that there is a great need for an institution of this type in their community and the State and it was hoped that they would be able to call together civic minded citizens of the community in an effort to salvage this foundation which was made possible by the generous allocation made through the War Assets Administration, whether Mrs. Burke is at the head of it or not. They agreed that effort will be made to call such a meeting.

2. Upon my return to Los Angeles, I was interviewed by Mr. M. E. McLaughlin, a special agent assigned to this case from Washington, D. C., whose mission he stated was requested from Washington by Senators Downey and Knowland. He stated that his investigation was confined to interview and examining the file of the complaints received by the District Attorney's office in San Diego County, and that from his investigation he was submitting an unfavorable report to the Regional Director of the War Assets Administration on the Burke Foundation at Campo. We discussed briefly the pertinent items of my investigation, and he was given a brief history of Mrs. Burke's activities in the past prior to her moving to the new location at Campo. He advised me that Mr. Robert B. Bradford, the Regional Director of the War Assets Administration, in San Francisco was very desirous of talking with me on this case and would appreciate calling on him on my next visit to San Francisco.

3. Prior to my visit to the War Assets Administration in San Francisco and upon my visit to Sacramento on August 22, 1949, I reported the details of my inspections and investigation of the Mary Burke Foundation to Mr. Applegate who was familiar with the general background and status of the foundation.

4. On August 24, 1949, while in San Francisco I called at the War Assets Administration office and had a conference with the head officials of the department. Those present were: Mr Bradford, Regional Director; Mr. Travie, Director of Surplus; Mr. Branch, Chief Field Representative; and Mr. McLaughlin, United States Special Agent. I briefly described the general background and resume of the Burke Foundation operations since its inception at Santa Cruz for the past eight years, outlining the type of institution together with our problems and difficulties in obtaining compliance with requirements and regulations, also indicating, in fairness to Mrs. Burke, that this institution took children that no one else would have, also mentioned its moderate rates, etc.; and that on a few occasions license was withheld for failure to comply with special requirements, and, needless to state, that every effort was made by our department to keep such an institution operating, which at that time was for a capacity of 75 children.

They were also told that upon learning that Mrs. Burke was negotiating with the War Assets Administration for allocation of government property at Campo, California, Mrs. Burke was informed by me of the additional requirements and organization that would be necessary before such a foundation, with the marked increase of capacity, could be established and licensed by the Department of Mental Hygiene; needless to say that this was outlined in detail with special reference to the importance of full compliance with basic requirements before a license would be considered by our department at her new location. I particularly stressed that in view of the fact that the proposed foundation was to be

incorporated as a non-profit organization, depending upon donations from the public, it would be necessary that a board of directors should be made up of capable, representative business or professional men that would be acceptable to our Director, and that there should be adequate finances available to insure reasonable financial obligations for at least the first year. All this was promised and assured in all respects by Mrs. Burke.

Mr. Bradford and the other officials were informed of my preliminary inspection made in December, 1948, together with the subsequent inspections made in June and August of 1949 following her removal from Santa Cruz to Campo, California, and the results of these inspections; that the general conditions found on the two last inspections were considered unsatisfactory and that Mrs. Burke was informed on these occasions that unless satisfactory compliance was accomplished as outlined to her on many previous occasions, her license would be withheld or denied by our Department, and that as a result of this no license had been issued to date.

Mr. Bradford and other representatives of the War Assets Administration were cognizant of the adverse publicity that the Mary Burke Foundation had received in the public press resulting from an alleged "love tryst" between two inmates of the institution.

Mr. Bradford stated that he is entirely dissatisfied with the way Mrs. Burke is operating the foundation at Campo and that he was primarily concerned with the $4,000,000 worth of government property turned over to Mrs Burke; that specific provisions were included in the award issued by his department and that compliance with these provisions was mandatory.

To date, he stated, compliance had not been accomplished by Mrs. Burke; this is with special reference to the minimum of $50,000 that was to be made available for operation expenses, together with an efficient organization and representative board of directors; that unless the basic requirements of the War Assets Administration are fulfilled by Mrs. Burke, it will be necessary for their department to withdraw her award and return it to the government. Mr. Bradford, however, was very desirous that this government property be utilized for a worthy cause and, therefore, requested to know what attitude our department is taking in this case and what recommendations I might have to offer. He was informed that I had already taken this up with the civic minded public spirited citizens of San Diego and particularly spoke of Mr. George Scott and Mr. Brown whom I had talked with and to whom it was suggested that a group of civic minded citizens be called together by Mr. Scott to see whether it would be possible to salvage the Campo setup, whether it would be for Mrs Burke or otherwise; and that this was agreed upon and that I was to be notified of what progress had been made. In view of this, Mr. Bradford was informed that I had recommended 30 to 60 days from August 10, 1949, be allowed before any drastic action was taken by the War Assets Administration and our department, in the hopes that some reorganization could be accomplished in the meantime. Mr. Bradford further stated that he was in hopes that some plan could be worked out by which the Department of Mental Hygiene could take this property over to alleviate the present overcrowding in our state homes for mentally deficient children. I agreed with Mr. Bradford that this should

be recommended as a last resort since we are desirous of encouraging the operation of such institutions by private organizations. Mr. Bradford was in accord and approved of the suggestion that 30 to 60 days should be allowed in this case; however, he intended to write to Mrs. Burke relative to the failure on her part to comply with provisions required by his department in operating the government property, and that unless full compliance is accomplished, the property may be taken away from her.

Mr. Bradford also informed me that as a result of an investigation made August 15, 1949, by Mr. John P. Gifford, Field Representative of the United States Office of Education, of the Mary E. Burke Foundation, he submitted an unfavorable report to Mr. Bradford on this foundation, particularly stating in his report that if War Assets grants the deed of this property to Mrs Burke without demanding a reorganization of the board and a revision in the top management, it should be realized that it will only be a matter of time before this property will have to be taken back by the government. The report also indicated that without adequate funds to maintain the large number of buildings that have been acquired there will be a very rapid deterioration of the structures and no means of providing for their maintenance. He also indicated that Mrs. Burke had painted an extremely rosy picture concerning the possibilities of obtaining financial support but in the opinion of Mr. Gifford he questioned if any person will come forward to render financial aid to an institution that is not set up to operate within its current income.

Special Letters and Correspondence

1. On September 8, 1949, I addressed a letter to Mrs. Mary E. Burke at Campo in reply to a letter received from her under date of August 30, 1949. This letter was in confirmation of previous discussions with her relative to requirements for reorganization before a license could be considered by our department. A copy of this letter was forwarded to you.

2. Under date of September 16, 1949, I received a letter from Mr. Robert B. Bradford, Regional Director of the War Assets Administration, acknowledging and appreciating receipt of a copy of my letter to Mrs. Burke under date of September 8, 1949, in which he enclosed a copy of his letter addressed to Mrs. Burke under date of September 16, 1949. His letter indicates that a copy of this correspondence was sent to you. You will note from Mr Bradford's letter to Mrs. Burke that he strongly directed her attention to the following four conditions which she will have to comply with by October 15, 1949, or surrender custody and vacate the premises by October 30, 1949:

"1. A strengthening and reorganization of management and particularly the establishment of a board of directors and manager acceptable to this office.

2. The firm understanding that adequate operating funds have been pledged and are available.

3. The issuance by the State Department of Mental Hygiene of a license to operate.

4. The approval of your educational program by the U. S. Office of Education and by this office."

With reference to my letter to Mrs. Burke, dated September 8, 1949, last paragraph, you will note that a deadline to comply with requirements was arbitrarily given as October 1, 1949. From information received through the District Attorney's Office of San Diego and other sources, Mrs. Burke, who has not acknowledged receipt of our letter, is understood to be making all efforts in raising funds and trying in a small way to comply with the requirements but is still ignoring some of the major requirements. Several general managers have been appointed by Mrs. Burke since my last visit but none remained on the job. The last person was Mr. James Chenowith who is at present operating a nonmental sanitarium at National City in San Diego County, who telephoned long distance to inform me that he had just been appointed Executive Vice President and General Manager of the Mary Burke Foundation and had signed a contract with Mrs. Burke to this effect upon turning over to Mrs. Burke the sum of $2,000. He outlined a very beautiful picture of his future plans, but having had some official business with Mr. Chenowith relative to his sanitarium some time ago I did not attach much importance to his remarks. He enumerated several prominent men in the community that he knows would accept an appointment as members of his board of directors. This I am sure he could not accomplish by reason of the information I have already received from a few of these proposed members.

3. Numerous letters have been received by me from individuals; some of these letters were commendable and others derogatory of the Burke Foundation and organization. They were similar to those letters which you have received in Sacramento.

Special Investigation by Assembly Interim Committee on Public Health

On September 19, 1949, Mr. William H. Young reported at my office, represented himself as a special investigator for the California State Assembly Interim Committee on Public Health, of which Assemblyman John F. Thompson of the 29th District is chairman. He also presented a letter of authority, signed by Mr. Thompson, confirming his designation as special investigator. Mr. Young informed me that he had just returned from investigation of the Mary E. Burke Foundation which had resulted from the adverse publicity this foundation had received in the past month regarding general conditions and the love tryst incident of two inmates. Pertinent questions were answered and a brief description was given of the present status of the foundation. He offered information relative to result of some of his investigation and was strongly unfavorably impressed by his interview with Mrs. Burke and was particularly impressed with the fact that she easily misrepresents conditions and felt that she was incompetent to operate such a foundation. He requested a copy of this report to you, at first suggesting that this be mailed direct to him in San Jose but later requesting that it be mailed to the chairman of the Interim Committee, John F. Thompson. I informed Mr. Young that this copy would have to be forwarded to him through your office. If approved by you, an extra copy is being enclosed for this purpose.

Conclusion

In conclusion, it is regrettable to note that my investigation definitely disclosed that the original public spirited citizens of San Diego who were to act on the board of directors had definitely pledged the $50,000 needed for this foundation and it, therefore, was available, but because of the attitude taken by Mrs. Burke, who insisted upon assuming the official capacity of president and general manager of the foundation, to be the only one authorized to disburse funds, the prospective board members and donors immediately withdrew all pledges.

I might also add that subsequent to my investigation, I have been informed that the two employees who were indicted for contributing to the delinquency of a minor have been tried, found guilty, and sentenced to 90 days in the county jail.

Needless to say that front page adverse publicity on the Mary Burke Foundation appeared in the daily editions of all local newspapers for many days before and after my investigation; clippings are available if you desire them.

Following is Dr Josephs', of the Department of Mental Hygiene, testimony given at the November 11th meeting in Los Angeles.

DR. JOSEPHS: "The property for the home had been turned over to Mrs. Burke by the government for the purpose of establishing an institution for mentally deficient children. The WAA turned this property over to Mrs. Burke with the understanding that it would revert to her if she maintained an institution down there for two and a half years. Mrs. Burke was sincere enough in trying to do her best for these poor children but could not because first of all she ran into financial difficulties. She is a woman of about 56 years old who has had 30 or 40 years of experience behind her in this kind of work. She had operated a home in Santa Cruz for years but there was always a great deal to be desired up there too.

"Very basic requirements were laid down for taking over the work in San Diego County and Mrs. Burke soon found the undertaking was too large for her to handle. She did not have money for the proper personnel, facilities, teachers, various kinds of equipment, etc. (She was evicted from the Santa Cruz place in May and moved about 80 children down south in one day to very inadequate facilities.)

"When the news broke in the newspapers about a love tryst arranged for two inmates by a woman attendant and a man attendant at the Home, the Foundation was already well on its way to going under.

"The 'love tryst' arrangement was that a mentally deficient boy of 16 had become infatuated with the normal daughter of one of the matrons at the Home; and in order to distract his attentions away from this girl, the tryst had been dreamed up to transfer his attentions to a mentally deficient girl inmate. However, when this came to light the attendants were discharged, civil charges preferred against them and both were convicted and sentenced to 90 days in the county jail, although there was no act performed on the part of the children. This was the sort of thing that could happen in any large organization, but it precipitated the closing of the institution—already harassed by financial difficulties,

unqualified personnel, lack of medical facilities—and finally, even lack of food. Utilities were disconnected so there was no heat nor light and it was very obvious what they had to do. (I) met, upon receipt of a wire outlining the critical conditions, with the district attorney and the probation department, and all agreed the children must be removed immediately. There was even snow on the ground. Fortunately places were found for them, transportation was arranged, and before nightfall they had been safely delivered to nine other institutions. The county hospital took 17 and the remainder were sent to other licensed private institutions. All parents were notified and the children were cared for until the parents arrived—within three to six days. The WAA repossessed the property on October 25th."

Mr. Thompson asked Dr. Josephs how many applications the institutions have at the present time for placing children of that type and he said there were about 2,000 applications on file in the Sonoma Home alone.

Dr. Josephs said there was always a waiting list at Sonoma of at least 100 to 1,200—and the same situation exists at Pacific Colony.

Mr. Thompson explained that his reason for making this inquiry was to establish the need for more state institutions, and wondered if it would not be possible for the State to acquire this property in San Diego County from the War Assets Administration for another state home for mentally deficient children.

The doctor agreed but said of course there were a lot of complications. He said the property consisted of 627 acres of ground and 74 buildings. Before Mrs. Burke had taken it over he had recommended that the State take it over as an emergency but found out that someone had recommended it to Sacramento already so his recommendation was not news to "them." However, since then he had inspected the place—every building—all its facilities—on six different occasions and had somewhat changed his mind, although he did recommend it again when he realized that Mrs Burke was going to have to give it up He said the WAA was very anxious for the State to take it over, but the doctor felt that should be the last resort under present conditions. What he wanted to do was to interest private people and public spirited citizens down there to reorganize the Home. These people had gotten behind Mrs. Burke originally and the money was practically promised. However, Mrs. Burke insisted on being president, business manager and everything—all she wanted them to do was to turn over $50,000 to her to disburse. These people were all successful business people and could not see that That started her downfall. Of course I told her on several occasions that it was too big for her to handle alone. She started out with an authorized capacity of 200 children. We hoped to build that up to 500 in a year and in the next four or five years to 1,500—which would have made it the largest institution of its kind in the world. That is, a private institution. We knew she couldn't do it, which was proven.

"I have taken the matter up with the District Attorney, Mr. Keller, a public spirited man himself, and many others. I have tried but nothing comes of it. I asked if the county would take it over. They said no, they tried that with Camp Elliott, acquired the land, held it for some time and found it was economically unsound. Since then I have gone into

detail as to the requirements—what has been done in previous cases with our Department, etc.

"We are limited in appropriations and we had already taken over two emergency institutions—Modesto and DeWitt, north of Sacramento. Both were taken over through emergency appropriations and they immediately established facilities for 5,000 patients to be taken from already crowded state hospitals. Now they themselves are overcrowded at the present time. 1,100 to 1,200 children have been placed in both places to relieve pressure elsewhere. They really are not interested in taking over any more temporary deals

"In the first place, the department has no money. Found it was very expensive at Modesto They found defective plumbing and miles of pipe lines had to be replaced, etc. They figured out that with the headaches which they encountered in taking over the temporary structures, that Campo (site of Mary Burke Foundation) would still be more than they desired by reason of its geographical location. It is 65 miles from San Diego—half way between San Diego and El Centro—way up in the mountains. The roads are accessible but it is a hard place to get to. There is practically nothing there but the institution. For us to take it over the first problem would be personnel. We would have to build facilities for 500 to 700 personnel. Another thing—such things as a disposal plant, water supply, and many other things would enter into the situation which would be big problems.

"Then we would have to get trained personnel. It would be difficult to get an adequate staff to go down there. Probably the first year it would cost about $2,000,000. It is so remote from centers—like medical centers for consultation, etc.

"Our property acquisition board made a detailed survey and they turned in an unfavorable report from that standpoint. I have read quite a bit of this and probably lost my enthusiasm as a result. What I have said only scratches the surface of the difficulties. It would be economically unsound and impractical for our department to assume under the circumstances."

THOMPSON: "Our man who went down there was struck with the idea that Campo could be used by the State but Dr. Josephs has presented difficulties."

DR. JOSEPHS: "There is one other problem. A school district had acquired some of the property for a normal school—elementary grades and junior high school. They have taken over part of the same property which would make our kind of institution undesirable obviously.

"The structures on the property are wooden with reinforced concrete and the reason we approved them for the foundation was that the State Fire Marshal had approved the buildings because a sprinkler system had been installed. The buildings may stand up for from 5 to 15 years While the department has a big program for permanent structures, it feels it has reached its limit on temporary structures."

THOMPSON: "Do you believe permanent structures authorized four years ago will take care of these distressed children?"

DR. JOSEPHS: "It will ultimately but not in a short time. They have never been able to estimate the all-over plan. Just like this building. By the time it was completed it was already inadequate for present needs. The same thing may happen with our structures too."

THOMPSON: "Do you believe there is any way this committee could be helpful in solving this problem of which you are the head?"

JOSEPHS: "Yes I do. I am concerned primarily with supervising and licensing the private institutions. That is my main function. I have no direct functions with our state hospitals That is my responsibility—private institutions. Of course when I took over they were very inadequate. I made surveys of the State. In 1946 we had about 72 private institutions in the State. Three-fifths of them were in the County of Los Angeles, and I might say that four-fifths of all were in the southern half of the State.

"Due to the sparsely populated areas in the northern part of the State, there are practically no facilities in the northern counties. I said 'What do you do with them'? 'Oh, we get rid of them as fast as we can. We send them to state hospitals in mild cases.' I couldn't understand why the counties could not assume their rightful responsibilities in these cases by carrying on like San Francisco, Los Angeles and San Diego Counties. Only four or five other counties are doing it. The Welfare and Institutions Code says a city hospital could refuse to accept them. They have been making custodial institutions out of hospitals. The reason the counties have not been accepting the responsibility is because they have no facilities. If no one kicked, they sent them all to the State. A great percentage could be eliminated from state hospitals."

THOMPSON: "In many cases you think the counties could take care of these children?"

JOSEPHS: "Yes, I am thinking of the large number of borderline cases. Where they have no county or private facilities, no one bears down on them so they have no alternative."

THOMPSON: "Is it the law now that the counties shall take care of them?"

JOSEPHS: "They take care of a certain category now. It is in the code. It is a short section (Looks up in code)—this is my interpretation—let's see Section 6733—medical officers—I do not believe this is the one. There is a definite section * * *."

THOMPSON: "Perhaps you can locate it later and send it to me?"

JOSEPHS: "In other words, it indicates about three categories of patients which a superintendent of a state hospital could refuse to accept if he wanted to. That was in the last code I read. Whether there have been any amendments since, I do not know. I am quite sure there have not."

JOSEPHS: "I believe that there are a certain category of patients—senile psychotic—considered harmless, now being admitted to state hospitals who should be wards of the county from which they come."

CONNOLLY: "That classification you are talking about. Is their rehabilitation possible?"

JOSEPHS: "I believe they are beyond that. They are like the old age senile cases cared for by Social Welfare. Considered mildly psychotic incompetents."

RUMFORD: "Assuming that we were to attempt to draw up legislation. How should be designate ——"

JOSEPHS: "In the first place there is a differentiation between mental deficiency or mental health and insanity. A mental deficient is not insane. He is just feeble minded, and he may become psychotic."

THOMPSON: "Isn't it a fact that most of our county hospitals are almost as overcrowded as the state hospitals?"

JOSEPHS: "Yes. However the county hospitals do not take patients for custodial care or for permanent admission. They are there for observation and for treatment. Prior to an amendment they were only permitted to keep a case for twenty days. Now the counties utilize our private institutions and send their indigent cases to them. We make arrangements with them. Take Rancho Amigo, they are overcrowded of course. Los Angeles, San Francisco and San Diego are doing their share but the other 54 counties are not. As to recommendations for legislation, I would much prefer that this come from our director."

THOMPSON: "Would you discuss it with your director and come back at a future meeting and present it to us?"

JOSEPHS: "I would be glad to do so."

Dr. Lewis Josephs of the Department of Mental Hygiene was called to the stand and questioned as to his knowledge of the Tre Monte Foundation located in Santa Cruz County, which matter had been brought to the attention of the committee and of which a further report will be found later on in this report. A license had been issued for the foundation, and Dr. Josephs was asked to explain the department's position in the matter.

Dr. Josephs stated that in all cases the department respected the local ordinances of the cities and counties, and in no cases were licenses to operate issued to institutions without the approval of the local authorities In the Tre Monte case approval had been secured from the local planning commission, local board of health, and the local fire department. Upon receipt of their application the department had immediately made an official request to the State Fire Marshal, who in turn delegated the local fire department to make an inspection of the property.

The local planning commission stated that the property was unrestricted; the local department of health issued a certificate of approval on the property; the fire clearance was received and the department was left with no alternative but to issue the permit.

The protesting citizens of course claim that the license should be withheld pending a hearing and possibly an amendment to the local ordinance. When the Tre Monte Foundation purchased the property in May or June of this year, they notified the people why they were purchasing it and for what use. After they bought the property they put in five to ten thousand dollars worth of alterations to make them conform to regulations.

Mr. Thompson said he had heard of this foundation for about six years and in all that time they appeared to be having financial difficulties. He wondered if they would ever have enough money to carry on an institution which would be an asset to the State. Dr Josephs said the foundation had been organized and reorganized many times and nothing had ever materialized until now. This is the first time they had lined up resident doctors, psychiatrists and laymen who were interested in the movement, and this is the first time the project has looked right to the department. "When our license was not immediately forthcoming," Dr. Josephs continued, "pressure was put on the Governor and the Director and they asked what authority I had to withhold their license. So,

as soon as all local approval had been received the license was issued on October 31. They said they had a staff standing by and I wired them to go ahead and start operations."

CONNOLLY: "From your statement, doctor, it appears that only mild mental cases will be permitted at this particular home. What is the statutory classification of the type of patient to be admitted to these types of homes?"

JOSEPHS: "Mild mental ambulatory patients."

CONNOLLY: "Is a psychotic delinquent considered mild?"

JOSEPHS: "No, it would not."

CONNOLLY: "You have psychotic delinquents who are not violent and yet one of them gets out of Sonoma and commits a murder. If the surrounding property owners have any idea that people of that type would be admitted to this institution, I could very well see their point."

THOMPSON: Mr. Thompson suggested that Mr. Connolly might have his understanding of the situation cleared somewhat by reading the pamphlet called "How Great Is the Need" which indicates that the patients would be convalescents, borderline cases, etc.

CONNOLLY: "There doesn't seem to be any complete and specific definition as to just exactly what category these people would fall into. The man who was murdered in Sonoma happened to be a friend of mine. I would look very carefully into what is going on. Furthermore, you have this picture that what may be considered to be a mild case may turn out to be a violent one. I am looking at it from the standpoint of what happened at Sonoma where the people do have a legitimate beef."

JOSEPHS: "I must admit these conditions are unpredictable. It could be your next door neighbor. We discharge people obviously cured from the state hospitals and in this case we intend to screen the patients very carefully."

CONNOLLY: "I want a definite legal definition upon which such decisions are based."

RUMFORD: "That is what I meant when I asked for a definite classification"

JOSEPHS: "That is very hard because as I say they are unpredictable. Many are as normal as you and I one day and may be disturbed the very next day. So far it has been very hard to establish a definite category and you can't assure the public they will not become disturbed. I am dealing with every private institution in the State of California, and every type of patient. Where we have a large place like Sonoma, of course by the law of averages it is more likely to happen there than at the small private institutions."

THOMPSON: "Dr. Josephs, the license to be issued would be for eight patients, wouldn't it?"

JOSEPHS: "Yes."

THOMPSON: "They contemplate enlarging it, don't they?"

JOSEPHS: "Yes, they contemplate enlarging it to 14. Their maximum pilot unit may have an authorized capacity of 14. How long they will go on with that, I do not know. Regardless of your point, which is well taken, what alternative have we when the property when purchased was unrestricted and the purpose of buying it by the Tre Monte people was to build this foundation, which is one of many others operating in

the State. How could they make an amendment to the ordinance which would make it retroactive—prior to the purchase of the property?''

CONNOLLY: ''They can't legally make a provision to govern this particular situation. But there is a very definite problem of public opinion which you have to consider in these cases If people bought their property 10 years ago, they took their chances in buying it there. If a hospital goes in there, that is just too bad. But, regardless of that, we have a very definite problem.''

JOSEPHS: ''That is true. But what about the proponents? There are 47 doctors in that area, including Santa Clara, San Mateo, and elsewhere, who are vitally interested—besides a lot of laymen.''

THOMPSON: ''That is perhaps another thing which would not come within the category of this committee.''

CONNOLLY: ''I would like to make this observation. It is simply this. If the law was definite to an extent that the surrounding residents could be justifiably sure that the patients would be harmless people only—or on the other hand, if the law could provide that anyone showing propensities toward harm must be confined, that would be another thing and we could satisfy the surrounding residents.''

JOSEPHS: ''They have been so instructed. Many things do not appear in words. When we limit their types of occupancy—A patient usually shows signs. He does not become violent quickly. In that case it is mandatory for them to have that case removed and placed in an appropriate institution.''

CONNOLLY: ''That will combat the other side.''

JOSEPHS: ''It doesn't make any difference to me whether we license them or not but we must respect the rights of both sides. But we had no recourse to stop this legally.''

