
Introduced by Senator McAteer

February 17, 1965

REFERRED TO COMMITTEE ON LABOR

An act to repeal Chapter 8 (commencing with Section 1131) of Part 3 of Division 2 of the Labor Code, relating to unlawful labor activities.

The people of the State of California do enact as follows:

- 1 SECTION 1. Chapter 8 (commencing with Section 1131) of
2 Part 3 of Division 2 of the Labor Code is repealed.

LEGISLATIVE COUNSEL'S DIGEST

SB 551, as introduced, McAteer (Lab.). Hot cargo, secondary boycotts.
Repeals Ch. 8 (commencing with Sec. 1131), Pt. 3, Div. 2, Lab.C.
Removes provisions declaring "hot cargo" and "secondary boycotts" unlawful and providing for injunctive relief therefrom.

1 The
9 SACRAMENTO
6 STORY
5 Labor and the Legislature

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*Labor reviews the record of the
1965 General Session of the
California Legislature*

**The California Labor
Federation, AFL-CIO
Legislative Report**

January, 1966

TABLE OF CONTENTS

FOREWORD	1
Social Insurance	3
Unemployment Insurance	3
Unemployment Insurance—State Employees	7
Workmen's Compensation Administration	7
Workmen's Compensation Benefits	11
Disability Insurance	13
Disability Insurance—Hospital Employees	18
Extension of Mechanics Lien Rights to Trust Funds	19
Hospital Workers	20
Bargaining Rights for Workers in Public Utility Districts	22
Voter Registration	23
Repeal of Hot Cargo	24
Education	27
Teacher Organizations	27
General	29
Teachers' Benefits Strengthened	29
Taxation	31
Civil Rights	34
Labor Code	35
State Employees	37
Consumer Protection	39
Appreciation	41

FOREWORD

It is certainly no easy task to pass judgment on the 1965 general session of the California Legislature. It is doubtful if any general session has been held under more trying circumstances in the history of our state than the session which ended on June 18.

It was less than a month before the session convened in January that a special three-judge federal district court, on December 3, 1965, ordered the California Legislature to reapportion its Senate as a "first order of business" but "in no event later than July 1, 1965."

The court order, an impenetrable wall to the political aspirations of some state senators, preoccupied the thinking of all state senators as well as many assemblymen.

Reapportionment was not the only problem in the path toward a truly successful legislative year.

Since the Industrial Relations Committee was composed of a membership of with 4 of the 9 generally opposed to liberal measures one member easily became a swing vote on all crucial issues. The importance of the composition of a committee can be seen in the repeal of the Hot Cargo Act when 5 members of the committee favorably reported the bill out while the 4 members voted against repeal. On the other hand, two bills to permit hospital workers limited organizing rights, died in the Committee because one member felt unable to extend his support to the proposed legislation and not one of the 4 generally opposed would vote favorably to report the bills.

The need is clear for reform of the rules of the Senate in processing bills. The need for change was amply demonstrated in the closing hours of the recent session. Roll calls, those last few days, were recorded by name of the senator with most members absent from the floor. Senate procedure permits the vote on a noncontroversial measure, often passed by a vote of 33 or 34 to 0, to become the roll call by consent on numerous succeeding measures. This saves the time of actually repeating the roll call. Bills, therefore, pour through the third reading or final passage without the advantage of the enlightenment and understanding that stems from debate.

As a result, many members of the Senate are recorded voting for or against bills which, if time permitted adequate discussion, would at no time reflect the individual member's actual views.

It should be pointed out that in the Assembly the Speaker is attempting to provide a better flow of legislation by increased committee responsibility, and he should be commended and supported for his efforts to encourage committee bills so that, with fewer bills on the calendar, the members will have a clearer understanding of the legislation before them. The Speaker, too, is moving to ease the legislative logjam of the waning hours of the session.

Our State's problems grow rapidly more difficult of solution. The time has come when the Assembly and Senate members should have a more detailed, printed analysis of each major bill with the arguments for and against a bill when the minority so wishes. These should be distributed at least one day prior to action by the whole body.