THOMPSON: ''I do not believe any member of the Committee is criticizing you in any way but when this piece of property was purchased, according to what was said, the former owner of the property said it was going to be used for a residence. That is the word that was passed around and that was why the people didn't object.''

JOSEPHS: ''It is still considered unrestricted.''

CONNOLLY: ''Of course what is of materiality to the committee would be whether we could introduce legislation on the subject to protect the people.''

THOMPSON: ''This place is divided by the county road down which the children go to school.''

CONNOLLY: ''That same problem has arisen in the entire Sonoma Valley in the past year.''

JOSEPHS: ''You are familiar with Sonoma and Pacific Colony, but let's take others—Norwalk and others, where there are schools and they take all kinds of patients. Most of our state institutions and private institutions are close to schools. But when you say ''mental institution'' to the ordinary layman, it is so magnified in their minds. You should read some of the letters of protest I received on Tre Monte—35 or 40 of them. Some are written very dramatically—for instance how a child would be snatched by one of the patients, etc., not realizing that we are having this same situation all over the State.''

THOMPSON: "Thanks a great deal doctor."

Dr. Josephs read Section 6733 from the Welfare and Institutions Code and said it could eliminate 15 percent of our overcrowding in state hospitals.

TRE MONTE FOUNDATION

On November 3, 1949, Chairman Thompson called together for a meeting in his office Senator Ray Judah; Dr. Louis Josephs of the State Department of Mental Hygiene; Mr Oetel, Supervisor of Santa Cruz County; Dr Fuller, President of the Board of Directors of the Tre Monte Foundation; Reginald Loftus, Executive Director of the Foundation, and several prominent citizens of the Los Gatos district of Santa Clara County for a discussion involving the opposition to the Tre Monte Foundation.

The Tre Monte Foundation was organized as a nonprofit corporation to be used exclusively as a rest home for mental problems. The residents of the district in which the foundation is located have objected quite strenuously because of the fact that children going to and from school have to pass close to these grounds and the parents of said children objected because of the poor supervision over these mental cases, together with a very serious fire hazard with very poor fire protection.

The meeting was opened by the chairman, who explained the purpose of the meeting and read a letter from Mrs. Byl, property owner, who objected strenuously to a license being issued by the Department of Mental Hygiene for the operation of the Tre Monte Foundation. In her letter, she asked numerous questions that she desired to be answered by the proponents of this organization, and which were taken up individually by Assemblyman Thompson and answered by Mr. Loftus and Dr. Fuller.

Dr. Josephs explained to the people present the requirements that were necessary and which had been complied with by the Tre Monte Foundation for the issuance of a permit to operate.

There was considerable opposition on the part of the opponents to the issuance of the permit, but Dr. Josephs explained that inasmuch as the foundation had met all of the necessary requirements, there was nothing that he or the department could do but to issue a permit to operate.

Dr. Fuller, the Chairman of the Board of Directors of the Tre Monte Foundation, then explained the purposes for which the foundation was organized and the work they expected to do, and answered many questions propounded to him by the opponents. Dr. Fuller explained further that the foundation was a nonprofit corporation and was to be used exclusively as a rest home, and not a hospital. Adults only would be admitted on a pay basis, which would cost each individual approximately $300 to $350 a month, including board and room and what medical attention that would be necessary. The patients would be privileged to come and go as they pleased. The patients would be known as mental problems and not mental cases. Later on the foundation expects to expand to the extent of being able to take care of more patients, although their permit at the present time allows only eight at a time, and as financial

gifts and endowments come in they hope to be able to have free patients and part-pay patients.

Mr. Loftus stated that within the next week, a professional campaign raising organization was going to assist in a financial campaign to raise additional funds, and in addition, application had been made to the Rosenburg Foundation for financial aid, as the Rosenburg Foundation is set up to assist such organizations. Mr. Loftus further explained that the foundation had adequate reserves at the present time to open up and commence receiving patients.

Dr. Dixon, of Mountain View, will be the resident physician. The operation of the institution is in the hands of the board of directors, with Mr. Loftus acting as executive director, in which capacity, he will handle all business operations and will be accountable for all of his acts to the board of directors. The board of directors was reorganized last summer, and is made up of a majority of physicians and other medical professionals.

Mr. Loftus explained further, and read the names of about 50 people who would donate, or signified their approval of the foundation, and in addition, has the approval of 47 doctors who will, from time to time, donate their services. This organization has been in the process of organizing for the past three years.

Mr. Davies voiced his objections to the foundation and was very emphatic in his objections because of the fact that Mr. Loftus had, in the past, received approximately $3,800 from him with the promise that with the first moneys collected he would be reimbursed for what he had advanced. To date, a very small portion of that money has been returned, and in Mr. Davies' words, "the foundation has been grossly misrepresented, and I feel that Mr. Loftus is not capable of handling the affairs of this foundation." He also read from the foundation brochure the following: "How Great Is the Need? (2) Convalescent patients who are being released from mental hospitals but are not sufficiently stabilized to return to their home environment. (Many such patients are recommitted to mental hospitals because they cannot accomplish this difficult transition. The majority could be permanently restored through rehabilitation at Tre Monte Center.)"

Mr. Hobson inquired of Dr Josephs the type of license or permit that was to be issued and what type cases would be permitted to be handled, inasmuch as he understood that the permit applied for specified alcoholic and mental cases. Dr. Josephs' reply was to the effect that all permits issued to hospitals of this type specified alcoholic and mental cases.

Dr. Fuller explained that they did not intend to handle acute alcoholic and mental cases, but only "border-line" cases.

Dr. Josephs went on to explain that mild mental cases would be the only kind permitted, and that they would not be allowed to take violent cases, and that the cases they would admit would have to be adequately supervised.

Several questions were asked of Dr. Fuller pertaining to the working staff, which were satisfactorily explained, and went on to state that he believed that the property owners in the Highland district had been misinformed as to the type of institution the Tre Monte was, and that

he felt that after they had been operating for a while the people would have a different attitude toward them.

Mr. Loftus stated that he had discussed this institution with Congressman Jack Anderson, who had in turn discussed it with Dr. Daniel Blaine in Washington.

At this point, Assemblyman Thompson asked the opponents if it was their desire that the issuance of a license to Tre Monte be held up until the next meeting of the planning commission, and such was the desire of the opponents. However, Dr. Josephs went on to state that inasmuch as all of the state requirements had been complied with, there was nothing that he or his department could do but issue the permit, and such permit was now being processed, and that the foundation had the approval of the Department of Mental Hygiene to commence operations.

The question was asked if the property upon which the foundation was situated was not in a restricted district, and so designated by the planning commission. Supervisor Oetel stated that the planning commission had set that district up as a restricted district, but that no zoning would go into effect until November 24, 1949, 30 days after it had been declared a restricted district, and that the Tre Monte Foundation had made application prior to that time for a permit to operate, and therefore that piece of property was not included in the restricted area.

Dr. Josephs read a letter from Mr. Weybright, secretary of the planning commission, stating that the property in question was not within the restricted area. Mr. Hobson raised the point that the letter was written by the secretary of the commission, and that it was Mr. Weybright's personal opinion, and as no meeting of the commission had been held, that the commission as a whole knew nothing about it.

Mrs. Seacrise objected strenuously to the project because of inadequate police and fire protection, stating that in the event of a fire the closest piece of firefighting equipment was located at Soquel, 15 miles away.

Assemblyman Thompson asked Dr. Josephs if he could at this time issue a temporary license or permit, which would be good until the planning commission met again and approved or disapproved a request by Tre Monte for a permanent license.

Dr. Josephs stated he would be willing to recommend such a permit to the department. Such permit would be subject to compliance with all local ordinances.

Dr. Fuller stated that they had complied with all requirements and received a clearance from the planning commission, from the Fire Marshal and from the county health department for the disposal of sewage. That the Tre Monte Foundation was responsible for the zoning ordinance that goes into effect November 24, 1949, because practically all of the landowners in that district, of which there are over 300, have so strenuously voiced their objections to this organization.

The meeting was adjourned until a report was received from the planning commission as to the outcome of the request by the Tre Monte Foundation for a permanent license.

At the next meeting of the planning commission, both the proponents and opponents will be given ample opportunity to be heard.

DEPARTMENT OF PUBLIC HEALTH

Chairman John F. Thompson and Vice Chairman Arthur H. Connolly, Jr., met on November 7, 1949, with the Director of Public Health, Dr Halverson, and the chiefs of the various divisions of the department in Dr. Halverson's office in San Francisco to discuss various cases and means whereby the interim committee could assist in future legislation pertaining to the Department of Public Health. Those present were Dr. Halverson, Director of the Department; Dr. Merrill, Chief of the Division of Laboratories; Dr. Sox, Chief of the Division of Local Health Service; Dr. Dyer, Chief of the Division of Preventative Service; Dr. Holliday, Chief of the Division of Disease Control; Dr. Kolstead; Mr. Webster, Chief of the Division of Administration, and Mr. Stead.

Dr. Halverson explained that there are many things the committee could do to assist in correcting sections of the Health and Safety Code, especially those sections pertaining to vital statistics, communicable diseases, and the rabies section. It was brought to the committee's attention that the county recorders could be of assistance and should be solicited in the proposed changes of the section pertaining to vital statistics.

Dr. Halverson mentioned that chronic diseases were becoming a greater problem, especially with older people who are afflicted with diabetes and cancer, and it is not only costing many lives but also costing the State a great deal of money. Dr Halverson said that the State was receiving this year $81,000 from the Federal Government for combatting heart disease, and $128,000 for combatting cancer. The American Hospital Association has appropriated $500,000 for a two-year study of the cost of hospitalization. The hospital business amounts to about $2,000,000,000 a year.

Under the Health and Safety Code the local health department has the responsibility of housing, and many believe that it should be transferred from the Department of Industrial Relations to the Department of Public Health.

It is necessary that Section 1102 of the Public Health and Safety Code, which is changed every two years by the Legislature, should be corrected to read "90 days after the Legislature adjourns."

The Department of Public Health has submitted to the committee the following information which they hope will result in legislation which will correct certain sections of the Health and Safety Code:

Revision of Vital Statistics Laws

The vital statistics laws of the State of California, represented by Division 7 and 9 of the Health and Safety Code, are codifications of various independent statutes which have been enacted over a period of the past 40 or more years In a recent Attorney General's opinion, he stated "* * * the provisions of the Health and Safety Code * * * dealing with vital statistics are confusing and difficult of interpretation."

The need for a general revision, condensation and clarification of the vital statistics acts has long been recognized Such a project would require a section by section analysis of the intent of the legislation, and its revisions into terminology which is easy of interpretation and from which irrelevant material has been deleted.

For the most part such a revision of the law would be noncontroversial and would be enthusiastically received by the local registrars, health officers, county recorders, cemetery and funeral directors' associations, and others who operate under some of the provisions of the law. The extent of this project is illustrated by the fact that at the present time these two divisions in the printed code occupy over 40 pages of material.

It is suggested that the general revision of the vital statistics laws be given careful study and research, so that appropriate legislation may be prepared for the 1951 General Session of the Legislature.

Clinical Laboratory Act

For some months the Division of Laboratories has been working, through its advisory committees on licensing of technologists and technicians, the problem of revision of the Clinical Laboratory Act.

This act comprises Sections 1200 to 1305 inclusive of Division 2 Chapter 3 of the California Business and Professions Code. The title of the chapter is *Clinical Laboratory Technology*. It has to do with the licensing of clinical laboratory technologists and clinical laboratory technicians. This law was passed by the Legislature in 1939. The department has now had 10 years experience in its administration. During this time, a number of significant defects in the law have come to light.

After consultation with the various interests involved including the clinical laboratory technologists, the decision has been reached to see if something cannot be done to strengthen the law and more definitely accomplish the purposes for which it was designed.

To this end, our Division of Laboratories has been meeting with our technicians' advisory committees at intervals over the last six months during which time some progress has already been made in the rewriting of the law. Participating in these conferences have been representatives of the pathologists group, the clinical laboratory technologists, the clinical laboratory technicians, and the State Division of Laboratories. These studies are being continued and it is hoped that by a year from now, an agreement can be reached by the various groups involved on a law that will be mutually satisfactory.

Communicable Disease

The sections of the Health and Safety Code pertaining to the control of communicable diseases (Sections 2500 to 2602) are suggested as needing revision. The department can continue to function without these changes, but technical revisions in the code are needed to bring it abreast of the scientific developments in the control of communicable disease which have taken place since the code was prepared. Such changes, by the elimination of obsolete material, correction of errors, and restatement of modern concepts in the control of communicable diseases will greatly facilitate the use of the code by practicing physicians and health officers, and will give the State Board of Public Health a sounder basis for administrative regulations.

This same line of reasoning applies to the need for revisions of Sections 1900 to 2000 pertaining to the control of rabies. Recent studies —laboratory, epidemiological and administrative—have developed new methods for control of animal rabies. Revision of the code to incorporate

these concepts will facilitate the attack upon this important public health problem.

There is also need for continuing study of legislation pertaining to the chronic diseases. Such legislation was considered, but not adopted, at the 1949 Session. The report "A Chronic Disease Program for California" was prepared in accordance with the provisions of the Assembly Concurrent Resolution No. 42 (1947) and with the advice, assistance and approval of the Chronic Disease Advisory Committee, emphasized the growing importance of the chronic diseases as a public health problem. For example, heart disease and cancer are now the leading causes of death, and two-thirds of all deaths are due to the so-called chronic diseases. The significant proportion of deaths and disability attributed to the chronic diseases could be prevented by the application of present medical knowledge. Provisions for the continued study of the extent of the chronc disease problem, and the development of acceptable measures for the prevention of disability are of great importance. The previously mentioned report is highly significant and methods for implementing it need to be developed.

Local Health Service

(1) Amending Section 1102 (c) of the Health and Safety Code to extend the granting of provisional approval from the "91st day after final adjournment of the 1951 Regular Session of the Legislature" to either 1953 or indefinitely.

Unless this section is changed a number of counties which do not serve all of the cities of less than 50,000 will become ineligible for receipt of state funds due to circumstances over which the county has no control. The securing of the services of the county health department by the cities is a municipal responsibility.

(2) To consider the amending of the Health and Safety Code, Section 485 and comparable sections of the Education Code, which provide for the contracting by the county school superintendent for the services in school health with the county health department, but which do not provide for the performance of the same functions by county health departments for city school systems or for school districts embracing cities.

(3) If the Health and Safety Code is completely recodified, the duties and responsibilities of local health officers should be redefined and clarified, the minimum qualifications of local health officers should likewise be clarified. For example, county health officers are required to be graduates of recognized medical schools; the Health and Safety Code does not require the possession of a valid license to practice medicine and surgery issued by the California State Board of Medical Examiners. The qualifications of city health officers are not established by state statute, although in some cases are satisfactorily covered by local charter provisions or by merit system provisions.

At the November 11th meeting held in Los Angeles, the physiotherapists were represented by Mr. J. Edward McClellan, attorney from Burlingame, California, who presented in a very enlightening manner

many of the problems that the physiotherapists had to contend with under the present laws. And he was supported in his statement by Neil Sellers of the Agnew State Hospital at Agnew, California. So much of the time was taken up in this discussion by the physiotherapists that those opposing the views expressed by Mr. Sellers and Mr. McClellan did not have time to present their side to the committee, and it was decided that another meeting would be held at which time both sides would be given a fair hearing, and from the results of that hearing the committee would draw their conclusions and make their recommendations in their final report to the Legislature.

ACUTE ALCOHOLISM

The study of alcoholism and its influence and treatment is so far-reaching in our social, political and economic lives, that the committee is making a thorough study of its effects in California. The importance of this subject is illustrated by the fact that there are an estimated 61,000,000 men and women in the United States who drink some form of alcoholic beverage. Of these, approximately 3,250,000 are excessive drinkers and 750,000 are chronic alcoholics. On a local level our law enforcement officers are frank to admit they spend a major portion of their time in handling inebriates instead of on the many more serious crime problems. There is no question but that the social and economic loss to our State as well as our Nation is beyond estimation. There is no doubt but what the needed legislation might save a million lives and literally billions of dollars.

Those interested in the field of alcoholism name the following five phases of alcoholism:

1. Casual drinkers.
2. Social drinkers.
3. Saturday night or pay day drinkers.
4. Excessive drinkers or habitual drunkards.
5. Chronic alcoholics.

There are three groups who work on the problem:

1. Welfare and social workers.
2. Law enforcement officers.
3. Physicians and psychiatrists.

There is a tremendous degree of cooperation among the various groups who are interested in this problem. Each group is ready, willing and able to recognize the importance of the other group as well as their own. For example, physicians and psychiatrists say that any benefit the alcoholic might receive from their treatments would to a great extent be lost immediately if their work were not followed up by a welfare worker such as Alcoholics Anonymous or some other organization of like kind. The law enforcement officers are high in their praise of the physicians and psychiatrists. All of these groups seem to feel that there is

need for legislation in order to facilitate their efforts. These groups are generally in accord with the following program:

First, legislation to designate the status of alcoholics in order to provide for compulsory scientific treatment and rehabilitation.

Second, properly staffed institutions for the treatment and rehabilitation of alcoholics.

Outstanding national authorities who are making a study of this problem are:

Dr. E. N. Jellinek and Dr Haven Emerson of Yale University;
Dr. Anton Carlson of Chicago;
Connecticut State Commission of Alcoholism;
New York City Bureau of Alcohol Therapy and Department of Welfare.

In our own State, exclusive of Los Angeles City and County, are:

Dr. Frank Tillman, Director of State Department of Mental Hygiene;
Dr. Laurence Kolb, Assistant Director of State Department of Mental Hygiene;
Dr. Malcolm H. Merrill, of the University of California at Berkeley;
School of Public Health and San Francisco Bay Area Clinic;
Richard Magee, Director of the State Board of Institutions;
Sheriff Gleason of Alameda County with his Santa Rita Institution;
Richard Graves, Secretary, League of California Cities;
Dr. Nash and Dr. Warrick, Camarillo State Hospital.

Those outstanding in the Los Angeles County and City are too numerous to list, but to name a few are:

Dr. Cullen Ward Irish, Chairman of the Special Committee on Alcoholism for the California Medical Association;
Dr. Crahan, County Jail Physician;
Department Chief Arthur C. Hohmann of the Los Angeles Police Department;
Sgt. Don Jones of the Homicide Division, County Sheriff's Office;
Judge Leo Freund, Municipal Court Judge;
Dr. V. Bronson Twitchell (who wrote "Why do I Drink?");
Capt. C. M Buxton, Los Angeles Police Department;
John Anson Ford, County Supervisor;
Mr. J. A. Sullivan, County Councillor on Mental Hygiene;
Dr. J. Stuart Knox

and innumerable others.

At the meeting on chronic alcoholism held in San Francisco on February 10th, conducted by Subcommittee Chairman Connolly, it was brought out that at the Governor's Conference on Mental Health which was held at Sacramento on March 3d and 4th of 1949, and in which conference there was a session devoted to the subject of alcoholism under the chairmanship of Dr. Chermin of the University of California, certain specific recommendations were made along the lines of legislative action,

and the first recommendation was that every appropriate local community should establish a clinic which provides diagnostic, referral and treatment services for alcoholics. Such a facility might be associated with a general mental health clinic or a general hospital. "Its aim would be to prevent the late stages of alcoholism through rehabilitation of early cases. The clinic staff would screen patients, determine what forms of treatment are indicated, conduct rehabilitation and treatment services, and make necessary referrals to Alcoholics Anonymous, social welfare, and all other appropriate agencies.

"A facility for more prolonged treatment of alcoholics. Such a facility might well be a farm with adequate treatment services.

"A policy encouraging general hospitals, both public and private, to provide hospital care for alcoholics.

"Citizens' committees for education on alcoholism which would serve as informational, educational, and developmental centers.

"The State of California should:

"a. Provide financial assistance on a matching basis to the appropriate local government jurisdictions for the establishing and maintenance of preventive, diagnostic, and rehabilitation services, as well as facilities for the more prolonged treatment of alcoholics.

"b. Stimulate the development of adequate trained personnel with special orientation in the field of alcoholism.

"c. Expand fundamental and applied research by social and medical scientists into the nature, cause and treatment of alcoholism.

"d. Encourage public education concerning all phases of alcoholism, including emphases on family life education, and utilizing every effective medium and agency.

"e. Expand its facilities for treatment of alcoholism (both outpatient and in-patient) and for research and education concerning alcoholism.

"f. Designate an agency to carry out the above responsibilities of the State in the field of alcoholism."

Mr. Emmett Daly, Assistant District Attorney of San Francisco County, testified to the operation of the San Francisco Clinic established at San Bruno by the City and County of San Francisco.

In the year 1948 Mr. Brown, District Attorney of San Francisco County, realized because of the fact that there had been 46,415 arrests in the City and County of San Francisco for drunkenness in 1947, that there was a dire need for an institution of this kind in and for the City and County of San Francisco. A check of the record showed that 96.6 percent of those arrests for drunkenness ended in dismissal, meaning that only three-fourths percent received any kind of treatment, the treatment being generally that they were sent to the county jail. The district attorney felt that this was a waste of time.

Inasmuch as the district attorney is charged with the responsibility of prosecuting all crimes, and since drunkenness was defined by statute as a crime, and as these arrests were continued at a rate of 119 average a day, he felt that he should make a survey to determine, if possible, whether anything might be done to the old system. Consequently, Mr. Daly was charged with making a survey, and as a result of said survey,

submitted in September of 1948 a report to the district attorney. (The report is in the process of being printed and will be included in our final report which will be presented to the 1951 Session of the Legislature.)

In making his survey, Mr. Daly visited the private and county hospitals of San Francisco in the hopes that he might find some answers to a way of treatment, but found that they were not equipped to handle this type of case. They did not have the doctors nor the facilities. The directors of most hospitals explained that the drunk in a noisy, difficult man to handle, and they interfere with the rest and treatment of other patients and they felt it was not a good thing to bring the drunks into the hospital.

It was after a talk with these heads of hospitals that Mr. Daly came to the conclusion that it would be necessary to set up some special clinic where the drunk could be screened, diagnosed, and, if possible, treated.

It is very important at this point to make a distinction between a "drunk" and an "alcoholic." When we speak of a drunk we are talking about the sum total of persons who are arrested day after day by the officers and because it is on the books as a penal offense they are all classified as drunks, although only a portion of that group may actually be alcoholics. So until they are screened and diagnosed, they are considered for the record as being drunks. And at this point, it is the drunk we are talking about in our effort to do something with them in San Francisco.

It was found they could not use the county hospital and there were no private hospitals available, and a survey of available places suggested the possibility of using a building presently occupied by the Juvenile Detention Home which could be obtained and renovated for approximately $138,000, which would be a nonrecurring operation.

After conferring with doctors and authorities on hospital costs, it was found that the building could be used as an in-patient and outpatient clinic, and could be operated for approximately $119,000 a year. So it was requested of the board of supervisors that the building be taken over, rehabilitated, put into operation, staffed, and a total sum of $257,017.50 was asked for. These figures were submitted to Mr. Thomas A. Brooks, Administrative Officer for the City and County of San Francisco, who in turn requested the Director of Public Works to check the cost estimates for converting the building into an alcoholic rehabilitation center, and after a survey was made the total cost rose to $644,705, which went before the Mayor of San Francisco, Elmer Robinson, who in turn recommended it to the board of supervisors. In May of 1949 they considered the proposal and turned it down. They did, however, show their evidence of awareness of this problem by voting the sum of $50,000 to be used as a Pilot Plan Clinic, which was placed under the direct supervision of the Board of Public Health, Dr. Geiger.

With this money it was decided through the assistance of Sheriff Murphy that the Pilot Plan be set up at San Bruno in the county jail. Mr. Daly stated that at no time in his study of the subject of alcoholism, with his actual contact with persons who had been afflicted with the disease of alcoholism, had he ever met any person who had been appreciably

helped through incarceration in jail; that they had not approved and never had approved of the Pilot Plan, or clinic, as some call it, being used or operated in a county jail, in spite of the fact that San Francisco County has one of the best county jails in the country and is very well operated.

Mr. Daly stated that a woman or a man is there feeling that he is in custody and the problem of rehabilitation is much more difficult. He stated that a person cannot go to jail except by legal proceedings, which means that he must be convicted, and yet much to his surprise, after the plan was put into effect he began getting calls not only at his office but at his home, on an average of as many as 10 a day, from men and women who asked if their husband, son, wife, daughter, or whoever it may be couldn't get into the county jail in order to get treatment for their problem. This is very significant because it shows the great stress and the great need and desire on the part of those people for help. To think that a man with a completely clean record who has never been in jail is willing to go down and be arrested and voluntarily submit to arrest in order that he may receive whatever treatment can be given him.

During the first five and one-half months there were admitted 108 cases to San Bruno; 103 were male and five female. Of that group, 28 were voluntary before arrest; 90 involuntary before arrest. The average age group was 40 to 49. Of the 108 who had been arrested, they showed a total prior arrest record of 1,381. They showed a total jail term at San Bruno of 432, or 8,680 days The average duration of their treatment at San Bruno was 23 days, and that treatment included medical examination, psychological examination, oxygen treatment, vitamin treatment, psychology interviews, surgical treatment if necessary, and group therapy sessions. It was found that of the cases discharged from San Bruno there were 88 discharged. They have no information on the follow up of 26 patients. They did find, however, that 43 were still sober, which is 49 percent of the sum total. They found that 26 were employed. 17 unemployed. Nineteen were reported drinking, which is 22 percent of the total. Eight had returned to San Bruno for further treatment, so they had a situation where these men and women, 49 percent of the 108 who had gone there and the 88 discharged, were sober, which means they were sober for as long as 90 days and better. At lease on the 26 that there was no report on, it can be assumed they were sober. So they know their record is better than 49 percent.

Mr. Daly stated in relation to this that what San Francisco has done with the Pilot Plan Clinic has proven that something very definite can be done for the alcoholic.

Mr. Edmund G. Brown, District Attorney for San Francisco County, testified that as district attorney it was his function to prosecute drunk drivers, people charged with failure to provide, and he stated that in 50 percent of those cases alcohol was a contributing factor. And that in a great many felonious assaults and even murders, one would find that alcohol can contribute greatly to the problem. Mr. Brown testified that he had sat in the coroner's office on one occasion and there were four domestic homicides growing out of family quarrels, and in every one the

people had been drinking excessively before they commited the homicide. He stated that the laws with respect to drunk driving are well enforced, that it was a problem sometimes to obtain conviction because to some of the jurors it is difficult to prove the people to be under the influence of alcohol unless they have taken a blood test and made other tests, which is not done in San Francisco. He stated that they had from 70 to 100 people arrested every night for being drunk in a public place. They would be sent to the county jail from one day to six months and it was nothing more or less than a merry-go-round which wasn't doing any good at all.

In referring to the Pilot Plan at San Bruno he stated that it is extremely limited and that the only way people could get in there was by pleading guilty to Section 152 of the Police Code, which is being drunk in a public place, and to get a 90-day sentence, one day suspended, and it can be determined by the judge. Dr Lourie and Dr. Hanson, Mr. Brown stated, had certainly, with a small expenditure of money, proven that something could be done about this situation and not at a great cost. The specific recommendation that Mr. Brown made to the committee was that the State, with the City and County of San Francisco and with any other county that would like to match the funds that the State might put into a situation, would set up a real clinic in San Francisco or Los Angeles. Mr. Brown stated that the University of California, Stanford University, and other universities in the State have young doctors majoring in psychiatry, who could and would spend a great deal of time in those clinics and work with the alcoholic from "Skid Row" as well as those they term the "Nob Hill" alcoholic. The problem of the Nob Hill alcoholic is just as great and sometimes greater due to a social loss, than the person on Skid Row.

Mr. Brown suggested that a clinic be set up, not on a permanent basis at the present time, but for a limited length of time, possibly one year, under the jurisdiction of the State Department of Mental Hygiene, and let the City and County of San Francisco or Los Angeles and the Department of Public Health of either or both cities together with the universities, work together. Such a cost would not exceed $500,000.

Mr Brown stated that the Governor's Conference had recommended two hospitals, one in Northern California and one in Southern California, but he thought that might prove unsuccessful as it has in some other states, but suggested that one be set up in San Francisco County for experimental purposes and that with the cooperation of all organizations the experiment would be worthwhile.

Mr. Sullivan, Chief of the Alcoholic Division of the Department of Mental Health of the County of Los Angeles, testified as to what they were doing in Los Angeles, and his testimony was along the same lines as his interview with Mr. Anson Ford, the Los Angeles supervisor, which was broadcast over the Columbia Broadcasting System the night of January 14th, and is as follows:

Interview With J. A. Sullivan, Chief of Alcoholic Division of the Mental Health Department of the County of Los Angeles Operating Under Department 54, Psychopathic Division of Superior Court

Columbia Broadcasting System—Supervisor John Anson Ford—"Los Angeles County Reports"

Saturday, January 14, 1950, 10.15 p.m.

MR. FORD: Good evening, friends. I have a very serious problem—a very human problem—to discuss with you—the problem of the alcoholic and drug addicts. I have brought to the microphone a county officer who has worked for the county for 10 years trying to salvage drunks for he has known the tragic penalties that many pay for their excesses. He is Mr. J. A. Sullivan, Chief of the Alcoholic Division of the County's Mental Health Department. I can think of no county employee deserving of higher praise for his steadfast devotion to his fellow men.

Briefly, what are your duties, Mr. Sullivan?

MR. SULLIVAN: In connection with the court work, to interview all alcoholic, drug and narcotic cases brought to the Psychopathic Ward of the Los Angeles County General Hospital on petitions signed before a commission of superior court; to appear with them for a hearing before Judge William B. Neely, now presiding there; and after consulting relatives and interested friends, make a recommendation for their care and treatment to Judge Neely. Two psychiatrists give their findings to the judge, who then talks with the relatives and the patient and then makes the order best suited to help the patient.

MR. FORD: What might this order be?

MR. SULLIVAN: With our present facilities it is commitment to the state hospital, sanitarium, outside supervision, or dismissal. If sent to the state hospital or dismissed, this department has no more connection with the case.

MR. FORD: If placed under supervision do you have jurisdiction?

MR. SULLIVAN: Yes, they are supervised in sanitariums to see that they are making a good adjustment. The doctors and the management are consulted and the patient is interviewed as often as possible while there. They are released to go home as soon as we feel they have adjusted and are free from illness.

MR. FORD: If granted outside supervision, do you follow up on their cases?

MR. SULLIVAN: Yes, as much as possible by home calls and by a discussion group which meets once a week at the Los Angeles County General Hospital where as many attend as are able to do so without too great inconvenience or loss of work. All are urged to attend and in some cases where a bad report has been received they are ordered to do so.

MR. FORD: How many do you have under supervision?

MR. SULLIVAN: About 700 stimulant cases; so you see we have to rely on relatives or the patients themselves to tell us when they are drinking again, if they happen to slip.

MR. FORD: Does Alcoholics Anonymous help with your work?

MR. SULLIVAN: Yes, indeed. Two AA members are in court every day and these interview all alcoholic cases going through court that day,

explaining AA to them and offering to help the patient then or later. Just think what devotion and unselfishness this day-to-day volunteer work entails. This service is gratefully received by the patients and they do avail themselves of it. AA holds meetings in all state hospitals and sanitariums where we have five or more alcoholic patients, in addition to many group meetings in all parts of the county. Back in 1939 this department was instrumental in giving AA a boost when it was first brought to California from Cleveland. There were about 25 AA members in the first group in Los Angeles and it was not very active. On request we took our whole discussion group of about 50 and attended the next meeting. Many of this discussion group remained in AA and became leaders and quite a few of these early members are very prominent yet in AA circles.

MR. FORD: Sully, are you working along other lines to do more for the alcoholic?

MR. SULLIVAN: Yes, Mr. Ford, I have devoted the last 10 years almost exclusively to this work. Knowing my lack of training in this field I attended two "summer sessions on alcoholic studies" at Yale University a few years ago. Through the cooperation of the board of supervisors, yourself principally, and the University of California at Los Angeles, we have had three yearly institutes on alcoholic studies at UCLA on the campus. They have been three-day institutes and we are now preparing a fourth to be held in March or April next year. They have been well attended and are a big factor in informing the public of the seriousness of the problem and arousing interest for its improvement.

MR. FORD: Has the State of California any plans to do more for the alcoholic?

MR. SULLIVAN: Yes, Governor Warren felt the whole mental health problem needed better planning and called a Governor's Conference on Mental Health in Sacramento in March of this year. There was a section on alcoholism and it was attended by about 150 interested persons from all over the State.

MR. FORD: What were the conclusions reached at the Governor's conference?

MR. SULLIVAN: The final report gives the following summary: Every appropriate local community should establish a clinic which provides diagnostic, referral, and treatment services for alcoholics. Such a facility might be associated with a general mental health clinic or a general hospital, or might be separate. Its aim would be to prevent the late stages of alcoholism through rehabilitation of early cases. The clinic staff would screen patients, determine what forms of treatment are indicated, conduct rehabilitation and treatment services, and make necessary referrals to Alcoholics Anonymous, social welfare, and all other appropriate agencies.

A facility for more prolonged treatment of alcoholics. Such a facility might well be a farm with adequate treatment services.

A policy encouraging general hospitals, both public and private, to provide hospital care for alcoholics.

Citizens' committees for education on alcoholism which would serve as informational, educational, and developmental centers.

The State of California should: Provide financial assistance on a matching basis to the appropriate local governmental jurisdictions for the establishment and maintenance of preventive, diagnostic, and rehabilitation services, as well as facilities for the more prolonged treatment of alcoholics.

Stimulate the development of adequate, trained personnel with special orientation in the field of alcoholism.

Expand fundamental and applied research by social and medical scientists into the nature, causation, and treatment of alcoholism.

Encourage public education concerning all phases of alcoholism, including emphasis on family life education, and utilizing every effective medium and agency.

Expand its facilities for treatment of alcoholism (both inpatient and outpatient) and for research and education concerning alcoholism.

Designate an agency to carry out these responsibilities of the State in the field of alcoholism.

The Federal Government should establish a grant-in-aid program for the control of alcoholism, similar to the programs for other important public health problems.

Professional societies should undertake the education of their members in their professional responsibilities to the alcoholic.

The legal profession should study and recommend changes in the penal laws affecting alcoholics to conform to the modern concept of alcoholism.

MR. FORD: That certainly is a detailed recommendation, indicating a great deal of study. Is the State carrying out its part?

MR. SULLIVAN: A bill was introduced in the last Legislature to have two separate state facilities for alcoholics in or near Los Angeles and San Francisco for rehabilitation and study of alcoholics and research on the problem. Due to the economy drive, the bills did not pass, but two interim committees were appointed and will report back to the Legislature at the next session. The present state hospitals have greatly augmented their present programs for the alcoholic patient and this is a big step forward.

MR. FORD: Are the local governments doing anything on a local level?

MR. SULLIVAN: Yes, the City of Los Angeles is trying to buy a farm to be used for alcoholics, but are held up by location difficulties. The various members of the city council have expressed willingness to go along with any worth while local program. Sheriff Biscailuz has called together a committee and appointed Dr. Marcus Crahan as head to promote a clinic and such other facilities as the county can legally enter into. They are now contemplating a survey by Yale University here and this will be decided on soon.

MR. FORD: What other suggestions do you have as to how this committee could do more?

MR. SULLIVAN: As you know there are many activities in the east, middle west, and on the coast where various projects for alcoholics are being carried out. I think Dr. Crahan, or other qualified interested doctor, and another qualified interested person, not a doctor, should

survey these various activities in other parts of the United States and report on these activities so we could avoid the mistakes that they have made and benefit by their experience.

MR. FORD: Well, Mr. Sullivan, what are some of these activities?

MR. SULLIVAN: Washington, D. C., has a clinic for alcoholics which is operated on federal funds. It is over a year old and you can be sure their experience and research has been invaluable. New York City has a city-wide plan for alcoholics, where all drunks are taken to hospitals instead of jails. They also have a rehabilitation center called "Bridge House" which helps alcoholics, just out of jails or hospitals, to get jobs and rooms. This is supported by the New York City Welfare Department In Chicago "Portal House" is run along similar lines. Buffalo, Cleveland, Detroit, New Orleans, Salt Lake City, and other communities have various projects under way. The New England states have been very active along these lines.

MR. FORD: What are our west coast cities doing?

MR SULLIVAN: Oakland has its alcoholic farm about 50 miles south and San Francisco has a $650,000 clinic and rehabilitation center program authorized. Because of inability to obtain the use of a building now used by the juvenile department the rehabilitation center had to be postponed a year, but they are spending $50,000 this year on a pilot clinic at San Bruno, which is now three months old. The San Francisco Board of Supervisors has approved the larger program and has appropriated the $50,000 for the clinic this year.

MR. FORD: What else can the County of Los Angeles do to help the alcoholic problem?

MR. SULLIVAN: That's hard to answer as the alcohol problem is centuries old and there is no one answer to the problem. There are many facets and it's going to take coordination of all interested departments of the county, city, state, and federal governments, and the public to work it out. The County of Los Angeles could set up a department for the whole alcoholic problem, staff it with enough personnel so it could figure out the best way of coordinating all the county activities, with the cities of the county, the state, and federal activities as is being done in New York City and Buffalo This department would formulate and push plans for use of private hospitals and sanitariums instead of sending the patient to jail. Probably a rehabilitation center could be worked out. This would greatly lessen the drunks the sheriff or the police have to handle, and by having one central bureau it would prevent much of the duplication now going on in both city and county. This department would work closely with AA, all welfare agencies, and all citizens' groups, as well as churches, schools, etc.

MR. FORD: Would the cost of this department be large?

MR. SULLIVAN: It should have enough personnel to give it a fair chance to get a good start. I think a great deal of help could be obtained by the use of volunteers. There are many capable persons available in this capacity. Every day I receive offers of this kind, but I am not able to use them because of the limited field in which we now work. This department could expand this field so that all capable volunteers could be used and the number of alcoholics benefited would be greatly increased, as well as preventing many others from becoming

alcoholics. This department could handle the management of any clinics, or other facilities for the alcoholic that might be started later.

MR. FORD: Thank you, Mr. J. A. Sullivan, for this frank talk about one of our greatest unsolved problems and your account of the earnest efforts in our county and elsewhere to properly care for drunkards and minimize drunkenness.

At this same meeting there were many others who testified, namely, Mr. Raymond Houston, Western Representative National Committee for Education on Alcoholism; Mr. Bodley; Mr. William L. Miller of the Alcohol Education, Incorporated, and a member of the Los Angeles Coordinating Council on Alcoholism; Eneas J. Kane with the Alpine Associates; James O'Conner, Chellis Carpenter, and William Butler of the Alpine Associates. All speakers felt that there was a dire need for a clinic similar to that in operation in San Francisco County only on a larger scale, and that the State should and could assist on a legislating basis the various counties in the State.

In conclusion Mr. Connolly stated that another meeting on this subject would be held in the near future, and after conferring with other Members of the Legislature possibly some substantial legislation would result whereby this problem could be more adequately cared for.

GUESTS EXTENDED COURTESIES OF ASSEMBLY

On request of Mr. Dolwig, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. E. Gothan and J. Glass, faculty advisors; J Charnow, Principal; and Mrs. C. Dickey and Mrs. J. Gohl, parents with the group, from the Roosevelt School of Burlingame, and the following pupils: Lesley Anderson, Arthur Andreson, Jack Bank, Peter Brucher, Beverly Bunce, Tom Cloud, Patricia Collins, Lelda Dickey, Bill Fieldhouse, Dick Frey, Arlene Harvey, Bob Heiny, Greg Jensen, Davin Kennelly, Kenny Ledwith, Don Mingst, Suzanne Murfee, Bob Newman, Noel Patrick, Ann Reynolds, Nancy Schaefer, Roger Anderson, Don Bernard, June Bernhard, Bill Bourne, Anne Crawford, Dick Galitz, Don Goad, Paula Gohl, Paul Goldman, Winzola Green, Mary Alice Jones, Joan Marion, Albert Moore, Arthur Reynor, Barbara Rix, Lois Schultz, George Simpson, Fred Stange, Richard Symons, Janet Trask, Paul Wampner, Bill Wellman, Vicki Dunn, Albert Meyer, Jack Wickland, and George Wolff.

On request of Messrs. Fleury and Moss, the usual courtesies of the Assembly for this day were unanimously extended to Robert W. Luther, Miss Ailene Warnken, Miss Constance Gotaas, teachers of Fruit Ridge School, and the following pupils: Gilbert Albiani, Paul Bewley, Charles Clifford, Richard Darland, Jimmy Davis, Fred Dunn, Leroy Eddenfield, Duane Ferguson, Arnold Gregorio, Keith Gittens, Kenneth Higginbotham, Frederick Holbrook, Thad Ipsen, Richard Morairty, Edward Russell, Raymond Schultze, Richard Separovich, Meredith Wai, Shirley Baer, Yvonne Cecchettini, Marlene Conrad, Constance Donnis, Mariam Dorsch, Beverly Galli, Marguerite Henderson, Crystal Jackson, Marilyn Jensen, Sharon Knight, Betty LaForce, Eleanor Martin, Sammie Lou McAdams, Meredith Millar, Barbara Nelson, Elva Powers, Shirley Ridge,

Joan Rogers, Janet Stitt, Mary Van Nortwick, Celia Wilder, Beverly Wood, Virgil Brinkman, Kenneth Barton, Arthur Fueston, King Vest, Herbert Reynolds, Dennis Cooley, Robert Thomas, Patricia Echerd, Sandra Knox, Geraldine Owings, Barbara Rink, Carolyn Steen, Susie Stover, Jim Snavely, John Osborn, Jimmie Carey, Burnell Yoder, Pauline Cotton, Raymond Baber, Richard Flynn, Jim Payne, Leland Hales, JoAnne Hamon, Dorothy Key, Gayle Julson, Ann Hendon, Frankie Lopez, Carlos Vasquez, Marlisse Odgen, Ann Thurs, Fauneil Garner, Jerry Warren, Rodney Lungstrom, Carolyn Vest, Sandra Hendon, Sharon Lopez, Gene Reed, and Robert Mackie.

On request of Mr. Lowrey, the usual courtesies of the Assembly for this day were unanimously extended to Mr. Vincent, teacher of the Clarksburg School, and the following pupils: Alice Godfrey, Shirley Pylman, Joyce Daulton, Sheila Summy, Joan Davis, Shirley Remien, Sondra Engwall, Janice Merwin, Kimiko Iwanaga, Rosaline Cabog, Bonnie Wood, Barbara Taylor, Sally Ota, Warren Merwin, Jerry Hinsdale, Fidencio Salazar, Frank Espinosa, Rudy Espinosa, John Yeargin, Vernon Slama, Art Slama, Martin Crider, Ted Oldham, and Lamar Nicholls.

On request of Mr. Condon, the usual courtesies of the Assembly for this day were unanimously extended to Miss Martin and Mr. Lynch, teachers of the Pinole School, and the following pupils: Robert Aita, George Bastida, Jimmy Buckley, John Calkins, Donald Castro, Roy Clark, Ray Eigenbrod, Walter Ewart, Leslie Ginn, Richard Groves, Duane Hale, Edward Hemleb, Milo Johnson, Melvin Loe, Newton Lowe, William Norvell, Dan Owen, Jerry Patterson, Keith Pedersen, Kenneth Silva, Bob Summers, Bill Taylor, James Teninty, John Tyson, Eleanor Babson, Shirley Lee Beasley, Francine Caffro, Shirley Chrystal, Catherine Collins, Carole Costa, Beverley De Sanno, Loris Gifford, Eunice Gregston, Nancy Jack, Loretta Johnston, Maureen Ketchum, Eileen Litman, Mary Jeaniene Luck, Doris McCall, Georgia McCoy, Kathleen Milligan, Dolores Mitchell, Jeanine Philippi, Caroline Pimentel, Mary Helen Price, Eva Richmond, Betty Roettger, Eleanor Rogers, Bernice Schmidt, Cloetta Small, Carlene Stroup, Mary Anne Swafford, Joanne Westman, Eve Willard, Sidney Valentine, Le Roy Wallace, Jackie Serene, and Joan Shoemaker.

On request of Mr. Dunn, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Boynton, Miss Pace, William Dresbach, and Donald Raffanti, teachers of the Ashland School, and the following pupils: Bobby Clark, Karen Lewis, Marian Cleveland, Rose Rodrigues, Tom D. Marco, Eleanor Madrid, Bill Betts, Peter Bellaria, Kathy Smith, Diane De Camp, Bella Sanchez, Renee Stone, Jimmy Davidson, David Magneson, Donald Somersett, Joan McCrummen, Jack Armstrong, Pearl Castro, Shirley Davis, Peter Martinez, Paul Ornellas, Bob Peterson, Larry Wolff, Sara Shaw, Robert Norris, Beverly Patterson, Shirley De Soto, Micheal White, Pauline Inocenio, La Verne Scaobrough, Arthur Archer, Larry Bell, Sue Brookshire, Ravena Chugg, Shirley Ellison, Barbara Fernandez, Annette Freeman, George Gonsalves, Marlyn Hitchcock, Douglas Hoang, Cletus Hohn, James Holland, Arlene

Klotzer, Marlene Kuntz, Mattie Lund, Madelyn Maciel, Alice Maddox, Eugene Martin, Pat Melesco, Jerry Morrow, Dan Mossenger, Billy Rhodes, Wayne Rollings, Ronnie Rydman, Janice Silveria, Donna Slorp, E. J. Stacey, Carole Strom, and Beverly Underwood.

On request of Mr. Lindsay, the usual courtesies of the Assembly for this day were unanimously extended to G. C. Raff, teacher, Mrs. R. E. Blankenburg, Mrs L. B Allen, P.-T. A. members of the Atlantic Street School of Roseville, and the following pupils: Richard Adams, Richard Alway, Charles Beath, Douglas Bedell, Roy Bertucci, Richard Blankenburg, John Garcia, Clyde Geyer, Wayne Gregson, George Jones, (Joseph) Bob Kolak, Bill Lawrence, Donald Lesmeister, Richard Parvin, Perry Plantz, George Rice, Ronald Roccucci, Eugene Rodrick, Jerry Russell, Olen Shepard, Gerald Wilcox, LaFerne Alexander, Jennie Andrade, Ann Astill, Rona Belmont, Elissa Bertacchi, Lina Capovilla, Joan Cook, Mary Dwiggins, Ramona Edwards, Frances Entizne, Dolores Gray, Evelyn Hernandes, Marjorie Kendrick, Cecelia Marshall, Georgean McCracken, Sandra Nagel, Kathryn Shaw, Creta Stafford, Donna Ward, and Noel Landis.

On request of Mr. Condon, the usual courtesies of the Assembly for this day were unanimously extended to Mrs Ruth Martin, teacher, Mrs. Helen Stikeman, Mrs. M. R. Hays, Mrs. Edna Brown, Mrs. Elphae Beatty, Mr. and Mrs. Theo Smith, and the following pupils of the Alamo School: Susan Lesley, Elizabeth Schultz, Deanno Conner, Cheryl Wulfing, Donda Gretler, Marlene Shahbazian, Barbara Burr, Ann Stikeman, Carol Massoni, Sally King, Jacqueline Hicks, Pat Yeager, Marilyn Jones, Joyce Mitchell, Gail Dhuy, Enmalyn Engelhart, Don Smith, John Fraser, Adolph Mello, John Schwammel, Tim Brown, Larry Polson, Edward Davies, Jerry Stahr, Gordon Beatty, Lewis Smith, Lewis Work, Grant Johnson, Richard Hays, Don Stewart, Jim Timmis, Kenneth Sandy, and Tim Matthews.

On request of Mr Brown, the usual courtesies of the Assembly for this day were unanimously extended to J. Hanna and Mrs. Jack Haines, teachers, C. H. Hanson, member of the Board of Education in the Ceres Grammar School, and the following pupils: Dale Drayer, Johnny McClure, Douglas Sullians, Ralph Adkins, Paul Wilhite, Jim Hutchison, Bill Worthington, Tommy Sullivan, Frank Haddix, Janet Farrel, Edwin Vargas, Edward Shetley, Georgia Red, Kathleen Robinson, Patsy Olds, Juel Small, Derrel Renolds, Darlene Moore, Elvira Nunes, Gary Dennis, Connie George, Alberta Eskew, Bonny Moyer, Otto Basore, Aloah Burnett, Marlene Fuller, Bernadino Miller, Reanon Todd, Bob Smith, Stella Blavos, Calvin Montgomery, Leon Causey, Carol Clifton, Bill Henson, Barbara Grant, Marvin Tackitt, Hollis Tackitt, Bob Horn, David Berg, and Edward Cronan

On request of Mr. Thompson, the usual courtesies of the Assembly for this day were unanimously extended to Ben Sweeney, teacher of the Woodrow Wilson Jr. High School of San Jose, and the following pupils: Sal Pusateri, Joe Zuccaro, Pauline Anderson, James Spano, and Angie Lacavalla.

On request of Mr. Meyers and the San Francisco Delegation, the usual courtesies of the Assembly for this day were unanimously extended to Elizabeth Kelley of San Francisco.

On request of Messrs. Hahn and Lincoln, the usual courtesies of the Assembly for this day were unanimously extended to the Reverend and Mrs. Johnny Lavender of Oakland.

ADJOURNMENT

At 12.13 p.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Wednesday, March 29, 1950.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

SIXTEENTH LEGISLATIVE DAY

TWENTY-FOURTH CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Wednesday, March 29, 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, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Nicholse, Porter, Reagan, Rosenthal, Rumford, Sherwin, Silliman, 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:

Righteous God: May we look over America today and see the monstrous menace of lawlessness and crime attacking our very foundation and let us sound the call for a rebirth of righteousness in our commercial and political life.

May we honor the glorious name of California by rallying all men of incorruptible integrity, high sense of honor and courage to do right at any cost.

May we, the honored representatives of this far famed State, crusade incessantly against the underworld of little character, the masters of subterfuge, the bribe givers and bribe takers, the profiteer and the racketeer, sapping the Nation's resources.