With reapportionment behind us and with increased party responsibility in both the selection and size of committees, it is believed that general sessions of the legislature could hereafter more accurately reflect the desires of the electorate.

It is because of the organization of the houses of the legislature and reapportionment, that I have said that it was not an easy task to pass judgment on the 1965 general session. Insofar as labor is concerned, there are still many essential needs to be written into law.

In fairness, it must be added that the general session of 1965 was not, as President Truman described the Congressional session in 1947, a "do nothing" session. Many state programs necessary to the "good and welfare" of the people of California were newly initiated and going programs provided for.

With dedication to keep the issues clearly before our union members, with resolve to get our members registered and to the polls and with a pledge to all who serve in the Legislature of California that we will support all responsible efforts to overhaul and reform legislative organization and procedures, the California Labor Federation seeks ever a State Legislature which will more effectively and justly translate the will of the people into law.

SOCIAL INSURANCES

Unemployment Insurance

"The Depression dramatized the fact that the American worker was now almost universally dependent on factors beyond his individual control for his economic security."

**Wilbur J. Cohen
Under Secretary
Dept. of Health, Education and Welfare**

In the '30s mass unemployment brought hunger and despair to the land. We learned that an industrial nation needed a system of economic safeguards for the unemployed.

Unemployment is a devastating experience to the worker and his family with a devastating impact upon the nation's economy.

The Fifth Convention of the California Labor Federation called for an overhaul of the unemployment insurance tax structure to provide adequate funding; an increase in the maximum weekly benefit amount equal to two-thirds of average weekly wages with a provision for annual escalation; dependency benefits; retroactive compensation with the present one week waiting period whenever the unemployment period extended beyond seven days; an increase in the duration of benefits from 26 to 39 weeks on a permanent basis; and coverage to include agricultural, domestic, public and nonprofit organization employees.

AB 1280, introduced by Assemblyman Dymally (D-Los Angeles), was the Federation's bill to effect the program laid down by the Convention. The bill was referred to the Subcommittee on Unemployment Insurance of the Assembly Finance and Insurance Committee.

The Subcommittee, chaired by Assemblyman Jack Casey (D-Bakersfield), took under submission all the many bills sponsored by the administration, labor and management. Hearings were held on all of these bills during the first few months of the session and on May 31 the subcommittee-prepared bill was unveiled, AB 518.

Benefits:

AB 518 increased the maximum weekly benefit amount from \$55 to \$65 per week.

When the Legislature convened in January, the maximum weekly benefit amount of \$55 a week was equivalent to 45.65 percent of the average weekly wage in covered employment. The increased maximum weekly benefit amount of \$65 per week is equivalent to a little better than 50 percent of average weekly wages in covered employment. Even with the \$10 a week increase a majority of the work force in covered employment in California will have their individual wages insured for less than 50 percent of their average weekly wage.

Unfortunately, even the modest increase was tied to a crippling amendment. Under present law, the individual benefit amount for those drawing the maximum amount or less is increased by \$1 for every \$28 earned during the high quarter of his wage base. AB 518 incorporates \$30 steps in high quarter earnings for every \$1 of benefits between \$55 and \$60; and \$40 steps in high quarter earnings for every \$1 of benefits between \$61 and \$65. The impact of increasing the number of dollars which must be earned during the high quarter of the wage base to qualify for an additional \$1 in benefit amount is this: all workers whose weekly benefit amount is over \$61 will get a weekly benefit amount of less than 50 percent of their average weekly wage. Workers whose benefit amount is less than 50 percent of their average weekly wage within the benefit schedule will be unable to keep up with their commitments for housing and food. Thus, the new schedule weakens the insurance principle of the State's unemployment insurance program.

If the \$40 step increases in high quarter earnings in the wage to qualify for an additional \$1 in benefit amounts is carried forward as benefits are increased to meet rising wages, the more a person earns the less his benefit amount will be as a percentage of his average weekly earnings.

On the other hand, the increase in the maximum weekly benefit amount of \$10 a week increased the weekly benefit payment to four of every 10 claimants. The impact on the State's economy of this particular amendment is to increase

total benefit payments to eligible unemployed, including the extended duration benefits, by about \$43.8 million.