Let us see that America cannot be destroyed by outside enemies, but only by rottenness within that corrupts our virgin soil and by the unscrupulous that sap the moral vigor of a pioneer people.

For America, let us call all patriots to rise up and subdue the crooked and lawless, this sixth column of surreptitious enemies, who would rob and blacken this fair and golden land.—AMEN.

READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Hahn, 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. Crichton, on motion of Mr. Clarke.

Mr. Price, on motion of Mr. Reagan.

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

Mr. Condon, on motion of Mr. Yorty.

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

Mr. Doyle, on motion of Mr. Beck.

REPORTS OF STANDING COMMITTEES

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, March 29, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

House Resolution No. 28

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 HOUSE RESOLUTION NO. 28 (BY UNANIMOUS CONSENT)

By Mr. Sherwin:

House Resolution No. 28

Relative to the creation of the Assembly Interim Committee on Ways and Means

WHEREAS, It is necessary that a continuing study be made as to the needs for appropriations for state purposes and particularly of the items to be contained in the Budget Bill enacted at each regular session of the Legislature; now, therefore, be it

Resolved by the Assembly of the State of California, As follows:

1. That the Assembly Standing Committee on Ways and Means of the 1950 Regular Session is hereby constituted the Assembly Interim Committee on Ways and Means and is authorized and directed to ascertain, study, and analyze all facts relating to the needs for state expenditures, including expenditures for support of state agencies, for construction, improvements, and all other purposes, and the adequacy of the revenues of the State during the 1950-51 and 1951-52 Fiscal Years, and particularly with respect to the items of appropriation to be included in the Budget Act to be enacted at the 1950 and 1951 Regular Sessions. Whenever a Member of the Assembly is appointed to, or relieved of, membership in the existing Assembly Standing Committee on Ways and Means, he shall automatically be or cease to be, as the case may be, a member of the Assembly Interim Committee on Ways and Means, so that the membership of the standing and the interim committees shall, at all times be identical. The chairman shall be appointed by the Speaker. Vacancies occurring in the membership of the committee shall be filled by the appointing power. A vacancy shall be deemed to exist whenever any member of the committee fails to secure the nomination of his party at the primary election or fails to be elected at the general election.

2. The committee is authorized to act during this session of the Legislature, including any recess, and after final adjournment until April 30, 1951, with authority to file its final report not later than that date.

3. 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 and amended from time to time at this session, which provisions are incorporated herein and made applicable to this committee and its members.

4. The committee has the following additional powers and duties:

(a) To select 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 subpenas, 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

(f) To appoint subcommittees from the membership of the committee, which subcommittees shall have the same rights, powers, and duties as are conferred and imposed upon the committee itself under this resolution

5. 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.

6 The Assembly Interim Committee on Ways and Means created by House Resolution No 241 of the 1949 Regular Session is hereby abolished The unexpended and unobligated balance of Contingent Fund moneys made available to such committee shall revert to the Contingent Fund of the Assembly on the effective date of this resolution

Resolution read.

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

AYES—Anderson, Beck, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, George D Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dolwig, 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, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rosenthal, Rumford, Sherwin, Stanley, Thompson, Tomlinson, Weber, Yorty, and Mr. Speaker—61.

NOES—None.

REPORTS OF STANDING COMMITTEES

Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, March 29, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined Assembly Bill No. 3

And reports the same correctly engrossed.

HUYCK, Chairman

Above reported bill ordered to third reading.

ASSEMBLY CHAMBER, SACRAMENTO, March 29, 1950

MR SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Joint Resolution No. 4—Relative to memorializing the President and the Senate of the Congress of the United States in relation to H R. 163, authorizing Sacramento Valley irrigation canals as part of the Central Valley Project in California,

And reports that the same has been correctly enrolled, and presented to the Secretary of State on the twenty-ninth day of March, 1950, at 10 a m.

HUYCK, Chairman

CONSIDERATION OF DAILY FILE

THIRD READING OF ASSEMBLY BILLS

Assembly Bill No. 2—An act to add Section 11004.5 to the Revenue and Taxation Code and Section 139.44 to the Vehicle Code, relating to the service of warrants by members of the California Highway Patrol and the payment of the expense thereof from the Motor Vehicle License Fee Fund.

Bill read third time.

The roll was called, and the bill passed by the following vote:

AYES—Anderson, Beck, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dolwig, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rosenthal, Rumford, Sherwin, Stanley, Thomas, Thompson, Tomlinson, Weber, Yorty, and Mr. Speaker—64.

NOES—Geddes—1.

Bill ordered transmitted to the Senate.

REQUEST FOR UNANIMOUS CONSENT THAT ASSEMBLY BILL NO. 3 HOLD PLACE ON FILE

Mr. Butters asked for, and was granted, unanimous consent that Assembly Bill No. 3 be passed on file, and hold its place on file on the next legislative day.

CONSIDERATION OF DAILY FILE (RESUMED)
THIRD READING OF SENATE BILLS

Senate Concurrent Resolution No. 9—Relative to combining "Armed Forces Day," "National Maritime Day" and "I Am An American Day" for celebration in San Francisco on May 21, 1950.

Resolution read, and adopted unanimously.

Resolution ordered transmitted to the Senate.

REPORTS OF STANDING COMMITTEES

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, March 28, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

Senate 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 on file for adoption.

CONSIDERATION OF SENATE CONCURRENT RESOLUTION NO. 11 (BY UNANIMOUS CONSENT)

Senate Concurrent Resolution No. 11—Relative to approving amendments to the charter of the City of Salinas, a municipal corporation in the County of Monterey, State of California, voted for and ratified by the qualified electors of said city at a special municipal election held therein on the twenty-third day of August, 1949.

Resolution read.

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

AYES—Anderson, Babbage, Beck, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Collier, George D. Collins, Conrad, Cooke, Crowley, Davis, Dickey, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hansen, Hawkins, Hinckley, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rosenthal, Rumford, Sillman, Smith, Stanley, Thomas, Thompson, Waters, Weber, Yorty, and Mr. Speaker—62.

NOES—None.

Resolution ordered transmitted to the Senate.

RECESS

At 10.29 a.m., on motion of Mr. Dickey, the Assembly recessed until 11.03 a.m.

REASSEMBLED

At 11.03 a.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

The following bill was introduced, and read the first time:

Assembly Bill No. 6: By Messrs. Burkhalter, Fletcher, and McMillan—An act to add Part 12, comprising Sections 30001 to 30651, inclusive, to Division 2 of the Revenue and Taxation Code, imposing a gross receipts tax for the keeping of motor vehicles for compensation in the State of California, to take effect immediately.

Referred to Committee on Revenue and Taxation.

CONSIDERATION OF DAILY FILE (RESUMED)
THIRD READING OF SENATE BILLS (RESUMED)

Senate Bill No. 7—An act to add Section 13805 to the Revenue and Taxation Code, relating to inheritance tax exemptions.

Bill read third time.

Demand for Previous Question

Messrs. Kirkwood, Silliman, Caldecott, Burke, and Conrad demanded the previous question.

Demand for previous question sustained.

The question being on the passage of Senate Bill No. 7.

The roll was called, and the bill passed by the following vote:

AYES—Anderson, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Connolly, Conrad, Crowley, Dickey, Dolwig, Erwin, Evans, Fletcher, Fleury, Grant, Grunsky, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Levering, Lincoln, Lindsay, Lipscomb, McCarthy, McMillan, Meyers, Morris, Niehouse, Porter, Reagan, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—49.

NOES—Beck, Bennett, Berry, Coats, George D. Collins, Cooke, Davis, Dunn, Elliott, Gaffney, Geddes, Hagen, Kilpatrick, Kirkwood, Lewis, Lowrey, Luckel, Maloney, McCollister, Moss, Rosenthal, Rumford, and Sherwin—23.

Bill ordered transmitted to the Senate.

Request for Unanimous Consent That Names Be Placed Upon Roll Call on Senate Bill No. 7

Messrs Evans and Levering asked for, and were granted, unanimous consent that their names be placed upon the roll call on Senate Bill No. 7, and that they be recorded as voting "Aye."

REQUEST FOR UNANIMOUS CONSENT THAT PRELIMINARY REPORT TO THE LEGISLATURE BY THE ASSEMBLY INTERIM COMMITTEE ON PUBLIC HEALTH BE PRINTED AS SEPARATE DOCUMENT

Mr. Thompson asked for, and was granted, unanimous consent that the Preliminary Report to the Legislature by the Assembly Interim Committee on Public Health, as printed in the Assembly Regular (Budget) Session Journal, beginning on page 473, on Tuesday, March 28, 1950, be ordered printed as a separate document, and that 750 copies be ordered printed.

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

The following resolution was offered:

Assembly Concurrent Resolution No. 10: By Mr. Dolwig—Relative to the investigation of certain portions of San Francisco Bay for highway or bridge crossing.

Referred to Committee on Rules.

REPORTS OF STANDING COMMITTEES

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, March 29, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

House Resolution No. 27

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.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 29, 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. 1—An act making an appropriation for the support of the Government of the State of California and for several public purposes in accordance with the provisions of Section 34 of Article IV of the Constitution of the State of California, to take effect immediately.

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

CONSIDERATION OF DAILY FILE (RESUMED)
THIRD READING OF SENATE BILLS (RESUMED)

Senate Bill No. 3—An act to amend Section 19170 of the Business and Professions Code, relating to fees for the licensing and regulation of the upholstered furniture and bedding industries.

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, George D. Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dolwig, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay,

Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr Speaker—71.

NOES—None.

Bill ordered transmitted to the Senate.

ANNOUNCEMENT OF COMMITTEE MEETINGS

It was announced that the following committees would hold meetings:

Today—

At 2 p.m.—

Social Welfare.

At 3 p.m.—

Governmental Efficiency and Economy.

At 8 p.m.—

Municipal and County Government.

Today upon adjournment—

Interim Committee on Salary Equalization and Classification.

GUESTS EXTENDED COURTESIES OF ASSEMBLY

On request of Mr. Grunsky, the usual courtesies of the Assembly for this day were unanimously extended to Miss Dorothy T. Bowe and Richard R. Fickel, teachers of the Scotts Valley School of Santa Cruz, the following parents: Mrs. Wade Henderson, Mrs. William Herbert, Mrs. Robert Martin, Mr. and Mrs. Donald Santos, and Mrs. Walter Teman; and the following pupils: Diane DeVaurs, Nancy Herbert, Suzanne Jenkins, Patsy Jolley, Peggy Roberson, Marilyn Pringle, Alice Santos, Betty Santos, Marilyn Singer, Richard Brady, James Fitzpatrick, Walter Henderson, Darrow Hudson, Dan Knoll, Bill Martin, Walter Padia, Dick Teman, Doyne Weaver, Jackie Williams, and John Yonkman.

On request of Mr. Grunsky, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. William P. Yeager and Philip Yeager of Covina, and Mrs Lionel Enos and Dorothy Meidl of Watsonville.

On request of Mr. McCollister, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Albert Glaser, Mrs. Sherwood Osborn, and Mrs. Davis, parents, and the following pupils of the Geyserville School of Sonoma County: Lloyd Buckingham, Roy Davis, Gordon Dugan, Myrtle Ford, George Glaser, Stella Gori, Orrin Harris, Duane Hermon, Claire Kramer, James Le Brett, Gayle Riddle, Fred Rose, Jack Rose, Jesse Smith, and Silvio Solari.

On request of Mrs. Niehouse, Messrs. Luckel and Cloyed, the usual courtesies of the Assembly for this day were unanimously extended to J. Morris Mulkey and Mr. Carmody of Lemon Grove.

On request of Mr. Lindsay, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Mildred Barry and Bill Woods, teachers of the Lincoln School of Lincoln, and the following pupils: Lawrence Aguiar, Vernon Aguiar, Barbara Antognazzi, Marline

Arruda, Beverly Bates, Wayne Beavers, Carl Bennett, Frank Biddle, Daniel Bilderback, Dale Bolin, Otis Byers, Jenaro Carranza, William Chism, Betty Coffin, Mardell Crook, Virginia Cummings, Robert Derobertis, Francis Files, Victor Fiorelli, Earl Flowers, Socarro Franco, Andrew French, Delores Friend, Edward Gossett, Joan Greer, Neal Harmon, Delma Jo Hayward, Betty Herring, Alfred Hedges, Donna Rae Holbrook, Doyle Hopper, Harold Hughes, Larry Livingston, Jesus Lopez, Jr., Mary Sue Kimbrough, Morris Martin, Gloria Martinez, Carol Sue Mayers, Shirley McFarland, Duane McGuire, Rita Melendrez, Derisa Lea Moffett, Reuben Mohammed, Charles Montgomery, Donald Montgomery, Juanita Mullens, Venita Mullens, Pascuala Nevarez, Charmaine Newcomb, Lois Owsley, Donald Peek, John Perez, Donna Perry, Eugene Power, Clifford Prescott, Carol Procissi, Herman Robbins, Jr., Alexandria Ross, Jo Ann Shorthose, Virginia Silvas, Lois Sorenson, Elizabeth Strecker, Blair Thompson, Jo Ann Tregillis, Clesta Varner, Joyce Webber, Barrie Wells, Patricia Whitaker, Evelyn Wilson, and Donald Workman.

On request of Messrs. Fleury and Moss, the usual courtesies of the Assembly for this day were unanimously extended to Lena B. Everett, teacher of the Stanford Junior High School of Sacramento, and the following pupils: Rae Huber, Mary Jane Abbott, Patricia Bacon, Pat Alexander, Joan Buno, Janice Hofer, Betty Warmby, Roberta Cate, Janice Kerr, Ellen Fisher, Annette Laramore, Verla Klafkorn, Jeanette Huppa, James Madison, Edward Jerke, Homer Maier, Brian Russell, Robert Mullins, Lincoln Tremble, and Robert Scharborough.

On request of Mr. Brown, the usual courtesies of the Assembly for this day were unanimously extended to Herman L. Dorion, Elden Mahoney, and Richard Moon, teachers of the Waterford School of Waterford, and the following pupils: Doris Bishop, Russell Black, Paul Bray, Joyce Cossey, Mary Fleming, Malon Floyd, Betty Heard, Joyce Keene, Eleanor Martin, Homer McClure, Lois McClure, Dorothy Nelson, Marlene Nielsen, Rosella Pearles, Phyllis Reeves, Theodore Riddle, Shirley Roberts, Floyd Shaw, Patricia Shepherd, Ramona Shockley, Charles Switzer, Gordon Switzer, John Abbott, Dalton Baker, Roland Baker, Verna Bishop, Wanda Bostic, Holley Breshears, Roberta Brush, Eva Dyer, Bessie Faultner, Liannol Fleming, Jane Franks, Billie June Gilmore, Glenda Hall, Clinton Hendershot, Richard Hitt, Shirley Jordan, Clark Maddox, Shirley Martin, Lawrence McElroy, Mary Barbara Ownby, Viola Porter, Syble Rogers, Gerald Smith, and Melba Jo Wilmeth.

On request of the San Diego Delegation, the usual courtesies of the Assembly for this day were unanimously extended to Bert Strand, and Gale and Siders of San Diego.

On request of Mr. Hoffman, the usual courtesies of the Assembly for this day were unanimously extended to Bailey Fairchild of Lodi.

On request of Mr. Rumford, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Delores Cannon, Mrs. Eva Dunmore, and Mr. D. G. Gibson of Berkeley.

On request of Mr. Coates, the usual courtesies of the Assembly for this day were unanimously extended to J. Allen Lavener, teacher of the Wheatland School, and the following pupils: Robert Gault, Floyd Rodriques, Jerry Torres, Ferman Torres, Mary Jo Liebra, Joseph Hughes, Ruby Pankey, Betty Harvey, Gene Porter, Anna Millard, Jo Ann Muck, Marlene Tull, Rita Hoyle, Pauline Muck, Adolfo Perez, Clinton Kile, Alfred Putnam, Bernice Hale, Wanda Cargill, Junie Montgomery, Robert Bradshaw, and Vincent Villa.

On request of Messrs. Fleury and Moss, the usual courtesies of the Assembly for this day were unanimously extended to Helen Schwenk, Eleanor Harshner, and Leah Hinshaw, teachers of the Carmichael School, and the following pupils: Jean Baker, Carl Bales, Fred Boltres, Dana Bowers, Donald Burgess, Ralph Clark, Gorden Cook, Robert Driscoll, Roland Dynes, Joe Earnshaw, Keith Elledge, Morley Haraken, Lee Hill, Paul Kenshal, Phil Kelly, Charles Kniser, Lawrence James, William Lowe, Duane Loveland, Joann Bostick, Gaylee Caen, Thelma Curry, Diane De Gaugh, Sandra Diffenbocker, Margaret Flood, Betty Hough, Valerie Hubbard, Carol Sue Jacques, Barbara Kelly, Laura Marsh, Pat Mickelson, Helen Mitchell, Darlene Murrell, Antonia Shane, Patricia Shelton, Carleen Shields, Kathleen Shields, Joeanna Killian, James Ballew, David Becker, Eugene Bencken, Victor Blake, Robert Bockover, Ronnie Breech, John Cabral, Gene Culbertson, Jack Drake, Tommy Fisher, Richard Gary, Billy Hinton, Ben Johnson, Kenneth Kurk, Wallace Liddle, Larry Maudlin, Bruce Rieche, Ashley Schultz, Garland Temple, Bob Walker, Gerry Williams, Jackie Sue Bailey, Geraldine Balch, Virginia Becker, Martha Cowsert, William Blake, Errol Gagnon, Marshall Kraus, Wayne Martin, Charles Miura, Roger Ramseier, Arthur Soreide, Wayne Swart, Warren Weaver, Anna Dralle, Phyllis Dynes, Carol Graves, Sally Ann Hard, Susanna Jeffs, Myrna Jones, Donna Kallen, Patricia Ketchum, Nadine Kuykendall, Karen Lilleland, Yoneko Mizuno, Jean Neronde, Nany Poulsen, Margaret Sprinkle, Marilyn Tice, Patricia Treon, Joan Deason, Eleanor Ekdahl, Marilyn Ford, Mary Pat Gibson, Betty Gieler, Conchita Gomez, Louanne Grother, Ruth Hanson, Rena Harris, Dorthy Henderson, Norene Johnson, Reva Johnson, Dixie Lacy, Shirley McElroy, Georgianna Mulbarger, Betty Murray, Rose Shankle, Ruth Watkins, Bobby Turner, David Pearson, Robert Rice, Calvin Stevens, William Thomson, Feron Whitlord, and Jane Biggs.

On request of Mr. Condon, the usual courtesies of the Assembly for this day were unanimously extended to Bill Young, Jack Wilds, teachers of the El Cerrito High School, and the following pupils: Square Allen, Lothrop Bradford, Lynda Byrnes, Don Campbell, Mary Creuse, Velia Del Gado, Carol Del Vecchio, Marilyn Doss, Bill Edwards, Helen Erdelatz, Terrye Furuya, Lynn Freihofer, Joe Gowen, Richard Hall, James Hearne, Hilton Hempy, Tom Hoadley, Marvin Howe, Hervy Humphrey, Donald Johnson, Muriel Jones, Bob Leslie, Bill Lewin, Bob Mason, Joan Olney, Nancy Preston, Barbara Romero, Sally McMahan, Frank Nakamura, Altha Raszat, Agnes Stagnaro, Janet Stein, Sam Stevenson, Don Stone, Eunice Turner, Marilyn Wilson, and Betty Williams.

On request of Mr. Weber, the usual courtesies of the Assembly for this day were unanimously extended to the following members of the

Stockton Council P.-T.A.: Mrs. C. W. Copeland, President; Mrs. L. K. Walker, Legislative Chairman; Mrs. Ralph Dow, State School Education Chairman in charge of tour; Mesdames Ed. Broughton, H. D. Brandon, J. O. Dolph, R. L. Garretson, W. A. Parsons, C. H. Reimer, Morris Kessel, Sam Fox, Eilertson, T. H. Walters, Homer Smith, W. C. Minges, F. O. Helwig, Marion Baker, Jancen Wright, W. Wagner, G. Reynolds, E. Atchley, W. A. Rapp, C. W. Copeland, Carl Horn, Frank Jaborski, Bruce Curtis, L. C. Fawcett, Ravo, Clark Skadden, A. H. Bogard, and J. M. Conrady.

On request of Mr. Dunn, the usual courtesies of the Assembly for this day were unanimously extended to Frank Martella, Stanley McDougall, Mrs. Dorothy Englund, and C. Orville Blose, teachers of the San Lorenzo School and the Sunset School, and the following pupils: Norman Armitage, Janet Barnet, Stephen Billeb, Charles Bowen, Shirley Caldwell, Al Curtis, Tom Fitzsimmons, Joan Frembling, Donna Horat, Denny LaMere, Benny Neilson, Bill Ottaviano, Jimmie Pelham, Julietta Rodriguez, Ed Rushin, Donna Sparks, Hartwell Tibbets, Robert Venema, Sally Willetts, Robert Wood, Shirley Yuill, Kay Armstrong, LeRoy Beach, Sharon Biggs, Calvin Calderon, Richard Chambers, Richard Donnelly, Don Foley, Barbara Hjerpe, Allen Kunsky, Bill Ledo, Roth Okimoto, John Patton, Frances Perez, Gilbert Prevoete, Norman Scheed, Patricia Tabor, Robert Valleo, Gayle Wassmuth, Ada Willis, Glenn Yuill, Richard Zarth, David Ashley, Howard Bond, Noel Friend, Richard Hance, Richard Hansen, Francis Hennings, Richard Herb, Fred Johnson, Donald Jones, Kenneth Jones, Ralph Medrano, Jerry Miller, Milton Murdock, Ray Phillips, Kenneth Pierce, William Pryor, Keith Thomassen, Lonnie Williams, Margie Anderson, Marilyn Collins, Juanita Farris, Barbara Fry, Noreen Fults, Arlene Garner, Beverly Kiblinger, Geraldine Moniz, Elizabeth Price, Mitsy Sato, Alice Scott, Mirth Van Wegan, Mildred Ward, Francis Wayland, and Lequetta Wilson.

On request of Mr. Crowley, the usual courtesies of the Assembly for this day was unanimously extended to Ted Benedict, teacher of the Pacific Union College of Angwin, and the following pupils: Marvin Subel, Jonathan Hardt, Bob Edwards, Harold Gates, Masao Nakamoto, Dan Cotton, Edell Lust, Maynard Christian, Larry Owens, Charles Gillit, Verlin Leer, Ronald Cople, Elmer Wild, Craig Pearson, Robert Hampel, Jr., Bernita Wild, Peggy Reynolds, Jill Warden, Lenore Hardt, Phyllis Griggs, Miriam Kruger, Elaine Tonn, Beverly Anderson, Harriet Anderson, and Nick Klim.

On request of Messrs. Rumford and Caldecott, the usual courtesies of the Assembly for this day were unanimously extended to Miss Sue Irwin and Mrs. John R. Carr, teachers of the McKinley High School of Berkeley, and the following pupils: Josephine Arnold, Hugh Lee, Tess Shinmachi, Mary Christman, Fumiko Higuchi, Jean Carlson, Olga Rajevsky, Roy Tong, Nancy Lee, Mrs. Celeste Allen, Ai Sook Sohn, Jean Glavinovich, Kuni Higuchi, David Hawks, Joyce Owings, Theodora Ortiz, Berta Ortiz, Fikret Ayberk, Peggy Otsuji, Simson Loew, Eugene Seppala, Mrs. Vera Finkel, Sigrid Steingrims, Edwin Sumrall, Mrs. Marion Spengler, Lemmie Coleman, Maxine Ashton, Sultan Alemadadi, Sirouss Nonnejad, and Parvis Taherpour.

On request of Mr. Lindsay, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Geron Wilson, teacher of the Atlantic Street School of Roseville, Mrs. Carlos Schmitt, P.-T. A. member, and the following pupils: Berniece Barnes, Patricia Bell, Dollie Brown, Carole Colnar, Virginia Ferrero, Victoria Garcia, Josephine Gutierrez, Patricia Handley, Thaila Hart, Bonnie Hopkins, Joyce Kotson, Shirley Kotson, Charmaine Richardson, Norma Schrader, Nancy Sowell, Ruth Stewart, Elsie Taulman, Lanora Tremp, Shirley Wright, Robert Anderson, Louis Barba, David Bobb, Chester Briscoe, Richard Byfield, Charles Carruthers, Dennis Clements, Lincoln Covington, Billy Donaldson, James Dumas, Kenneth Dunn, James Griffis, Daniel Hoagland, Jack Kramer, Joseph McMahon, Fount Rice, Richard Rice, Donald Romero, Lauren Schmitt, Carl Stewart, and Owen Waltrip.

On request of Mr. Meyers and the San Francisco Delegation, the usual courtesies of the Assembly for this day were unanimously extended to William P. Hoffman of San Francisco.

ADJOURNMENT

At 11.50 a.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Thursday, March 30, 1950.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

SEVENTEENTH LEGISLATIVE DAY

TWENTY-FIFTH CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Thursday, March 30, 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, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rosenthal, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—77.

Quorum present.

PRAYER

The following prayer was offered by the Chaplain, Dr. Torrance Phelps:

Infinite Spirit: How sublime it is that in the midst of the furor of life, there are a few minutes in which we can escape into the presence of that which is altogether beautiful and altogether perfect.

We would tarry in this moment in the presence of the perfect truth, the perfect ideal so that every discord and evil about us might pass away.

May some gleam of that divine beauty and divine majesty that dwells at the heart of things enter into our spirit and lighten us with a touch of the Infinite.

Some touch of indescribable awe, some feeling of unutterable exaltation that sets our hearts a singing to the rhythm of Eternity and makes our noisy days seem but a second in the great Eternal stillness.

A transcendent moment when we dwell in thought on the margin of the horizonless vastness.—AMEN.

READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Fleury, further reading of the Journal of the previous legislative day was dispensed with.

LEAVES OF ABSENCE FOR THE DAY

The following member was granted leave of absence for the day, because of illness:

Mr. Price, on motion of Mr. Reagan.

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

Mr. Silliman, on motion of Mr. Reagan.

COMMUNICATIONS

By Speaker Sam L. Collins:

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

STATE OF CALIFORNIA, DEPARTMENT OF FINANCE
SACRAMENTO 14, March 29, 1950

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

DEAR MR. SPEAKER: In accordance with the provisions of Section 16.2 of the Budget Act of 1949, there is listed below the amounts of savings that have been accumulated from appropriations made by the Budget Act of 1949, which included amounts for furnishing rugs or carpets for state offices.

Agency	*Amount of savings*
Chico State College	$300
Department of Industrial Relations, Division of Housing	200
Department of Industrial Relations, Division of Industrial Accidents	150
Sonoma State Home	405
Board of Equalization, General Administration	1,009
Board of Equalization, Motor Vehicle Fuel Tax Division	225
Public Utilities Commission	1,300
Total savings	$3,589

Respectfully submitted,

JAMES S. DEAN, Director of Finance

cc: Legislative Auditor

MESSAGES FROM THE GOVERNOR

STATE OF CALIFORNIA
GOVERNOR'S OFFICE
SACRAMENTO, March 30, 1950

To the Honorable Members of the Assembly
Sacramento, California
GENTLEMEN:

Assembly Bill No. 3 of the 1950 Budget Session, "An Act to amend Sections 916.1 and 917.3 of the Agricultural Code, relating to fees for testing, examining, and certifying seeds," in my opinion constitutes an emergency bill within the meaning of that term as used in Section 34 of Article IV of the Constitution of the State of California, the consideration of which should not await the final enactment of the Budget Bill.

This bill is approved by the Department of Agriculture and the Department of Finance as a means of making the testing and certifying of seeds a self-supporting function, and it is desirable that it be enacted at the present Budget Session.

I therefore recommend consideration of Assembly Bill No. 3 of the 1950 Budget Session as an emergency measure.

Respectfully submitted,

EARL WARREN, Governor

Request for Unanimous Consent

Mr. Dickey asked for, and was granted, unanimous consent to take up Assembly Concurrent Resolution No. 9, out of order, at this time, without reference to committee, and that the same be considered engrossed.

CONSIDERATION OF ASSEMBLY CONCURRENT RESOLUTION NO. 9

Assembly Concurrent Resolution No. 9—Relative to adjournment sine die of the 1950 Regular Session of the Legislature of the State of California.

Resolution read.

Motion to Amend

Mr. Dickey moved the adoption of the following amendment:

Amendment No. 1

On page 1 of the printed bill, strike out line 4, and insert "12 m., Friday, March 31, 1950".

Amendment read.

Assembly Concurrent Resolution No. 9 ordered temporarily passed on file.

CONSIDERATION OF DAILY FILE

THIRD READING OF ASSEMBLY BILLS

Assembly Bill No. 3—An act to amend Sections 916.1 and 917.3 of the Agricultural Code, relating to fees for testing, examining, and certifying seeds.

Bill read third time.

The roll was called, and the bill passed by the following vote:

AYES—Babbage, Beck, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, George D. Collins, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Dolwig, Doyle, Elliott, Erwin, Evans, Fletcher, Fleury, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rosenthal, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Yorty, and Mr. Speaker—65.

NOES—None.

Bill ordered transmitted to the Senate.

INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS

The following bill was introduced, and read the first time:

Assembly Bill No. 7: By Messrs. Lewis, George D. Collins, Condon, and Elliott—An act to amend Section 17052 of the Revenue and Taxation Code, relating to imposition of the income tax.

Referred to Committee on Revenue and Taxation.

ADJOURNMENT

At 10.17 a.m., on motion of Mr. Hollibaugh, the Speaker declared the Assembly adjourned until 10 a m., Friday, March 31, 1950.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

EIGHTEENTH LEGISLATIVE DAY

TWENTY-SIXTH CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Friday, March 31, 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, Beck, Bennett, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, George D. Collins, Condon, Connolly, Conrad, Cooke, Crowley, Davis, Dickey, Dills, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lincoln, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Moss, Niehouse, Porter, Reagan, Rosenthal, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—72.

Quorum present.

PRAYER

The following prayer was offered by the Chaplain, Dr. Torrance Phelps:

God of Our Fathers: May we realize this morning how ancient and universal is this practice to pray at this opening moment.

May we remember that famous Cicero in the Roman Senate began every address with an invocation, and recall that Columbus knelt on San Salvador and invoked the Divine blessing upon the new continent.

Let us behold Washington, when he knelt at Valley Forge to pray that his army might maintain its morale and fight on 'til victory dawned.

And behold Lincoln kneeling in his chamber in the White House praying for light and power to do the right.

Above all, the vast multitude of men and women, of every age and race, who at altar and fireside offer up their earnest voices for wisdom and courage.—AMEN.

READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Fleury, 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. Price, on motion of Mr. Reagan.

Mr. Crichton, on motion of Mr. Clarke.

The following members were granted leaves of absence for the day, because of legislative business elsewhere:

Mr. Hinckley, on motion of Mr. Collier.

Mr. Babbage, on motion of Mr. Stanley.

Mr. Morris, on motion of Mr. Stanley.

Mr. Dolwig, on motion of Mr. Connolly.

Mr. Silliman, on motion of Mr. Kirkwood.

REPORTS OF STANDING COMMITTEES

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, March 30, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

Senate Joint Resolution No. 5

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.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 30, 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

The following resolution was read:

Senate Joint Resolution No. 1—Relative to withdrawing the application to Congress made by Assembly Joint Resolution No. 26 of the 1949 Regular Session, to propose a constitutional amendment for American participation in a World Federal Government.

Referred to Committee on Rules.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 30, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Concurrent Resolution No. 12

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. 12—Relative to commemorating the San Francisco Chamber of Commerce on the occasion of its one hundredth anniversary.

Referred to Committee on Rules.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 30, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Concurrent Resolution No. 13

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. 13—Relative to the Centennial Anniversary of the incorporation of the City of San Francisco.

Referred to Committee on Rules.

RECESS

At 10.14 a.m., on motion of Mr. Dickey, the Assembly recessed until 12.07 p.m.

REASSEMBLED

At 12.07 p.m., the Assembly reconvened.

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

Chief Clerk Arthur A. Ohnimus at the desk.

CONSIDERATION OF DAILY FILE

CONSIDERATION OF HOUSE RESOLUTION NO. 27

By Messrs. Weber, Gaffney, Moss, Hagen, Yorty, Hansen, Lindsay, Lewis, and Lincoln:

House Resolution No. 27

Relating to augmenting the funds of the Assembly Interim Committee on Conservation, Planning, and Public Works

Resolved by the Assembly of the State of California, That in addition to any money heretofore made available, the sum of twenty-five thousand dollars ($25,000) 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.

Resolution read.

Consideration of Committee Amendments

The following amendment was proposed by the Committee on Rules:

Amendment No. 1

In the measure, as printed in the Assembly Journal of March 21, 1950, at page 136; in line 2, after "sum of", strike out "twenty-five thousand dollars ($25,000)"; and insert "four thousand four hundred fifteen dollars and eighty-seven cents ($4,415.87)".

Amendment read, and adopted.

Consideration of House Resolution No. 27, As Amended

By Messrs. Weber, Gaffney, Moss, Hagen, Yorty, Hansen, Lindsay, Lewis, and Lincoln:

House Resolution No. 27

Relating to augmenting the funds of the Assembly Interim Committee on Conservation, Planning, and Public Works

Resolved by the Assembly of the State of California, That in addition to any money heretofore made available, the sum of four thousand four hundred fifteen dollars and eighty-seven cents ($4,415.87) 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.

Resolution read, as amended.

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

AYES—Anderson, Berry, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Coats, Collier, Condon, Connolly, Conrad, Cooke, Davis, Dickey, Dills, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Huyck, Kirkwood, Levering, Lewis, Lincoln, Lipscomb, Luckel, Maloney, McCollister, McMillan, Meyers, Moss, Niehouse, Porter, Reagan, Rosenthal, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—61.

NOES—None.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, March 31, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day passed:

Assembly Bill No. 3

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

Above bill ordered enrolled.

SENATE CHAMBER, SACRAMENTO, March 31, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Assembly Joint Resolution No. 6
Assembly Joint Resolution No. 7

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

Above resolutions ordered enrolled.

SENATE CHAMBER, SACRAMENTO, March 31, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate amended, and on this day adopted, as amended:

Assembly Joint Resolution 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 resolution ordered to unfinished business file.

REQUEST FOR UNANIMOUS CONSENT THAT COMMITTEE REPORTS BE DEEMED READ

Mr. Dickey asked for, and was granted, unanimous consent that the following committee reports be deemed read:

REPORTS OF STANDING COMMITTEES

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, March 31, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

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 resolution ordered on file for adoption.

ASSEMBLY CHAMBER, SACRAMENTO, March 31, 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 without recommendation.

DICKEY, Chairman

Above reported resolution ordered on file for adoption.

ASSEMBLY CHAMBER, SACRAMENTO, March 31, 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 without recommendation.

DICKEY, Chairman

Above reported resolution ordered on file for adoption.

ASSEMBLY CHAMBER, SACRAMENTO, March 31, 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 adopted.

DICKEY, Chairman

Above reported resolution ordered engrossed.

ADJOURNMENT

At 12.12 p.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Monday, April 3, 1950.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

NINETEENTH LEGISLATIVE DAY

TWENTY-NINTH CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Monday, April 3, 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, Cloved, Coats, Collier, George D. 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, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rosenthal, Rumford, Sherwin, Silliman, 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:

Infinite God: As we pledge allegiance this morning, let us pledge it to the Constitution of the United States, from which has sprung our greatness and glory.

Honor it for our Republic with its three branches of government and two houses of legislation, providing for government of and by the people.

Its guarantee of the inalienable rights of the individual, freedom of worship and of speech, freedom of assembly and freedom from arbitrary government regulation.

Honor it for its personal rights of privacy in our homes, its insurance of justice through habeas corpus and trial by jury, and for the right to choose our own work and to own and control our property.

God help us in this troubled world to stand by the Constitution whose blessings have made this Country surpass the dreams of the ages, the model and hope of mankind.—AMEN.

READING OF THE JOURNAL DISPENSED WITH

On motion of Mr. Hollibaugh, 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. Price, on motion of Mr. Reagan.

Mr. Lincoln, on motion of Mr. Rumford.

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

Mr. Hinckley, on motion of Mr. Collier.

PLEDGE OF ALLEGIANCE TO THE FLAG

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

REPORTS OF STANDING COMMITTEES

Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, March 31, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Concurrent Resolution No. 10

And reports the same correctly engrossed.

HUYCK, Chairman

Above reported resolution ordered on file for adoption.

CONSIDERATION OF DAILY FILE

SECOND READING OF SENATE BILLS

Senate Joint Resolution No. 5—Relative to invitation to the President of the United States to speak in San Francisco on the fifth anniversary of the signing of the United Nations Charter.

Resolution read.

Consideration of Committee Amendments

The following amendment was proposed by the Committee on Rules:

Amendment No. 1

On page 2 of the printed measure, between lines 4 and 5, insert

"*Resolved*, That a committee of five Members of the Senate appointed by the Senate Rules Committee and five Members of the Assembly appointed by the Speaker of the Assembly is created and authorized and directed to meet President Truman upon his arrival in California to speak in San Francisco on the occasion of the fifth anniversary of the signing of the United Nations Charter, June 26, 1950, to extend to him official welcome by the State of California and the people thereof and to escort him to San Francisco for the celebration commemorating the fifth anniversary of the signing of the United Nations Charter; and be it further".

Amendment read, and adopted.

Resolution ordered reprinted, and to third reading.

UNFINISHED BUSINESS

CONSIDERATION OF SENATE AMENDMENTS

Assembly Joint Resolution No. 8—Relative to location of the Air Force Academy in California.

The question being: Shall the Assembly concur in the following Senate amendment to Assembly Joint Resolution No. 8?

Amendment No. 1

On page 1, line 9, of the printed measure, after "east,", insert "the great Sacramento and San Joaquin Valleys,".

Senate amendment read.

Consideration of Senate amendment to Assembly Joint Resolution No. 8 ordered temporarily passed on file.

THIRD READING OF ASSEMBLY BILLS

Assembly Concurrent Resolution No. 10—Relative to the investigation of certain portions of San Francisco Bay for highway or bridge crossing.

Resolution read, and adopted.

Resolution ordered transmitted to the Senate.

THIRD READING OF SENATE BILLS

Senate Concurrent Resolution No. 5—Relative to making additional funds available to the Legislative Budget Committee, established by Senate Concurrent Resolution No. 7 (Res. Ch. 75, 1949).

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, Connolly, Conrad, Cooke, Crichton, Davis, Dills, Dolwig, Doyle, Dunn, Elliott, Erwin, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Lewis, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Morris, Moss, Niehouse, Porter, Reagan, Rosenthal, Rumford, Sherwin, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Yorty, and Mr. Speaker—66.

NOES—None.

Resolution ordered transmitted to the Senate.

MEMBER EXCUSED

At 10 28 a.m., Mr. Dickey asked for, and was granted, unanimous consent that Mr. Crowley be excused, for the balance of the legislative day, because of legislative business elsewhere.

RECESS

At 10.29 a.m., on motion of Mr. Dickey, the Assembly recessed until 10.41 a.m.

REASSEMBLED

At 10.41 a.m., the Assembly reconvened.

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

Chief Clerk Arthur A. Ohnimus at the desk.

CONSIDERATION OF DAILY FILE (RESUMED)
THIRD READING OF SENATE BILLS (RESUMED)

Senate Joint Resolution No. 1—Relative to withdrawing the application to Congress made by Assembly Joint Resolution No. 26 of the

1949 Regular Session, to propose a constitutional amendment for American participation in a World Federal Government.

Resolution read.

Demand for Previous Question

Messrs. Luckel, Babbage, Grant, McMillan, and Morris demanded the previous question.

Demand for previous question sustained.

The question being on the adoption of Senate Joint Resolution No. 1.

Roll Call Demanded

Messrs. Condon, George D. Collins, and Elliott demanded a roll call.

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

AYES—Beck, Brady, Brown, Burke, Burkhalter, Butters, Clarke, Cloyed, Collier, Conrad, Cooke, Dickey, Dolwig, Doyle, Erwin, Evans, Fletcher, Fleury, Geddes, Grant, Grunsky, Hahn, Hansen, Hoffman, Hollibaugh, Huyck, Levering, Lindsay, Lipscomb, Luckel, Morris, Moss, Niehouse, Reagan, Silliman, Smith, Stewart, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—42.

NOES—Anderson, Babbage, Bennett, Berry, Caldecott, Coats, George D. Collins, Condon, Connolly, Crichton, Davis, Dills, Dunn, Elliott, Gaffney, Hagen, Hawkins, Kilpatrick, Kirkwood, Lewis, Lowrey, Maloney, McCarthy, McCollister, McMillan, Meyers, Porter, Rosenthal, Rumford, Sherwin, Stanley, Thomas, and Yorty—33.

Request for Unanimous Consent That Name Be Placed Upon Roll Call on Senate Joint Resolution No. 1

Mr. Cooke asked for, and was granted, unanimous consent that his name be placed upon the roll call on Senate Joint Resolution No. 1, and that he be recorded as voting "Aye."

Notice of Motion to Reconsider Senate Joint Resolution No. 1

Mr. Lowrey gave notice that on the next legislative day he would move to reconsider the vote whereby Senate Joint Resolution No. 1 was this day adopted.

Motion to Temporarily Suspend the Rules

Mr. Reagan moved that the Rules be temporarily suspended for the purpose of considering Mr. Lowrey's notice of motion to reconsider the vote whereby Senate Joint Resolution No. 1 was this day adopted, at this time.

Mr. Levering seconded the motion.

Point of Order

Mr. Lowrey arose to the following point of order: That Mr. Reagan is not in order because he did not properly state his motion.

Ruling by Speaker

Speaker Sam L. Collins ruled the motion by Mr. Reagan in order.

The question being on the motion by Mr. Reagan.

Roll Call Demanded

Messrs. Lowrey, Elliott, and Anderson demanded a roll call.

The roll was called, and the motion lost by the following vote:

AYES—Berry, Brady, Burke, Butters, Clarke, Cloyed, Collier, Dickey, Dolwig, Erwin, Fleury, Grant, Grunsky, Hansen, Hoffman, Holhbaugh, Huyck, Levering, Lipscomb, Maloney, McCollister, Morris, Niehouse, Reagan, Sherwin, Silliman, Smith, Stewart, Tomlinson, and Weber—30.

NOES—Anderson, Babbage, Beck, Bennett, Brown, Burkhalter, Caldecott, Coats, George D. Collins, Connolly, Cooke, Crichton, Davis, Dills, Doyle, Dunn, Elliott, Fletcher, Gaffney, Geddes, Hagen, Hawkins, Kilpatrick, Kirkwood, Lewis, Lowrey, Luckel, McCarthy, McMillan, Meyers, Moss, Rumford, Stanley, Waters, and Yorty—35.

Senate Joint Resolution No. 1 ordered to the unfinished business file.

Explanation of Vote by Mr. Lewis on Senate Joint Resolution No. 1

I voted "No" on Senate Joint Resolution No 1, because I feel no harm and only good can come of discussions and organizations for World Peace as Assembly Joint Resolution No. 26 provides.

I feel that the United States is competent to defend its sovereignty despite what is said by the proponents of Senate Joint Resolution No. 1.

JOE C. LEWIS

MOTION TO APPROVE JOURNALS

Upon motion of Mr. Dickey, the Journals for Monday, March 27, 1950; Tuesday, March 28, 1950; Wednesday, March 29, 1950; Thursday, March 30, 1950; and Friday, March 31, 1950, were approved, as corrected by the Minute Clerk.

CONSIDERATION OF DAILY FILE (RESUMED)
UNFINISHED BUSINESS (RESUMED)
FURTHER CONSIDERATION OF SENATE AMENDMENTS

Assembly Joint Resolution No. 8—Relative to location of the Air Force Academy in California.

The question being: Shall the Assembly concur in the following Senate amendment to Assembly Joint Resolution No. 8?

Amendment No. 1

On page 1, line 9, of the printed measure, after "east,", insert "the great Sacramento and San Joaquin Valleys,".

The Assembly concurred in Senate amendment to Assembly Joint Resolution No. 8.

Assembly Joint Resolution No. 8 ordered enrolled.

GUESTS EXTENDED COURTESIES OF ASSEMBLY

On request of Mr. Cooke, the usual courtesies of the Assembly for this day were unanimously extended to Mr. and Mrs. Ben S. Stinman of Georgetown.

On request of Mr. Beck, the usual courtesies of the Assembly for this day were unanimously extended to Mr. and Mrs. Robert E. G. Harris, Bob Herzbrun, Bob Work, and Glenn Black of Los Angeles.

On request of Mr. Hoffman, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Lavina Fulton, James McGlynn, Jack Lake, Vince Wright, and John McIntosh, teachers of the Lincoln School of Manteca, and the following pupils: Thelma Adney, Jimmy Andrada, Wayne Bisher, Rochelle Brashear, Jeanne Cabral, Marian Catalano, Artist Chapman, Lawrence Costa, Robert Costanzi, Betty Cox, John Curry, Jim Crom, Franklin Davis, Abram DeLeon,

Larry DeSimas, Rudy Domingo, Margaret Dovichi, Donald Elliott, Beverly Farrer, Raymond Fulton, Bobby Golding, Leon Hallett, Donald Harvey, Jess Haro, LeeRoy Hicks, Bobby Hinton, Deanne Hogrefe, Betty Jay, Janet King, Richard Macedo, Virginia Mayberry, Jimes Millner, Dan Noonan, Mae Gnell Porterfield, Joyce Raggio, Beatrice Rieker, Neil Rudd, John Saarloos, Marie Schneider, Irene Wallace, Marilyn Wiggin, Idana Wright, Loretta Wunsch, Lyla Sue Witt, Lane Adams, Dubby Allen, Leslie Brandow, Velma Brooks, Shirley Brooks, Peggy Bullard, Joyce Byrd, Elsie Coehlo, Donald Comstock, Charlene Candini, Buddy Daniel, Darla Dees, Nancy Dickman, Bobby Downing, Ernest Dunbar, Lon Duval, Betty Jo Gilley, Billy Harper, Amos Henry, Marcia Hopper, Fred Hunger, Richard Johnson, Harvey Kooy, Jacqueline Loumena, Annete Marples, Carmen Mattos, Myrna McAlary, Robert Munger, Tony Ott, Norma Jean Paine, Mercedes Payan, Walter Phillips, Charlotte Quintal, Delores Rose, John Scarlota, David Shaffer, Walter Silva, Eleanor Silveira, James Smith, Barbara Terrill, Maureen Terzo, Shirley Snyder, Reva Walquist, Marian Wattell, and Sharon Welch.

On request of Mr. Dunn, the usual courtesies of the Assembly for this day were unanimously extended to the following pupils of the Newark School: Robert Avila, Leota Bayliss, Delma Blythe, Everrett Brown, Samuel Carrasco, Betty Carter, Robert Carter, Joanne Castro, Kenneth Crosby, Perry Dean, Henry DeCaney, Claudette Elias, Connie Emmett, Gilbert Fernandez, Wilbert Fernandez, Arthur Goularte, Phillip Lammi, Betty Lewis, Freddie Nichols, Carolyn Nobles, Allan Olk, Beatrice Orta, Marian Silva, John Smith, Louis Smith, Jack Valles, Earline Wilkins, Milton Wyman, Ethel Osborne, Marlene Phippen, Nancy Rodrigues, Anita Rogers, and Darla Runolfson.

On request of Mr. Hollibaugh, the usual courtesies of the Assembly for this day were unanimously extended to Zack Lamar Cobb of Los Angeles, and Mark Luitz of San Francisco.

On request of Mr. Geddes, the usual courtesies of the Assembly for this day were unanimously extended to Mr. and Mrs. Heber H. Clewett of Pomona and Mrs. Kenneth Clewett of Sacramento.

On request of Speaker Sam L. Collins, the usual courtesies of the Assembly for this day were unanimously extended to former Assemblyman Bert King of Chico.

ADJOURNMENT

At 11.50 a.m., on motion of Mr. Dickey, the Speaker declared the Assembly adjourned until 10 a.m., Tuesday, April 4, 1950.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

CALIFORNIA LEGISLATURE

1950 REGULAR (BUDGET) SESSION

ASSEMBLY DAILY JOURNAL

TWENTIETH LEGISLATIVE DAY

THIRTIETH CALENDAR DAY

IN ASSEMBLY

ASSEMBLY CHAMBER, SACRAMENTO
Tuesday, April 4, 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, George D. Collins, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Dickey, Dills, Dolwig, Doyle, Dunn, Elliott, Evans, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Stewart, Thomas, Thompson, Tomlinson, Waters, Weber, Yorty, and Mr. Speaker—73.

Quorum present.

Request for Unanimous Consent That Names of Members of Rules Committee Be Placed Upon Morning Roll Call

Mr. Silliman asked for, and was granted, unanimous consent that the names of the members of the Rules Committee, plus the names of Messrs. Anderson, Coats, Lindsay, and Weber, who are attending a meeting of the Committee on Rules, be placed upon the morning roll call, and be recorded as being present.

PRAYER

The following prayer was offered by the Chaplain, Dr. Torrance Phelps:

Infinite God: May we rise in thought for a moment into that mysterious world beyond the visible and the tangible about us—the infinite world of Easter.

The world of mystery—the mystery of the heavenly realms in which Thou and all the holy presence and the loved ones in glory dwell.

The mystery of Thy Spirit, omniscient and omnipresent, where the morning stars sing together, and yet the light of our minds and the love of our hearts.

The mystery of the *invisible soul* and the *immortal mind* within us, infinite in destiny, transcending time and space.

"Beyond the spectrums violet bar,
Other spheres there are,
And realms that touch us not,
Voyaging afar."

—AMEN.

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. Price, on motion of Mr. Reagan.

Mr. Lincoln, on motion of Mr. Rumford.

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

Mr. Davis, on motion of Mr. Rumford.

REPORTS OF STANDING COMMITTEES

Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, April 4, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Joint Resolution No. 8—Relative to location of the Air Force academy in California;

And reports that the same has been correctly enrolled, and presented to the Secretary of State on the fourth day of April, 1950, at 11 a.m.

HUYCK, Chairman

ASSEMBLY CHAMBER, SACRAMENTO, April 3, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Joint Resolution No. 6—Relating to memorializing Congress to exempt motion picture and all types of theatrical entertainment from the federal admissions tax;

Assembly Joint Resolution No. 7—Memorializing the Congress of the United States to modify the federal luxury tax;

And reports that the same have been correctly enrolled, and presented to the Secretary of State on the third day of April, 1950, at 1 p.m.

HUYCK, Chairman

ASSEMBLY CHAMBER, SACRAMENTO, April 3, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 3—An act to amend Sections 916.1 and 917.3 of the Agricultural Code, relating to fees for testing, examining, and certifying seeds;

And reports that the same has been correctly enrolled, and presented to the Governor on the third day of April, 1950, at 1 p.m.

HUYCK, Chairman

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, April 3, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Assembly Concurrent Resolution No. 6

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

Above resolution ordered enrolled.

SENATE CHAMBER, SACRAMENTO, April 3, 1950

MR. SPEAKER. I am directed to inform your honorable body that the Senate on this day adopted:

Senate Concurrent Resolution No. 6

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. 6—Relative to the feasibility of constructing a high-speed highway between Los Angeles and San Francisco.

Referred to Committee on Rules.

RECESS

At 10.14 a.m., on motion of Mr. Dickey, the Assembly recessed until 10.46 a.m.

REASSEMBLED

At 10.46 a.m., the Assembly reconvened.

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

Chief Clerk Arthur A. Ohnimus at the desk.

CONSIDERATION OF DAILY FILE
UNFINISHED BUSINESS
NOTICE OF MOTION TO RECONSIDER CONTINUED

By unanimous consent, the consideration of notice of motion to reconsider vote on the following bill was continued until the next legislative day:

Senate Joint Resolution No. 1, by unanimous consent.

THIRD READING OF ASSEMBLY BILLS

Assembly Joint Resolution No. 2—Relative to rescinding and withdrawing Assembly Joint Resolution No. 26 of 1949, relative to participation by the United States in a world federal government.

Resolution read, and ordered temporarily passed on file.

THIRD READING OF SENATE BILLS

Senate Joint Resolution No. 5—Relative to invitation to the President of the United States to speak in San Francisco on the fifth anniversary of the signing of the United Nations Charter.

Resolution read, and adopted unanimously.

Resolution ordered transmitted to the Senate.

INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS

The following resolution was offered:

Assembly Constitutional Amendment No. 1: By Mr. Reagan—A resolution to propose to the people of the State of California an amendment to the Constitution of the State by adding Section 21 to Article XI,

relating to regulation and taxation by cities, counties, and cities and counties, in fields occupied by the State.

Referred to Committee on Constitutional Amendments.

RESOLUTIONS

The following resolutions were offered:

By Mr. Silliman:

House Resolution No. 29

Resolved by the Assembly of the State of California, That each and every person, officer, attache, or employee heretofore employed by the Assembly is stricken from the list of Assembly attaches, officers, and employees, and the names stricken from the payroll of the Assembly, to take effect upon the completion of work on Tuesday, April 4, 1950, except those persons who are certified to the Controller by the Chief Clerk of the Assembly.

Resolution read, and ordered on file.

By Mr. Silliman:

House Resolution No. 30

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 1950 Regular Session of the Legislature; and shall have charge of indexing, correcting, comparing and proofreading, and otherwise preparing the Journal and the Final History of the Assembly of the 1950 Regular Session of the Legislature; 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 1950 Regular Session. He shall also have charge of compiling, preparing, and having printed after adjournment, a final calendar of the legislative business of the 1950 Regular Session, 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, said 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 be 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 be 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.

Resolution read, and ordered on file.

By Mr. Silliman:

House Resolution No. 31

Resolved, That the Chief Clerk or the Sergeant-at-Arms 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.

Resolution read, and ordered on file.

By Mr. Silliman:

House Resolution No. 32

Resolved, That the Speaker apppoint 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 and awaits his further pleasure.

Resolution read, and ordered on file.

By Mr. Silliman:

House Resolution No. 33

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.

Resolution read, and ordered on file.

MEMBERS EXCUSED

Mr. Lowrey asked for, and was granted, unanimous consent that he and Mr. Erwin be excused, for the balance of the legislative day, because of legislative business elsewhere.

Mr. Silliman asked for, and was granted, unanimous consent that Mr. Kirkwood be excused, temporarily, for the purpose of attending a meeting of the Committee on Wildlife, at this time.

REQUEST FOR UNANIMOUS CONSENT

Mr. Silliman asked for, and was granted, unanimous consent to take up House Resolution No. 29, at this time, without reference to committee or file.

CONSIDERATION OF HOUSE RESOLUTION NO. 29

By Mr. Silliman:

House Resolution No. 29

Resolved by the Assembly of the State of California, That each and every person, officer, attache, or employee heretofore employed by the Assembly is stricken from the list of Assembly attaches, officers, and employees, and the names stricken from the pay roll of the Assembly, to take effect upon the completion of work on Tuesday, April 4, 1950, except those persons who are certified to the Controller by the Chief Clerk of the Assembly.

Resolution read, and adopted.

REQUEST FOR UNANIMOUS CONSENT

Mr. Silliman asked for, and was granted, unanimous consent to take up House Resolution No. 31, at this time, without reference to committee or file.

CONSIDERATION OF HOUSE RESOLUTION NO. 31

By Mr. Silliman:

House Resolution No. 31

Resolved, That the Chief Clerk or the Sergeant-at-Arms 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.

Resolution read, and adopted.

REQUEST FOR UNANIMOUS CONSENT

Mr. Silliman asked for, and was granted, unanimous consent to take up House Resolution No. 32, at this time, without reference to committee or file.

CONSIDERATION OF HOUSE RESOLUTION NO. 32

By Mr. Silliman:

House Resolution No. 32

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 and awaits his further pleasure.

Resolution read, and adopted.

Appointment of Select Committee

Pursuant to the provisions of House Resolution No. 32, Speaker Sam L. Collins announced the appointment of Messrs. Silliman, Crichton, George D. Collins, Burke, and Butters, as such Select Committee to wait upon the Governor.

REQUEST FOR UNANIMOUS CONSENT

Mr. Silliman asked for, and was granted, unanimous consent to take up House Resolution No. 33, at this time, without reference to committee or file.

CONSIDERATION OF HOUSE RESOLUTION NO. 33

By Mr. Silliman:

House Resolution No. 33

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.

Resolution read, and adopted.

Appointment of Select Committee

Pursuant to the provisions of House Resolution No. 33, Speaker Sam L Collins announced the appointment of Messrs. Lipscomb, Smith, and Beck as such Select Committee to wait upon the Senate.

REQUEST FOR UNANIMOUS CONSENT

Mr. Silliman asked for, and was granted, unanimous consent to take up House Resolution No. 30, at this time, without reference to committee or file.

CONSIDERATION OF HOUSE RESOLUTION NO. 30

By Mr. Silliman:

House Resolution No. 30

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 1950 Regular Session of the Legislature; and shall have charge of indexing, correcting, comparing and proofreading, and otherwise preparing the Journal and the Final History of the Assembly of the 1950 Regular Session of the Legislature; 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 1950 Regular Session. He shall also have charge of compiling, preparing, and having printed after adjournment, a final calendar of the legislative business of the 1950 Regular Session, 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, said 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 be 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 be 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.

Resolution read.

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

AYES—Babbage, Beck, Bennett, Berry, Brown, Burke, Burkhalter, Butters, Clarke, Cloyed, Coats, George D. Collins, Connolly, Conrad, Cooke, Crichton, Crowley, Dills, Elliott, Fleury, Gaffney, Grant, Grunsky, Hagen, Hahn, Hansen, Hinckley, Huyck, Kilpatrick, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCollister, Meyers, Morris, Moss, Niehouse, Porter, Reagan, Rumford, Sherwin, Silliman, Smith, Stanley, Thompson, Tomlinson, Waters, Yorty, and Mr. Speaker—54.

NOES—None.

RECESS

At 10.56 a.m., on motion of Mr. Dickey, the Assembly recessed until 2 p.m.

REASSEMBLED

At 2 p.m., the Assembly reconvened.

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

Chief Clerk Arthur A. Ohnimus at the desk.

ABSENCE OF QUORUM SUGGESTED

Mr. Yorty suggested the absence of a quorum.

Quorum present.

CALL OF THE ASSEMBLY

Mr. Yorty moved a call of the Assembly.

Motion carried. Time, 2.05 p.m.

The Speaker directed the Sergeant-at-Arms to close the doors, and to bring in the following absent members:

Messrs. Beck, Bennett, Coats, Condon, Dickey, Evans, Fleury, Gaffney, Hagen, Hoffman, Lewis, Meyers, Moss, Rosenthal, Smith, Stewart, and Thompson—17.

PROCEEDINGS UNDER CALL OF THE ASSEMBLY BY UNANIMOUS CONSENT

TEMPORARY SUSPENSION OF ASSEMBLY RULE NO. 85

Mr. Lowrey 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.

REPORTS OF STANDING COMMITTEES

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, April 4, 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.

Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, April 4, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Concurrent Resolution No. 6—Relative to participation in the events of the Thirty-first Annual Public Schools Week;

And reports that the same has been correctly enrolled, and presented to the Secretary of State on the fourth day of April, 1950, at 11 a.m.

HUYCK, Chairman

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, April 4, 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. 5

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

SENATE CHAMBER, SACRAMENTO, April 4, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Concurrent Resolution No. 14

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. 14—Relative to the adjournment sine die of the 1950 Regular Session of the Legislature of the State of California.

Referred to Committee on Rules.

RECESS

At 2.14 p.m., on motion of Mr. Dickey, the Assembly recessed until 6.24 p.m.

REASSEMBLED

At 6.24 p.m., the Assembly reconvened.

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

Chief Clerk Arthur A. Ohnimus at the desk.

CONSIDERATION OF DAILY FILE (RESUMED)

UNFINISHED BUSINESS (RESUMED)

MOTION TO RECONSIDER SENATE JOINT RESOLUTION NO. 1

In compliance with a notice given on a previous day, Mr. Lowrey moved that the vote whereby Senate Joint Resolution No. 1 was adopted be reconsidered.

Point of Order

Mr. Doyle arose to the following point of order: That the question before the House is the motion to reconsider Senate Joint Resolution No. 1, and that Messrs. Yorty and Dickey are not speaking to the question.

Ruling by Speaker

Speaker Sam L. Collins ruled the point of order well taken.

Point of Order

Mr. George D. Collins arose to the following point of order: That the Assembly History does not show that Senate Joint Resolution No. 1 was reported out of the Committee on Rules; and that, because of this discrepancy, the matter now before the House is not in order.

Ruling by Speaker

Speaker Sam L. Collins ruled the point of order not well taken, because the History is not the official record of this House.

Demand for Previous Question

Messrs. Silliman, Hoffman, Waters, Lipscomb, and Luckel demanded the previous question.

Demand for previous question sustained.

The question being on the motion by Mr. Lowrey that the vote whereby Senate Joint Resolution No. 1 was adopted be reconsidered.

Point of Order

Mr. Lewis arose to the following point of order: That Mr. Evans is not speaking to the question.

Ruling by Speaker

Speaker Sam L. Collins ruled the point of order not well taken.

Point of Order

Mr. Kirkwood arose to the following point of order: That Mr. Lowrey has exceeded his time.

Ruling by Speaker

Speaker Sam L. Collins ruled the point of order well taken.

The question being on the motion to reconsider the vote whereby Senate Joint Resolution No. 1 was adopted.

Roll Call Demanded

Messrs. Lowrey, Rumford, and Lewis demanded a roll call.

The roll was called, and Senate Joint Resolution No. 1 refused reconsideration by the following vote:

AYES—Anderson, Babbage, Bennett, Berry, Brady, Coats, George D. Collins, Condon, Cooke, Crichton, Crowley, Davis, Doyle, Dunn, Elliott, Fletcher, Gaffney, Geddes, Hagen, Hawkins, Kilpatrick, Kirkwood, Lewis, Lowrey, Maloney, McCarthy, McCollister, McMillan, Meyers, Porter, Rosenthal, Rumford, Sherwin, Stanley, and Yorty—35.

NOES—Beck, Brown, Burke, Burkhalter, Butters, Clarke, Cloyed, Collier, Connolly, Conrad, Dickey, Dills, Dolwig, Erwin, Evans, Fleury, Grant, Grunsky, Hahn, Hansen, Hinckley, Hoffman, Hollibaugh, Huyck, Levering, Lindsay, Lipscomb, Luckel, Morris, Moss, Niehouse, Reagan, Silliman, Smith, Stewart, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—40.

Senate Joint Resolution No. 1 ordered transmitted to the Senate.

REQUEST FOR UNANIMOUS CONSENT THAT OPINION OF LEGISLATIVE COUNSEL BE PRINTED IN JOURNAL

Messrs. Lowrey and Stanley asked for, and were granted, unanimous consent that the following opinion of the Legislative Counsel be ordered printed in the Journal in 10-point type:

OPINION OF LEGISLATIVE COUNSEL

STATE OF CALIFORNIA
OFFICE OF LEGISLATIVE COUNSEL
SACRAMENTO 2, CALIFORNIA, March 30, 1950

Hon. Earl W. Stanley
Assembly Chamber

WORLD FEDERAL GOVERNMENT—No. 1339

DEAR MR. STANLEY:

Question

You have asked:

(1) If the Legislatures of 36 states adopt resolutions similar to Assembly Joint Resolution No. 26 of the 1949 Regular Session, which was an application to the Congress of the United States pursuant to Article V of the United States Constitution to call a convention for the purpose of proposing an amendment to the United States Constitution to expedite and insure the participation of the United States in a World Federal Government, is it "mandatory" that Congress call such a convention;

(2) Can a State Legislature at a session subsequent to the one in which such a resolution was adopted rescind its previous action?

Opinion

It is our opinion that:

(1) Although "application" to Congress by the Legislatures of 32 or more states to call a convention for the purpose of proposing an amendment of the United States Constitution might be said to be "mandatory" in the sense of imposing an obligation on Congress to call a convention pursuant thereto, the courts would probably hold that the determination of what constitutes an "application," within the meaning of Article V of the United States Constitution, is a matter within the discretion of Congress, in the exercise of which the courts would not interfere, and that if Congress neglected or refused to call such a convention, its action would not be subject to judicial review.

(2) Although a State Legislature could take action with the purpose of rescinding its previous application, the determination of whether such rescission was effective would probably be held to be within the exclusive province of Congress and not subject to judicial review.

Analysis

Article V of the United States Constitution, so far as here material, provides:

> "The Congress, whenever two-thirds of both houses shall deem it necessary, shall propose amendments to this Constitution, or, on the *application* of the Legislature of two-thirds of the several States, *shall* call a convention for proposing amendments * * * " (Emphasis added)

It has been stated by the United States Supreme Court that "constitutional mandates are imperative" *(Fairbank* vs. *United States* (1901), 181 U. S. 283, at page 291), and in referring to the obligation imposed on Congress by Section 1 of Article III of the Constitution, which provides that "the judicial power of the United States, *shall* be vested in one Supreme Court, and in such inferior courts as the Congress may from time to time ordain and establish * * * " (emphasis added), the Supreme Court said in *Martin* vs. *Hunter's Lessee* (1816), 1 Wheat, U. S. 304; 4 L. Ed. 97:

> "Let this article be carefully weighed and considered. The language of the article throughout is manifestly designed to be mandatory upon the legislature. Its obligatory force is so imperative that Congress could not, without a violation of its duty, have refused to carry it into operation. The judicial power of the United States shall be vested (not may be vested) in one supreme court, and in such inferior courts as Congress may, from time to time, ordain and establish. Could Congress have lawfully refused to create a supreme court, or to vest in it the constitutional jurisdiction? * * * But one answer can be given to these questions: it must be in the negative * * * ." (page 328).

The courts of a number of states have reached the same conclusion with respect to the use of the term "shall" in provisions of State Constitutions requiring action by the respective State Legislatures.

However, although the courts might apply the same principle to Article V and hold that on the "application" of the Legislatures of two-thirds of the states, an obligation was thereby imposed on Congress to call a constitutional convention, the questions would remain whether the actions taken by the State Legislatures constituted "application" within the meaning of Article V and what means, if any, were available to enforce the congressional obligation.

The case of *Coleman* vs. *Miller,* 307 U. S. 433, is pertinent with respect to the first question. In that case the Legislature of Kansas, in January, 1925, adopted a resolution rejecting a proposed amendment to the United States Constitution. Two years later it adopted a resolution ratifying the same amendment. It was contended that the rejection deprived the Legislature of its power subsequently to ratify. In answer to this contention the court said:

> "We think that in accordance with this historic precedent the question of the efficacy of ratifications by state legislatures, in the light of previous rejection or attempted withdrawal, should be regarded as a political question pertaining to the political departments, with the ultimate authority in the Congress in the exercise of its control over the promulgation of the adoption of the amendment." (page 450)

Another contention in the *Coleman* case, above, was that the proposal by Congress of the amendment had lost its vitality through lapse of time and hence could not be ratified by the Kansas Legislature. In answer to this contention the court said:

> " * * * the question of a reasonable time in many cases would involve, as in this case it does involve, an appraisal of a great variety

of relevant conditions, political, social and economic, which can hardly be said to be within the appropriate range of evidence reviewable in a court of justice and as to which it would be an extravagant extension of judicial authority to assert judicial notice as the basis of deciding a controversy with respect to the validity of an amendment actually ratified. On the other hand, these conditions are appropriate for the consideration of the political departments of the Government. The questions they involve are essentially political and not justiciable. That can be decided by the Congress with the full knowledge and appreciation ascribed to the national legislature of the political, social and economic conditions which have prevailed during the period since the submission of the amendment * * *.

"The decision by the Congress * * * of the question whether the amendment had been adopted within a reasonable time would not be subject to review by the courts." (pages 453-4)

Essentially the same limitations referred to above would appear to be present in the consideration by Congress of requests by State Legislatures for the calling of a constitutional convention, and it is our opinion that under the principles enunciated in the *Coleman* case, above, Congress could give effect to such requests or disregard them, and that the courts probably would not interfere with the congressional decision.

With respect to the enforceability of any congressional obligation to call a constitutional convention, it is well established that the courts have no power to enforce the mandates of State Constitutions which are directed at the respective State Legislatures. As stated in *St. Joseph Board of Public School* vs. *Patten* (1876), 62 Mo. 444, a case in which certain provisions of the Missouri Constitution were held to be self executing so as not to be inoperative until the Legislature took implementing action:

"The 15th section of the schedule to the Constitution declares, that 'the General Assembly shall pass all such laws as may be necessary to carry this constitution into effect.' There is no way of enforcing this injunction on the legislature. Under our system of government, there is no power to compel the legislative department of Government to make laws. Constitutions may restrict legislative powers and declare what laws shall not be valid; but from the very nature of the legislative power, its exercise in a particular case must depend upon the volition of the legislature. Responsibility to a constituency, and a sense of public duty, are the only incentives which can prompt legislative action." (page 448).

And in *Myers* vs. *English* (1858), 9 Cal. 341, where one of the questions was whether the State Legislature was required to provide for payment of the salaries of certain judges pursuant to Section 15 of Article VI of the California Constitution of 1849, providing that such judges "shall * * * receive for their services a compensation, to be paid out of the treasury * * *," the court said:

"It is very true that the Legislature possesses the power to stop the whole machinery of government, whenever it is willing to take the responsibility of doing so * * *.

"It is within the legitimate power of the judiciary, to declare the *action* of the Legislature unconstitutional, where that action exceeds the limits of the supreme law; but the Courts have no means, and no power, to void the effects of *non-action*. The Legislature being the creative element in the system, its action cannot be quickened by the other departments." (page 349).

While we know of no decisions of the Federal courts directly on this point, the rule laid down in the *St. Joseph* and *Myers* cases, above, would appear to be applicable to the mandatory language of Article V, and it is our opinion that the Federal courts would probably so hold.

We believe, therefore, that on either or both of the above grounds the courts would probably decline to interfere with any action or non-action of Congress relating to Assembly Joint Resolution No. 26 of the 1949 Regular Session or similar resolutions adopted by the Legislatures of 32 or more states.

(2) In our opinion the answer to your second question, whether a subsequent session of the Legislature can rescind the action of a previous session requesting Congress to call a constitutional convention, is contained in the decision in *Coleman* vs. *Miller,* above.

We believe that that decision indicates that Congress could give effect to, or disregard, such rescinding action, and that the courts would probably not interfere with Congress' decision.

Very truly yours,

FRED B. WOOD, Legislative Counsel
By W. S. ANDRUS, Deputy

REPORTS OF STANDING COMMITTEES

Committee on Governmental Efficiency and Economy

ASSEMBLY CHAMBER, SACRAMENTO, April 3, 1950

MR. SPEAKER: Your Committee on Governmental Efficiency and Economy, to which was referred:

Senate Bill No. 4

Has had the same under consideration, and reports the same back with amendments with the recommendation: Amend, and do pass, as amended.

STEWART, Chairman

Above reported bill ordered to second reading.

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, April 4, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred:

Senate Concurrent Resolution No. 6
Senate Concurrent Resolution No. 12
Senate Concurrent Resolution No. 13

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, April 4, 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 amendments with the recommendation: Amend, and re-refer to the committee.

DICKEY, Chairman

Above reported resolution ordered on file.

SECOND READING OF SENATE BILLS (BY UNANIMOUS CONSENT)

Senate Bill No. 4—An act to amend Section 5604 of the Business and Professions Code, relating to fees for the licensing and regulating of architects.

Bill read second time.

Consideration of Committee Amendments

The following amendment was proposed by the Committee on Governmental Efficiency and Economy:

Amendment No. 1

On page 1, line 9, of the printed bill, strike out "one hundred dollars ($100)", and insert "twenty-five dollars ($25)".

Amendment read, and adopted.

Bill ordered reprinted, and to third reading.

ASSEMBLY JOINT RESOLUTION NO. 2 ORDERED STRICKEN FROM FILE BY UNANIMOUS CONSENT

Assembly Joint Resolution No. 2 was ordered striken from the file by unanimous consent.

REQUEST FOR UNANIMOUS CONSENT

Mr. George D. Collins asked for, and was granted, unanimous consent to take up Senate Concurrent Resolution No. 13, at this time, without reference to file.

CONSIDERATION OF SENATE CONCURRENT RESOLUTION NO. 13

Senate Concurrent Resolution No. 13—Relative to the centennial anniversary of the incorporation of the City of San Francisco.

Resolution read, and adopted unanimously.

Resolution ordered transmitted to the Senate.

REQUEST FOR UNANIMOUS CONSENT

Mr. George D. Collins asked for, and was granted, unanimous consent to take up Senate Concurrent Resolution No 12, at this time, without reference to file.

CONSIDERATION OF SENATE CONCURRENT RESOLUTION NO. 12

Senate Concurrent Resolution No. 12—Relative to commemorating the San Francisco Chamber of Commerce on the occasion of its one hundredth anniversary.

Resolution read, and adopted unanimously.

Resolution ordered transmitted to the Senate.

REQUEST FOR UNANIMOUS CONSENT

Mr. Hansen asked for, and was granted, unanimous consent to take up Senate Concurrent Resolution No. 10, at this time, without reference to file.

CONSIDERATION OF SENATE CONCURRENT RESOLUTION NO. 10

Senate Concurrent Resolution No. 10—Relative to the Governor's Committee to Survey the Agricultural Labor Resources of the San Joaquin Valley.

Resolution read.

Motion to Amend

Mr. Beck moved the adoption of the following amendment:

Amendment No. 1

On page 2 of the printed resolution, strike out lines 31 to 36, inclusive, and insert "(1) That the Legislature of the State of California hereby takes cognizance of the Committee to Survey the Agricultural Labor Resources of the San Joaquin Valley to prevent unemployment among migratory workers."

Amendment read.

Motion to Table Amendment

Mr. Silliman moved that the amendment offered by Mr. Beck to Senate Concurrent Resolution No 10 be laid on the table.

Mr. Fleury seconded the motion.

Roll Call Demanded

Messrs. Beck, Cooke, and Lowrey demanded a roll call.

The roll was called, and the motion to table the amendment carried by the following vote:

AYES—Babbage, Burke, Butters, Caldecott, Clarke, Cloyed, Collier, Connolly, Conrad, Crichton, Dickey, Dolwig, Fleury, Gaffney, Grant, Grunsky, Hahn, Hansen, Hinckley, Hoffman, Huyck, Kirkwood, Levering, Lindsay, Lipscomb, Maloney, McCollister, Morris, Niehouse, Reagan, Sherwin, Silliman, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—40.

NOES—Anderson, Beck, Bennett, Berry, Brown, Burkhalter, Coats, George D. Collins, Condon, Cooke, Crowley, Davis, Doyle, Dunn, Elliott, Evans, Fletcher, Geddes, Hawkins, Hollibaugh, Kilpatrick, Lewis, Lowrey, Luckel, McMillan, Moss, Porter, Rumford, Thomas, and Yorty—30.

The question being on the adoption of Senate Concurrent Resolution No. 10.

Speaker Pro Tempore Presiding

Hon. Thomas A. Maloney, Speaker pro Tempore of the Assembly, presiding.

Speaker Presiding

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

Point of Order

Mr. Reagan arose to the following point of order: That Mr. Lewis is not speaking to the question.

Ruling by Speaker

Speaker Sam L. Collins ruled the point of order well taken.

The question being on the adoption of Senate Concurrent Resolution No. 10.

Motion to Table Senate Concurrent Resolution No. 10

Mr. Evans moved that Senate Concurrent Resolution No. 10 be laid upon the table.

Point of Order

Mr. Silliman arose to the following point of order: That Mr. Elliott cannot yield his time, and that Mr. Evans is not in order.

Ruling by Speaker

Speaker Sam L. Collins ruled the point of order well taken.

Motion to Re-refer Senate Concurrent Resolution No. 10 to Committee

Mr. Elliott moved that Senate Concurrent Resolution No. 10 be withdrawn from the file, and be re-referred to the Committee on Rules.

Mr. Evans seconded the motion.

Roll Call Demanded

Messrs Evans, Beck, and Elliott demanded a roll call.

The roll was called, and the motion lost by the following vote:

AYES—Anderson, Beck, Berry, Brown, Burkhalter, Coats, George D. Collins, Condon, Cooke, Crowley, Davis, Dills, Doyle, Dunn, Elliott, Evans, Fletcher, Geddes, Hawkins, Hollibaugh, Lewis, Lowrey, McCarthy, McMillan, Meyers, Porter, Rumford, Thomas, and Yorty—29.

NOES—Babbage, Burke, Butters, Caldecott, Clarke, Cloyed, Connolly, Conrad, Crichton, Dickey, Erwin, Fleury, Gaffney, Grant, Grunsky, Hahn, Hansen, Hinckley, Hoffman, Huyck, Kirkwood, Levering, Lindsay, Lipscomb, Luckel, Maloney, McCollister, Morris, Niehouse, Reagan, Silliman, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—39.

The question being on the adoption of Senate Concurrent Resolution No. 10.

Roll Call Demanded

Messrs. Cooke, Beck, and Elliott, demanded a roll call.

The roll was called, and Senate Concurrent Resolution No. 10 adopted by the following vote:

AYES—Babbage, Berry, Brown, Burke, Butters, Caldecott, Clarke, Cloyed, Collier, Connolly, Conrad, Crichton, Dickey, Erwin, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hinckley, Hoffman, Huyck, Kirkwood, Levering, Lindsay, Lipscomb, Luckel, Maloney, McCollister, Morris, Moss, Niehouse, Reagan, Sherwin, Silliman, Smith, Stanley, Stewart, Thompson, Tomlinson, Waters, Weber, and Mr. Speaker—45.

NOES—Anderson, Beck, Burkhalter, Coats, George D. Collins, Condon, Cooke, Crowley, Davis, Dills, Doyle, Dunn, Elliott, Evans, Fletcher, Hawkins, Hollibaugh, Lewis, Lowrey, McCarthy, McMillan, Porter, Rumford, Thomas, and Yorty—25.

Resolution ordered transmitted to the Senate.

REQUEST FOR UNANIMOUS CONSENT TO HOLD SPECIAL MEETING OF COMMITTEE

Mr. Evans asked for, and was granted, unanimous consent to hold a special meeting of the Committee on Public Utilities and Corporations in the Post Office, at this time. Subject: Senate Bills Nos. 35 and 36 by Senator Johnson and Senate Bill No. 38 by Senator Desmond.

FURTHER PROCEEDINGS UNDER CALL OF THE ASSEMBLY DISPENSED WITH

On motion of Mr. Yorty, further proceedings under the call of the Assembly were dispensed with.

The names of the absentees were called, and 75 members answered to their names.

REQUEST FOR UNANIMOUS CONSENT TO TAKE UP SENATE CONCURRENT RESOLUTION NO. 6

Mr. Brown 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 the feasibility of constructing an expressway between Los Angeles and San Francisco.

Resolution read, and adopted.

Resolution ordered transmitted to the Senate.

ANNOUNCEMENTS

Speaker Sam L. Collins announced that an error has been made in Assembly Constitutional Amendment No. 1, and that it should read, "1950 Regular Session" instead of "1950 First Extraordinary Session"; and that, by unanimous consent, the State Printer is being instructed to change the resolution so that it reads correctly.

Mr. Geddes announced that there will be no meeting of the Interim Committee on Finance and Insurance in Stockton on April 10th, as previously announced; and that such meeting and others scheduled are postponed until further notice.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, April 4, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate amended, and on this day passed, as amended:

Assembly Concurrent Resolution No. 10

And respectfuly requests your honorable body to concur in said amendments.

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

Above resolution ordered to unfinished business file.

REPORTS OF STANDING COMMITTEES

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, April 4, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

Senate Concurrent Resolution No. 1

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 SENATE CONCURRENT RESOLUTION NO. 1 (BY UNANIMOUS CONSENT)

Senate Concurrent Resolution No. 1—Relative to the Joint Rules of the Senate and the Assembly.

Resolution read.

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

AYES—Anderson, Babbage, Beck, Berry, Brady, Brown, Burke, Burkhalter, Butters, Caldecott, Clarke, Cloyed, Coats, Collier, Condon, Connolly, Conrad, Cooke, Crichton, Crowley, Davis, Dickey, Dills, Doyle, Dunn, Elliott, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hahn, Hansen, Hoffman, Hollibaugh, Kilpatrick, Kirkwood, Levering, Lewis, Lindsay, Lipscomb, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Porter, Reagan, Rosenthal, Rumford, Sherwin, Silliman, Smith, Stanley, Thomas, Thompson, Tomlinson, Waters, Weber, and Mr Speaker—64.

NOES—George D. Collins and Lowrey—2.

Resolution ordered transmitted to the Senate.

REPORTS OF STANDING COMMITTEES

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, April 4, 1950

MR SPEAKER: Your Committee on Rules, to which was referred:

Senate 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 on file for adoption.

CONSIDERATION OF SENATE JOINT RESOLUTION NO. 2 (BY UNANIMOUS CONSENT)

Senate Joint Resolution No. 2—Relative to memorializing the Congress of the United States in relation to the Taylor Grazing Lands.

Resolution read.

The roll was called, and the resolution 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, Crichton, Crowley, Davis, Dickey, Dills, Doyle, Dunn, Elliott, Erwin, Fletcher, Fleury, Gaffney, Geddes, Grant, Grunsky, Hagen, Hahn, Hansen, Hawkins, Hinckley, Hoffman, Hollibaugh, Huyck, Kilpatrick, Kirkwood, Lindsay, Lipscomb, Lowrey, Luckel, Maloney, McCarthy, McCollister, McMillan, Meyers, Morris, Moss, Porter, Rosenthal, Rumford, Sherwin, Smith, Stanley, Thomas, Thompson, Tomlinson Waters, Weber, and Mr. Speaker—66

NOES—Silliman—1.

Resolution ordered transmitted to the Senate.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, April 4, 1950

MR. SPEAKER: I am directed to inform your honorable body that the Senate on this day passed:

Assembly Bill No. 2

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

Above bill ordered enrolled.

UNFINISHED BUSINESS (RESUMED) CONSIDERATION OF SENATE AMENDMENTS

Assembly Concurrent Resolution No. 10—Relative to the Investigation of certain portions of San Francisco Bay for highway or bridge crossing.

The question being: Shall the Assembly concur in the following Senate amendments to Assembly Concurrent Resolution No. 10?

Amendment No. 1

On page 1, line 6, of the printed bill, strike out "and", and insert "now, therefore, be it".

Amendment No. 2

On page 1 of the printed bill, strike out lines 7 through 21, inclusive.

Amendment No. 3

On page 1, line 24, of the printed bill, strike out "investigate and study the location pro-", and all of lines 25 and 26, and insert "make available any information it secures in such investigation."

Amendment No. 4

On page 2 of the printed bill, strike out lines 1 through 11, inclusive.

The Assembly concurred in Senate amendments to Assembly Concurrent Resolution No. 10.

Assembly Concurrent Resolution No. 10 ordered enrolled.

MESSAGES FROM THE SENATE

SENATE CHAMBER, SACRAMENTO, April 4, 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

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

REPORTS OF STANDING COMMITTEES

Committee on Revenue and Taxation

ASSEMBLY CHAMBER, SACRAMENTO, April 4, 1950

MR. SPEAKER: Your Committee on Revenue and Taxation, to which were referred:

Assembly Bill No. 4
Assembly Bill No. 5
Assembly Bill No. 6
Assembly Bill No. 7

Respectfully reports the same back without further action.

HOLLIBAUGH, Chairman

Committee on Legislative Procedure

ASSEMBLY CHAMBER, SACRAMENTO, April 4, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Bill No. 2—An act to add Section 11004.5 to the Revenue and Taxation Code and Section 13944 to the Vehicle Code, relating to the service of warrants by members of the California Highway Patrol and the payment of the expense thereof from the Motor Vehicle License Fee Fund;

And reports that the same has been correctly enrolled, and presented to the Governor on the fourth day of April, 1950, at 5 p.m.

HUYCK, Chairman

ASSEMBLY CHAMBER, SACRAMENTO, April 4, 1950

MR. SPEAKER: Your Committee on Legislative Procedure has examined:

Assembly Concurrent Resolution No. 10—*Relative to the investigation of certain portions of San Francisco Bay for highway or bridge crossing;*

And reports that the same has been correctly enrolled, and presented to the Secretary of State on the fourth day of April, 1950, at 5 p.m.

HUYCK, Chairman

Committee on Constitutional Amendments

ASSEMBLY CHAMBER, SACRAMENTO, April 4, 1950

MR. SPEAKER: Your Committee on Constitutional Amendments, to which was referred:

Assembly Constitutional Amendment No. 1

Respectfully reports the same back without further action.

CROWLEY, Chairman

Committee on Rules

ASSEMBLY CHAMBER, SACRAMENTO, April 4, 1950

MR. SPEAKER: Your Committee on Rules, to which was referred:

Senate Concurrent Resolution No. 14

Respectfully reports the same back without further action.

DICKEY, Chairman

Above reported resolution ordered transmitted to the Senate.

ASSEMBLY CHAMBER, SACRAMENTO, April 4, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred:

House Resolution No. 11
House Resolution No. 15

Respectfully reports the same back without further action

DICKEY, Chairman

ASSEMBLY CHAMBER, SACRAMENTO, April 4, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred:

Assembly Joint Resolution No. 3
Assembly Joint Resolution No. 5

Respectfully reports the same back without further action

DICKEY, Chairman

ASSEMBLY CHAMBER, SACRAMENTO, April 4, 1950

MR. SPEAKER: Your Committee on Rules, to which were referred:

Assembly Concurrent Resolution No. 1
Assembly Concurrent Resolution No. 8

Respectfully reports the same back without further action.

DICKEY, Chairman

ANNOUNCEMENT

Speaker Sam L. Collins announced that all committee chairmen are to bring all bills being held in their committees to the desk, at the close of the day.

MOTION TO APPROVE JOURNALS

Upon motion of Mr. Dickey, the Journals for Monday, April 3, 1950; and Tuesday, April 4, 1950, were approved as corrected by the Minute Clerk.

COMMITTEE FROM THE SENATE

Senator Powers, acting as a Select Committee from the Senate, appeared before the bar of the Assembly, and reported that the Senate had concluded its labors and was ready to adjourn sine die.

REPORTS OF SELECT COMMITTEES

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.

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.

REQUEST FOR UNANIMOUS CONSENT THAT THE PRELIMINARY REPORT BY THE ASSEMBLY SUBCOMMITTEE ON TRAFFIC AND MOTOR VEHICLE VIOLATIONS BE PRINTED

Mr. Rosenthal asked for, and was granted, unanimous consent that the Preliminary Report by the Assembly Subcommittee on Traffic and Motor Vehicle Violations of the Assembly Interim Committee on Judicial System and Judicial Process be ordered printed in the Journal in 10-point type; and that said report be printed as a separate document, and that 500 copies be ordered printed.

PRELIMINARY REPORT TO THE LEGISLATURE

By the Assembly Subcommittee on Traffic and Motor Vehicle Violations of the Assembly Interim Committee on Judicial System and Judicial Process

LETTER OF TRANSMITTAL

Honorable Sam L. Collins
Speaker of the Assembly
California State Legislature

Dear Mr. Speaker:

Pursuant to House Resolution No. 232 of the 1949 Legislature, the Subcommittee on Traffic and Motor Vehicle Violations of the Assembly Interim Committee on Judicial System and Judicial Process, does hereby submit its preliminary report.

In this preliminary report we are reviewing the work of this subcommittee to date in the investigation and compilation of statistics from

a wide number of sources which will serve as a foundation for our final report that will be submitted to the 1951 Legislature. The final report will fully review all subjects covered and will contain the final recommendations of this committee.

Respectfully submitted,

RALPH M. BROWN, Chairman
WM. ROSENTHAL, Vice Chairman
JULIAN BECK
H. ALLEN SMITH

This subcommittee has undertaken the study of the problems which have arisen in the enforcement of automobile traffic laws and the disposition of traffic cases, with the purpose of obtaining full information on these subjects in order to make proper recommendations for improvement of the traffic laws, particularly those governing the handling of traffic violations. The committee is cognizant of the fact that the problems of traffic laws and their enforcement has been the subject of innumerable inquiries, investigations, and recommendations. It was therefore determined that its preliminary work should be directed to a compilation and correlation of existing studies in the field so that duplication and excessive cost would be avoided. Upon the completion of this phase of the investigation it is proposed to further conduct the inquiry in accordance with the following summary of the problems involved, method of inquiry, and sources of information:

I

Are court procedures and methods of adjudication in traffic cases adversely affecting legal principles and causing disrespect for all law?

A. To ascertain the answer to this question it would be pertinent to inquire as to the following practices in courts:

1. Uniform system of fines regardless of circumstances in individual cases.

2. Number of accusations or arrests in traffic cases as compared to number of arrests in all other misdemeanors, in order to ascertain the proportion of time the courts are devoting to the prospective types of work.

3. Number of dismissals in traffic cases in comparison to other misdemeanor cases.

4. Number of guilty pleas in traffic cases as compared to other misdemeanor cases.

5. Number of bail forfeitures in traffic cases as compared to other misdemeanor cases, and in this connection to further ascertain whether the so-called "bail forfeiture" is listed in the court or at the motor vehicle department as a plea of guilty. Further, a comparison should be made between bail "forfeiture" in traffic cases and bail "forfeiture" in other misdemeanor cases.

6. It would further be pertinent to ascertain if possible how many of the so-called forfeitures were caused because the defendant thought it was cheaper to forfeit his bail than to appear in court to defend himself against the charge.

7. Number of convictions and acquittals, after plea of not guilty, by the court in traffic cases as compared to other misdemeanor cases.

8. Number of convictions and acquittals, after plea of not guilty, by the jury as compared to other misdemeanor cases (It will also be pertinent to inquire as to whether the courts are making a practice of increasing the bail when a jury trial is demanded by the defendant either in traffic or other misdemeanor cases.)

9. An inquiry into judicial techniques in the handling of traffic cases; that is, whether they are handled in wholesale lots or individualized as in other criminal cases.

II

Are the cities and counties enforcing traffic laws as a method of raising revenue rather than for the administration of justice?

A. In this connection it would be pertinent to inquire whether arresting officers are given a daily quota of arrests.

B. It would also be pertinent to compare total arrests in traffic cases to all other types of misdemeanors, which figures would also be helpful in judging individual counties or cities by comparing their proportion to that of a state-wide average.

C. It seems desirable to also obtain a statement of all fines and forfeitures collected by all courts in the State for traffic cases as compared with total fines and forfeitures in other misdemeanors. By comparing these figures with other statistics gathered, it should also show which areas are the worst offenders in utilizing these laws for revenue purposes.

D. Some of these statistics gathered for the purposes of Paragraph I above would also be pertinent here.

III

Are the traffic laws themselves and the methods of their enforcement impairing their primary objectives, which are to prevent injury to persons and property?

A. It would appear pertinent to attempt to segregate traffic laws into three basic categories, as follows:

1. Those criminal statutes and ordinances which are designed for the protection of the public and the prevention of injury to persons and property. (In this category, of course, most traffic laws such as driving while drunk, basic speed laws, etc., will be placed.)

2. Those statutes designed primarily for the establishment of civil liability. (This, of course, will be the most difficult category to segregate because most traffic laws, such as right of way, rules of the road, intersection responsibilities, etc., constitute a phase of criminal law as well as establishment of a basis for establishing civil liability. However, there may be many statutes which are desirable for the establishment of civil liability which should not necessarily provide criminal penalties. In this connection such matters as pedestrian lanes, jay walking, etc., should be considered.

3. Those traffic laws which are designed for some other purposes, such as traffic meters, overtime parking, various zones for loading, discharging passengers, etc.

B. It would be pertinent to obtain statistics on accidents in the individual cities and counties in order to note if there is any correlation between those accidents causing injury to persons or property and the basic statistics obtained regarding the methods of handling traffic arrests, prosecutions, trials, and disposition without trial.

C. It would also be pertinent to ascertain the number of motor vehicles and the population in the cities and counties during the same periods for which the basic statistics are gathered on the administration of traffic laws.

Realizing that the lawyers of the State of California would provide an excellent source of opinion and information on the administration of traffic laws, the subcommittee has directed that the following letter be sent by the Chairman to at least 1,500 attorneys throughout the State for their consideration and response:

"The Assembly Interim Committee on Judicial System and Judicial Process has created a subcommittee on Traffic Violations for the purpose of ascertaining the effect upon our system of jurisprudence of the present methods of handling traffic cases. As chairman of this subcommittee, I would appreciate your comments upon the following matters:

"(1) Do the courts in your area assess traffic 'fines' and 'bail forfeitures' on a uniform basis? That is, do all or most of the courts adopt a uniform schedule of 'fines' or 'forfeitures' in accordance with the nature of the offense rather than the degree of guilt of the defendant or the circumstances of the individual case?

"(2) Do you believe that the system of 'bail forfeiture' permitted in traffic cases without the appearance of the defendant;

"(a) creates disrespect for law in general?

"(b) encourages certain courts to use traffic laws for revenue purposes rather than the administration of justice?

"(c) causes innocent persons to fail to appear because it is cheaper and easier to forfeit bail than to present a defense?

"(3) Does the defendant who appears and pleads 'not guilty' in traffic cases receive the same type of trial from the court as in other misdemeanor cases? That is, do the courts appear to permit police officers too great latitude in their testimony, or to ignore the usual presumption of innocence, or to handle the cases in a careless or 'wholesale' manner, etc.?

"(4) Do the courts in your area make it a practice to increase bail in traffic cases when the defendant demands a jury trial?

"(5) Do you believe that 'bail forfeiture' amounts in effect to a plea of guilty to a crime and should be so recorded on the defendant's record? If so, does this tend to demean the seriousness of crime in the public mind?

"(6) Can you give specific examples of cases in your area where the traffic laws appear to be administered for revenue purposes or in any other manner likely to create disrespect for law?

"(7) Would you desire to appear at a hearing of the subcommittee to present in person your views on any of the foregoing matters, or upon any other problems relevant to the inquiry?

"Your early response will be appreciated."

Likewise, the cooperation and assistance of various state departments has been solicited and obtained. At the request of this committee, A. H. Henderson, Director of the Department of Motor Vehicles, has compiled and submitted statistics for 1947, 1948 and 1949 on registration and drivers' licenses. G. T. McCoy, Chief of the Division of Highways, has also furnished this subcommittee a great deal of data on accidents and elements contributing thereto throughout the State for the past three years. Clifford E. Peterson, Commissioner, Department of Highway Patrol, is engaged in the compilation of statistics showing the number and types of traffic arrests and dispositions for the same periods.

The subcommittee has obtained the full cooperation of Joe O. Mattson, assistant to the President, Automotive Safety Foundation, Washington, D. C., a national organization concerned with all phases of traffic and safety problems. This organization is submitting substantial information on the surveys and other work in this field throughout the United States.

The American Bar Association has been studying the problem involving traffic cases for many years and has developed comprehensive texts and a series of recommendations in connection therewith. James P. Economos, Esq.. is the recognized expert in this field and will present this program to the committee for its consideration. Likewise, discussions have been held with representatives of the State Bar for its cooperation on the same problem, assistance has been promised, and the details are now being completed for the creation of a State Bar Committee to work in connection with the studies and investigation being undertaken.

A full scale public hearing is planned by the subcommittee to be held in Los Angeles in April, 1950, in which traffic experts will be called to present full testimony and to correlate the work of this committee with a study of the uniform traffic code. It is planned thereafter to hold other hearings and to make other investigations in cities and towns of the State of California, particularly to determine whether police officers are expected to fulfill a quota of arrests for traffic violations and to ascertain whether local judges are encouraged to use the traffic laws primarily for the collection of revenue.

The work of this subcommittee is being carried out with the full knowledge of the accomplishments of the Senate Interim Committee on Traffic and Motor Vehicle Violations under the Chairmanship of H. R. Judah. Following is a letter from the distinguished chairman of that committee:

"March 1, 1950

"Hon. William H. Rosenthal
409 So. Boyle Avenue
Los Angeles, California

"Dear Mr. Rosenthal:

"At the present time, you are Chairman of an Assembly Committee which is as far as I can see doing in some respect parallel work in which Committee on Traffic and Motor Vehicle Violations are doing.

"For your information, we are proceeding very definitely toward an accumulation of information which has to do with Motor Vehicle Code Violations in every part of the State and with this

work we are being assisted very materially both by the California Highway Patrol and the Department of Motor Vehicles.

"We have had one very successful hearing at Los Angeles with 28 witnesses present including seven of the southern group of highway patrol inspectors and including Judge Roger Pfaff of your city, Chief Cato and Commissioner Peterson and feel very well satisfied over the type of information obtained as a basis for suggested changes in the Vehicle Code at 1951 session.

"I will not lengthen this letter by explaining just what we are trying to accomplish but a statement I made just prior to our Los Angeles meeting is enclosed for your information and will appreciate your reading it. There will be other hearings during 1950 in five other cities in which we will not try to duplicate information obtained at Los Angeles.

"The real object of this letter is to assure you that we feel no spirit of conflict with your work. In fact, to be practical about it, I think we should both continue and cooperate in the preparation of any legislation we feel necessary and assist each other on the floor of the Senate and the Assembly in getting the program adopted. I am intending to discuss the subject matter of this letter with the committee at a special meeting on March 9th in Sacramento. I feel quite certain the committee will go along with me in the sentiments expressed herein.

"I will appreciate very much hearing from you on this whole subject.

Very sincerely yours,

/s/ H. R. Judah"

Our subcommittee intends to fully correlate its work with that of Senator Judah's Senate Committee and to supplement the activities of his committee.

This subcommittee is also fully cognizant of the work that has been accomplished in this general field by the Judicial Council under the chairmanship of Chief Justice Phil S. Gibson of the Supreme Court of the State of California. In its work in connection with the reorganization of the inferior courts of California, the Judicial Council has engaged in a comprehensive study of the courts handling traffic cases and has gathered a great many pertinent statistics, only a few of which have been published in the report of the Judicial Council.

In order to avoid duplication of effort, this subcommittee is correlating its investigation with the work of the Judicial Council. A wealth of material compiled by the Judicial Council of California has been made available for analysis and tabulation, which is particularly helpful with respect to analyzing traffic violations and the disposition of traffic cases as compared with the disposition of other criminal cases. The proposed plan for reorganization of the California inferior courts submitted by the council to the Legislature in 1949, which has been approved and is now being submitted to the voters of the State at the 1950 general election, will, it is believed, remove many of the defects in the present system of handling traffic cases. This is clearly indicated in a report on the proposed plan, dated December 30, 1949, which states as follows:

"The county will pay the salaries of the judges and attaches of both the municipal and justice courts, and will be required to

furnish suitable courtrooms and supplies for such courts. Cities will be relieved of the obligation to support courts financially. The money derived from fines and forfeitures collected by the existing inferior courts greatly exceeds the cost of their maintenance and represents an important source of revenue to reimburse the cities and counties for money expended for law enforcement, traffic safety, and street improvement or maintenance. Under the proposed plan, fines and forfeitures collected by the courts will be divided between the county and the cities therein largely according to which political subdivision employed the officer making the arrest. Fines and forfeitures following arrests made by state and county officers will be paid to the county. When arrests are made by city officers, except in the case of Vehicle Code violations, 75 percent of the fines and forfeitures will be paid to the city, and the remaining 25 percent will go to the county as partial reimbursement for the cost of maintaining the court. Fines and forfeitures collected under the Vehicle Code following arrests made by city officers will continue to be paid to the city. This formula was adopted by the Legislature after hearings attended by both city and county representatives. If experience shows that the percentages involved therein are unfair to either the cities or the counties, the Legislature may remedy the situation at any time."

Although this plan of reorganization would tend to insulate the local courts from domination by the City Councils in the handling of traffic revenue, there are many other problems that must be solved in arriving at improved legislation for the prevention and disposition of traffic violations. The appalling increase of motor vehicle accidents from a total of 38,242 in 1939 to a total of 56,245 in 1948, is due to many complicated and interlocking factors and the solution of the traffic accident problem is to a great extent dependent upon the manner in which traffic violations are handled.

In the Municipal Courts for Long Beach, Los Angeles, Pasadena, Santa Monica, Sacramento, San Diego and San Francisco, during 1948, there were a total of 1,719,122 criminal accusations. Of this number, 1,555,239 or 90 percent were traffic cases. Of the 1,555,239 traffic cases, 986,512 were disposed of by bail forfeitures. (See Appendix). Whether bail forfeiture, especially in cases involving disregard for life and safety, should be permitted or encouraged, is a fundamental question which this subcommittee hopes to resolve in its final recommendations based on the work ahead.

Since the first public announcement of the subcommittee work, numerous letters have been carefully reviewed which have been voluntarily submitted by members of the public setting forth grievances arising out of the handling of traffic citations. These letters contain various complaints indicating that evidence may exist that some cities are imposing indiscriminate and excessive fines for revenue purposes, regardless of the individual circumstances of wilfulness or recklessness in traffic cases. The subcommittee, through public hearings, hopes to obtain more concrete information on these grievances and will offer conclusions and recommendations thereon in its final report.

APPENDIX

Excerpt From

TWELFTH BIENNIAL REPORT
JUDICIAL COUNCIL OF CALIFORNIA

Municipal Court Filings and Dispositions

During Fiscal Years Ending June 30, 1947, and June 30, 1948

CRIMINAL PROCEEDINGS

	Preliminary hearings		Traffic		Liquor and other misdemeanors		Grand totals	
	1947	1948	1947	1948	1947	1948	1947	1948
LONG BEACH (5 judges)								
Number accused	400	431	64,122	68,797	8,285	7,223	72,807	76,451
Transferred to other jurisdictions	5	2	0	1	0	0	5	3
Dismissals without prosecution	53	48	608	454	319	205	980	707
Pleas of guilt	64	81	3,188	3,780	4,627	4,330	7,879	8,191
Bail forfeitures	0	0	53,259	55,877	2,545	2,008	55,804	57,885
Bound over	183	201	--	--	--	--	183	201
Convictions by judge	--	--	421	279	470	265	891	544
Convictions by jury	--	--	16	11	21	9	37	20
Acquittals by jury	--	--	16	8	31	10	47	18
Dismissals and acquittals by judge after hearing	32	31	151	123	84	92	267	246
New trials granted	--	--	0	0	2	0	2	0
Jury disagreements	--	--	2	1	9	4	11	5
Totals disposed of	337	363	57,659	60,533	8,095	6,919	66,091	67,815
Continuances	222	295	1,236	871	2,066	1,538	3,524	2,704
Off calendar	4	0	32	6	48	52	84	58
Probation granted	--	--	35	68	1,651	1,669	1,686	1,737
Probation denied	--	--	4	0	9	7	13	7
Sentences to jail	--	--	115	81	647	492	762	573
Sentences by fine	--	--	3,458	3,839	3,101	2,833	6,559	6,672
Other sentences	--	--	6	5	7	31	13	36
Appeals taken	--	--	0	0	3	1	3	1
LOS ANGELES (30 judges 1947; 40 judges 1948)								
Number accused	7,134	7,180	636,030	665,306	56,226	58,626	699,390	731,112
Transferred to other jurisdictions	18	21	148	150	30	44	196	215
Dismissals without prosecution	402	362	5,240	5,581	841	965	6,483	6 908
Pleas of guilt	0	0	88,514	98,933	47,618	52,183	136,132	151,116
Bail forfeitures	27	22	464,281	506,159	4,551	3,792	468,859	509,973
Bound over	5,240	5,398	--	--	--	--	5,240	5,398
Convictions by judge	--	--	2,804	2,883	1,258	1,706	4,062	4,589
Convictions by jury	--	--	222	161	396	213	618	374
Acquittals by jury	--	--	54	98	138	70	192	168
Dismissals and acquittals by judge after hearing	787	823	1,494	1,430	981	588	3,262	2,841
New trials granted	--	--	22	31	68	81	90	112
Jury disagreements	--	--	12	22	29	32	41	54
Totals disposed of	6,474	6,626	562,735	615,364	55,745	59,480	624,954	681,470
Continuances	619	461	7,360	9,334	6,266	5,231	14,245	15,026
Off calendar	2	2	53	22	718	512	773	536
Probation granted	--	--	1,056	1,808	9,037	8,049	10,093	9,857
Probation denied	--	--	289	449	685	466	974	915
Sentences to jail	--	--	2,287	2,166	11,645	18,199	13,932	20,365
Sentences by fine	--	--	73,332	82,737	26,261	24,594	99,593	107,331
Sentences to traffic school	--	--	0	0	--	--	0	0
Other sentences	--	--	12,947	13,403	646	2,904	13,593	16,307
Appeals taken	--	--	3	25	45	47	48	72

	Preliminary hearings		Traffic		Liquor and other misdemeanors		Grand totals	
	1947	1948	1947	1948	1947	1948	1947	1948
PASADENA (2 judges)								
Number accused	--	246	--	44,495	--	3,904	--	48,645
Transferred to other jurisdictions	--	0	--	0	--	0	--	0
Dismissals without prosecution	--	19	--	463	--	95	--	577
Pleas of guilt	--	0	--	3,128	--	2,400	--	5,528
Bail forfeitures	--	0	--	36,710	--	927	--	37,637
Bound over	--	161	--	--	--	--	--	161
Convictions by judge	--	--	--	580	--	282	--	862
Convictions by jury	--	--	--	1	--	4	--	5
Acquittals by jury	--	--	--	2	--	9	--	11
Dismissals and acquittals by judge after hearing	--	2	--	319	--	89	--	410
New trials granted	--	--	--	0	--	0	--	0
Jury disagreements	--	--	--	0	--	1	--	1
Totals disposed of	--	182	--	41,203	--	3,806	--	45,191
Continuances	--	158	--	379	--	1	--	538
Off calendar	--	2	--	581	--	144	--	727
Probation granted	--	--	--	13	--	46	--	59
Probation denied	--	--	--	3	--	12	--	15
Sentences to jail	--	--	--	101	--	1,608	--	1,709
Sentences by fine	--	--	--	2,136	--	552	--	2,688
Other sentences	--	--	--	1,444	--	374	--	1,818
Appeals taken	--	--	--	0	--	0	--	0
SANTA MONICA (2 judges)								
Number accused	143	106	12,666	27,375	3,335	3,180	16,144	30,661
Transferred to other jurisdictions	0	0	0	0	0	1	0	1
Dismissals without prosecution	10	8	62	320	58	86	130	414
Pleas of guilt	0	0	659	1,042	2,612	2,288	3,271	3,330
Bail forfeitures	0	0	11,945	23,787	620	565	12,565	24,352
Bound over	113	84	--	--	--	--	113	84
Convictions by judge	--	--	0	0	1	0	1	0
Convictions by jury	--	--	0	0	8	0	8	0
Acquittals by jury	--	--	0	0	5	4	5	4
Dismissals and acquittals by judge after hearing	31	13	13	15	33	43	77	71
New trials granted	--	--	0	0	0	0	0	0
Jury disagreements	--	--	1	0	0	0	1	0
Totals disposed of	154	105	12,679	25,164	3,337	2,987	16,170	28,256
Continuances	4	4	76	41	139	115	219	160
Off calendar	0	1	0	2,493	0	2	0	2,496
Probation granted	--	--	0	0	0	0	0	0
Probation denied	--	--	0	0	0	0	0	0
Sentences to jail	--	--	27	31	998	807	1,025	838
Sentences by fine	--	--	660	1,057	1,510	1,519	2,170	2,576
Other sentences	--	--	0	0	0	0	0	0
Appeals taken	--	--	0	0	0	0	0	0
Sentences to traffic school	--	--	0	0	--	--	0	0
SACRAMENTO (3 judges)								
Number accused	1,247	1,182	77,000	81,036	6,927	7,136	85,174	89,354
Transferred to other jurisdictions	114	197	0	0	177	143	291	340
Dismissals without prosecution	271	232	972	4,272	92	102	1 335	4,606
Pleas of guilt	0	0	1 696	1,368	4,954	5,119	6,650	6,487
Bail forfeitures	0	0	65,421	74,904	62	95	65,483	74,999
Bound over	872	536	--	--	--	--	872	536
Convictions by judge	--	--	914	1,200	1,839	2,215	2,753	3,415
Convictions by jury	--	--	0	0	2	4	2	4
Acquittals by jury	--	--	0	0	4	2	4	2
Dismissals and acquittals by judge after hearing	4	11	317	672	429	505	750	1,188
New trials granted	--	--	0	0	0	0	0	0
Jury disagreements	--	--	0	0	0	2	0	2
Totals disposed of	1,261	976	69,320	82,416	7,559	8,185	78,140	91,577
Continuances	56	0	0	0	17	0	73	0
Off calendar	0	0	0	0	0	0	0	0
Probation granted	--	--	276	360	2,444	3,207	2,720	3,567
Probation denied	--	--	0	0	0	2	0	2
Sentences to jail	--	--	143	27	3,698	4,201	3,841	4,228
Sentences by fine	--	--	2,191	1,176	2.134	2,442	4,325	3,618
Sentences to traffic school	--	--	0	0	--	--	0	0
Other sentences	--	--	0	480	0	0	0	480
Appeals taken	--	--	0	0	0	0	0	0

	Preliminary hearings		Traffic		Liquor and other misdemeanors		Grand totals	
	1947	1948	1947	1948	1947	1948	1947	1948
SAN DIEGO (5 judges)								
Number accused	353	967	120,524	127,295	18,922	23,448	139,799	151,710
Transferred to other jurisdictions	0	16	36	36	18	34	54	86
Dismissals without prosecution	217	188	145	175	644	781	1,006	1,144
Pleas of guilt	16	10	5,227	5,920	9,160	10,230	14,403	16,160
Bail forfeitures	7	0	107,370	113,403	10,074	11,670	117,451	125,073
Bound over	642	692	--	--	--	--	642	692
Convictions by judge	--	--	373	328	288	298	661	626
Convictions by jury	--	--	0	4	7	10	7	14
Acquittals by jury	--	--	2	9	14	17	16	26
Dismissals and acquittals by judge after hearing	73	64	5,515	5,411	283	337	5,871	5,812
New trials granted	--	--	0	0	0	0	0	0
Jury disagreements	--	--	3	5	4	6	7	11
Totals disposed of	955	970	118,668	125,286	20,488	23,377	140,111	149,633
Continuances	192	25	2,494	1,864	1,081	22	3,767	1,911
Off calendar	0	3	0	0	1	1	1	4
Probation granted	--	--	300	169	2,223	2,521	2,523	2,690
Probation denied	--	--	0	0	0	2	0	2
Sentences to jail	--	--	62	26	2,409	2,467	2,471	2,493
Sentences by fine	--	--	5,276	6,065	5,439	5,674	10,715	11,739
Other sentences	--	--	0	0	0	8	0	8
Appeals taken	--	--	0	0	0	0	0	0
Sentences to traffic school	--	--	0	0	--	--	0	0
SAN FRANCISCO (12 judges)								
Number accused	2,144	2,464	516,464	540,935	36,492	47,790	555,100	591,189
Transferred to other jurisdictions	56	85	55	97	310	440	421	622
Dismissals without prosecution	254	406	282	8,324	13,431	16,681	13 967	25 411
Pleas of guilt	228	329	403,417	250,350	3,829	5,202	407,474	255,881
Bail forfeitures	5	7	20,097	175,672	433	222	20,535	175,901
Bound over	1,294	1,349	--	--	--	--	1,294	1,349
Convictions by judge	--	--	8,933	23,196	1,664	5,121	10,597	28,317
Convictions by jury	--	--	0	0	15	7	15	7
Acquittals by jury	--	--	1	0	7	13	8	13
Dismissals and acquittals by judge after hearing	482	515	31,486	32,894	13,327	18,988	45,295	52,397
New trials granted	--	--	0	0	0	0	0	0
Jury disagreements	--	--	1	3	6	3	7	6
Totals disposed of	2,319	2,691	464,271	490,533	33,016	46,674	499,606	539,898
Continuances	4,103	4,820	8,927	9,746	12,541	11,525	25,571	26 091
Off calendar	103	86	11,511	12,986	533	846	12,147	13,918
Probation granted	--	--	7,293	189	1,551	1,851	8,844	2 040
Probation denied	--	--	15	1	10	323	25	324
Sentences to jail	--	--	232	346	2,627	3,622	2,859	3,968
Sentences by fine	--	--	404,141	250,754	1,668	1,546	405,809	252,300
Sentences to traffic school	--	--	0	0	0	0	0	0
Other sentences	--	--	9,333	22,578	2,737	2,524	12,070	25,102
Appeals taken	--	--	7	5	27	14	34	19

GRAND TOTALS—CRIMINAL

	Accused		Disposed of	
	1947	1948	1947	1948
Long Beach	72,807	76,451	66,091	67,815
Los Angeles	699,390	731,112	624,954	681,470
Pasadena	---	48,645	---	45,191
Santa Monica	16,144	30,661	16,170	28,256
Sacramento	85,174	89,354	78,140	91,577
San Diego	139,799	151,710	140,111	149,633
San Francisco	555,100	591,189	499,606	539 898
Totals	1,568,414	1,719,122	1,425,072	1,603,840

GUESTS EXTENDED COURTESIES OF ASSEMBLY

On request of Mr. Waters, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Mildred Younger and son, Butch Younger, of Los Angeles.

On request of Mr. Connolly, the usual courtesies of the Assembly for this day were unanimously extended to Mr. and Mrs. Leo V. Connolly and Mr. and Mrs. C. R. Butler of Santa Rosa.

On request of Mr. Stewart, the usual courtesies of the Assembly for this day were unanimously extended to Chas. Packard of Pasadena.

On request of Mr. Levering, the usual courtesies of the Assembly for this day were unanimously extended to Mr. and Mrs. Stanley Brode of Santa Monica.

On request of Mr. Beck, the usual courtesies of the Assembly for this day were unanimously extended to Leo Kovner and Jean Lopin of Los Angeles, Anne Allen of Pacific Palisades, and June Wiest of Paso Robles.

On request of Mr. McCollister, the usual courtesies of the Assembly for this day were unanimously extended to Miss Gertrude King, Miss Myrtle Sacrey, and Miss Ethel Sacrey of Santa Rosa.

On request of Messrs. Dickey and Dunn, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Elizabeth Hallum and Mrs. Glendora Ballou, leaders of Troop No. 40 of Oakland, and the following members: Joanne Weaving, Madalynn Afflict, Lois Olson, Joyce Ferris, Arlie Lagier, Barbara Farslund, Jacquelyn Bartels, and Harriette Ballou.

On request of Mr. Fleury, the usual courtesies of the Assembly for this day were unanimously extended to Elwood B. Gerrits, teacher of the Grant Union High School, and the following pupils: Cloateen Kitchens, Joan Knick, Dawn Currie, Gail Ruby, Eleanor Aeppli, Beverly Chisum, Pat Ehnisz, Barbara Bolden, Jackie Galvin, Joe Keeling, Sam Billingsly, George Arthur, Anita Chaboya, Lorna Griffin, Carolyn Felkins, Jack Kelley, Charles Gorlinski, Ann Contreraz, Edward Yeager, Jerry Griffin, Don Bailey, Geoffrey Stretch, Floyd Pair, Paul Norehad, Bill Edwards, George Lenzi, Wanda Axtell, Vivian Laffoon, Clarice Cox, Bob Scobee, Pearl White, Ronald Schwan, Danny Chan, Bill Chilcott, Tom Shelton, Dudley Arnold, Lois Jones, Thaddea Oliver, Georgia Ann Mutch, Carol-Jean Howe, Ruby Jones, Jim Davis, Gloria Wilson, Marium Glen, Jack Trumbo, Stanley Harvey, Shirley Griebe, Ella Reece, Jane Spears, Don Moore, LaNelle Cotten, Virginia Luke, Roland Gardner, Bob Toombs, Charles White, Gordon Sims, Alton Danielson, Mary Purvis, Alan Wever, Bill Meredith, Don Griggs, Mike Adams, Russell Mosburg, Janet Chapman, Richard Meyer, Gerald Bunce, Walter Rose, Ronald Swan, Barbara Griffith, Patsy Lee, Kenny Dickinson, Jim Abe, Gordon Anderson, Gerald Hallam, Virginia Fitzpatrick, Ted Hunting, Peggy Randlemon, Berle Watkins, George Thomas, Gary Donahue, David Cain, Ted Scammell, James Dodson, John Wyrick, Ralph Zabola, Jane Lukehart, Bob Rieb, Bill Krueger, Ardis Stillwell, Lillian Santiago, Harry Wagner, Everial Vosburgh, Gae Schlosser, John Sims, Maurice McKowen, Dewain Ryan, Ruth Sullivan, Bernice Nilsen, Alex Klemin, Bill Stevenson, Iris Kirkpatrick, Dennis Blackburn, Denson Mott, Ed Garcia, Bill Ravenscroft, Roy Nelson, Shirley Dougherty, Barbara Brown, Edith Slayden, Dean Kronberger, Darleigh Long, Connie Fortuno, Don Smith, Marjorie Fife, John Ambrose, Dorothy White, Evelyn Williamson, Janet Olson, Dean Burns, Jim Inglis, Bob Nicolaus, George Larrabee, Edna Wall, Nola Moore, Mae McFarland, Janice Shull, Barbara Sullivan, Betty Dodson, Pete Campos, Bill Patrick, Margie Poor, Betty Nordine, Helen Cort, Helen Rathbone, George Caldwell, Theota Smith, Lois McNew, Ann Livermore, Wilma Boyd, Edwina Massey, Gerald Kirkpatrick, Jane Starr, Tommy Munson, Jack Korich, Ida Mae Fultz, Jo Meta Johnson, Miles Wood, Bob Coy, LaQuita

Edwards, Patricia Hall, Donna Johnson, Robert Hood, Walt Moody, Ted Schneider, Dorothy Aldrich, Frank Salas, and Jerry Noberg.

On request of Mr. Lowrey, the usual courtesies of the Assembly for this day were unanimously extended to the following pupils of the Winters Joint Union High School: Juliann Burket, Nina Jewel Constant, Lillian Mae Duncan, Donna Lee Echols, Gloria Fernandez, Isabel Aurora Martinez, Augustine LaVerne McCluskey, Gloria McDowell, Patsy Ann Morgan, Marie Perez, Ramona Ramos, Claire Lorraine Rominger, Mildred Silvan Ruiz, Frances Marie Snow, Annie Marie Valadez, James Boynton, Lois Hansen, James Fowler Baker, Floyd Brown, Herman Campos, Charles John Clayton, Peter Lopez Fernandez, Rudy Edward George, Don J. Harris, Warren E. Johnston, Robert Leroy Kiefer, Frank Martin, Jr., Stewart Carroll Potter, Joe M. Rubio, Jim B. Snodgrass, Jerry Robert Taylor, Larry L. Warren, Jack Dillard Wright, and Kenneth Day.

On request of Mr. Fleury, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. Torrance Phelps of Sacramento.

On request of Messrs. Fletcher and Lipscomb, the usual courtesies of the Assembly for this day were unanimously extended to Mr. and Mrs. Don Haggerty and Mrs. Gertrude Keyes of Los Angeles.

On request of Messrs. Weber and Hoffman, the usual courtesies of the Assembly for this day were unanimously extended to Dorothy Trachiotis, teacher of the Edison High School of Stockton, and the following pupils: Ralph Aguilar, Elsie Banuelos, Barbara Caballero, Robert Chan, Larry Gonzales, Lois Leitner, Betty Merrill, Helen Molina, Kiyoshi Morodomi, Ben Nicolas, Eugene Obenshain, James Payne, Alice Rubio, Elsie Saiki, Elmer Shaw, Bobby Siltanan, Marjorie Tadlock, Jeanette Tahara, Jeanette Tessandori, Roberta Traynor, Phyllis Walker, Yvonne Walker, and Jane Pike.

On request of Mr. Beck and the Democratic Delegation, the usual courtesies of the Assembly for this day were unanimously extended to Sada Stevens and Nancy Strawbridge of Mill Valley; Annie S. Henderson, Carea H. Pittman, Clara Shirpser, Margaret Gordon, Ruth Scheer, and Roma Burnett Bishop of Berkeley; Jessie V. Cullivan, Ruth Dodds, Edith B Kelley, Patricia Kleps, Alicerae Harley, Beatrice M. Stern, Martha Manhart, and Myrtle Ann Desmund of Sacramento; Lynn Nowels, Beatrice Shiekrout, and Faith L. Hawkins of Bakersfield; Orine O'Gara, Jennie Matyas, Kathryn Gelnels, Valeska Bary, and Julia Porter of San Francisco; and Barbara DeLibau of San Mateo.

On request of Mr. Clarke, the usual courtesies of the Assembly for this day were unanimously extended to Mrs. N. Jones, Mrs. A. G. Goodnow, Mrs. Gertrude Ryder, Mrs. Joe Mello, leaders of the Girl Scouts of Gustine, and the following members: Mrs. Carl Stephens, Joyce Bargewell, Doreen Bonta, Wanda Brewer, Betty Britton, Serena Cabral, Pat Chappell, Fay Dellipane, Phyllis Mason, Geraldine Mello, Lita Parks, Sandra Stephens, Jean Smith, Beverly Snyder, Adele Thompson, Gloria Toledo, Roberta Travis, Joanne Troesch, Mary Watkins, Mrs. Wm. Woods, Mrs. Mike Sproviera, Dorine Jones, Alneria Matteri, Lola Moniz, Jean Norseen, Helen Perry, Adele Rossie, Jean Schmidt, Maria Silvia,

Patty Sproviera, Kathleen Peasley, Judy Woods, Phyllis Davis, Darlene Baird, Mrs. C. Guaglianone, Mrs. E. Matteri, Loretta Jones, Lois Barelli, Erlene Yancey, Betty Matteri, Margie Donaldson, Mary Lou Guaglianone, Sharen Shuman, Doris Gidding, Jo Ann Carlson, Frances Worthington, Janne Moniz, Mary Ann Newbald, Betty Ryder, Edna Mae Silveria, Carolyn Silvia, and Sandra Souza.

On request of Mr. Beck, the usual courtesies of the Assembly for this day were unanimously extended to Larry Button of Sacramento.

ADJOURNMENT SINE DIE

The hour of 12 o'clock midnight having arrived, pursuant to the provisions of the Constitution of the State of California, the Honorable Sam L. Collins, Speaker of the Assembly, announced that the time for final adjournment of the 1950 Regular Budget Session of the Legislature of the State of California had arrived, and therefore declared the Assembly adjourned sine die.

SAM L. COLLINS, Speaker

GERALDINE B. HADSELL, Minute Clerk

RECAPITULATION OF ASSEMBLY MEASURES

ASSEMBLY BILLS APPROVED BY THE 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 became effective 90 days after adjournment sine die of the Legislature, or on July 4, 1950.

A. B. Number	Chapter	Author	Subject of Title	Approved by Governor
2	4	Sherwin and Butters	Adding section to Revenue and Taxation Code, relating to service of warrants by members of California Highway Patrol and payment of expense thereof from Motor Vehicle License Fee Fund	Apr 19
3	6	Butters et al	Amending sections of Agricultural Code relating to fees for testing, examining, and certifying seeds	Apr 27

Number of Assembly bills approved by Governor—2.

ASSEMBLY CONCURRENT RESOLUTIONS CHAPTERED, AND FILED WITH THE SECRETARY OF STATE

Number	Resolution Chapter	Author	Subject of Title	Date filed with Secretary of State
2	1	Maloney and Clarke	Relative to selection of the Legislative Counsel of California	Mar 15
3	2	Maloney	Relative to the memory of W A (Archie) Wells	Mar 16
4	3	Gaffney et al	Relative to the passing of the Most Reverend James T O'Dowd, Auxiliary Bishop of San Francisco	Mar 16
5	7	Kirkwood and Thompson	Approving amendment to charter of the City of Palo Alto	Mar. 20
6	16	Dunn et al	Relative to participation in the events of the Thirty-first Annual Public Schools Week	Apr 4
7	8	Maloney et al	Relative to Fred B Wood, Legislative Counsel of California	Mar 23
10	18	Dolwig	Relative to investigation of certain portions of San Francisco Bay for highway or bridge crossing	Apr 5

Total—7

ASSEMBLY CONCURRENT RESOLUTIONS DIED ON FILE IN ASSEMBLY

9

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	6	Erwin et al	Relative to Central Arizona Project	Mar 20
4	14	Lowrey and Coats	Memorializing the President and the Senate of the Congress of the United States in relation to H R. 163, authorizing Sacramento Valley irrigation canals as part of Central Valley Project in California	Mar 29
6	12	Burkhalter et al	Memorializing Congress to exempt motion pictures and all types of theatrical entertainment from the federal admission tax	Apr. 4
7	13	Gaffney and George D Collins	Memorializing the Congress of the United States to modify the federal luxury tax	Apr 3
8	15	Erwin and McCarthy	Relative to location of the Air Force Academy in California	Apr 4

Total 5

SENATE BILLS DIED ON FILE IN ASSEMBLY

4

Total 1