Disqualification:

AB 518 amended the unemployment insurance program to provide that persons who voluntarily leave their employment without good cause or are discharged for misconduct shall for each such disqualification be ineligible for benefits until they have earned five times their weekly benefit amount. This replaces the old disqualification of five consecutive weeks—not counting the week in which the disqualification occurred. Sixty thousand beneficiaries will be affected by this change alone. The Department of Employment projects benefit payments to be reduced by \$26.5 million as a consequence of this change alone.

The new requirement that all persons disqualified must earn five times their weekly benefit amount for each such disqualification is more unjust when opportunities for employment are not available than when opportunities are available; more unjust upon the unskilled, youth and persons over 45 than upon workers in the community as a whole; more unjust upon minorities than upon the community at large. Because it creates an unequal punishment it is indefensible.

Eligibility:

AB 518 modified the eligibility requirements and fixed the minimum earning requirement at \$720. This change made 300 claimants presently ineligible, eligible—and 15,000 claimants presently eligible, ineligible. It would reduce benefit payments (regular—plus extended duration) by a net amount of about \$5 million.

However, AB 518 would allow earnings from any type of employment to be used to clear the lag quarter test. This would affect about 6000 claimants and would increase benefit payments by about \$3 million.

Extended Duration:

A more significant but less discussed change is the formula to qualify for extended duration benefits.

The new provisions do not go into effect until January 1, 1967. Had this provision been in effect in past years there

would have been no extended duration benefits in 1963 or 1964 with a corresponding reduction of between \$16 to \$20 million estimated in benefits to be paid.

The California Labor Federation was the **only** organization to appear in opposition to the inclusion of these amendments before the Assembly Committee on Finance and Insurance.

When the bill was under consideration in the Assembly, Assemblyman Foran offered two California Labor Federation amendments to AB 518. The first amendment restored the schedule of earnings to determine benefits so that all workers within the maximum benefit amount range would have their wages insured to 50 percent. The second amendment moved to strike out the new language for disqualification for a voluntary quit or discharge for misconduct. The vote was a voice vote and the amendments were defeated. The bill then passed the Assembly 60 to 8.

Again in the Senate, the California Labor Federation **alone** opposed the regressive amendments to AB 518, but in both the Senate Committee on Insurance and Financial Institutions and in the Committee on Finance, AB 518, except for clarifying amendments, was reported out as it had passed the Assembly.

During the morning of June 17 Senator McAteer (D-San Francisco) moved to amend AB 3006 to restore the schedule of benefits so that benefit payments would be 50 percent of average weekly earnings up to the maximum of \$65 a week in average weekly benefits. The amendments were read and adopted unanimously. But, before AB 3006 could be reported to the Assembly, Senator Burns moved to call the bill back and his motion was sustained.

On June 22, 1965, the California Labor Federation, after analyzing the bill, wrote the Governor concerning AB 518, and said in part, "the maximum benefit amount will not provide the great majority of unemployed workers a benefit sufficient to buy the bare necessities of food, housing and health; nor will it provide the great majority of unemployed workers a benefit equal to one-half of their average weekly wages; the total benefit payments will be insufficient to bolster the economy in time of recession; and the whole structure is housed on a foundation ill-equipped to support it.

“For these reasons, the California Labor Federation, AFL-CIO, respectfully requests that you veto AB 518.”

In closing, your Secretary wrote: “because the need to improve these programs is critical, we urge you to call a special session of the Legislature to remedy these inadequacies at the earliest practicable date.”

AB 518, signed by the Governor, became effective September 17, 1965.

Unemployment Insurance — State Employees

On March 15, Assemblyman Jerome Waldie, majority leader, introduced AB 1808. The proposed legislation would have made state employment, except employment by the University of California and California state colleges, subject to unemployment insurance coverage.

Since AB 1280, the Federation's bill introduced by Assemblyman Dymally, covered all public employment while AB 1808 covered only state employment less the University and state colleges, the Federation indicated the bill as a “watch” bill.

However, when the bill was under consideration by the Assembly, it was clear that Assemblyman Waldie's bill would be the only extension of coverage to public employees during the 1965 session.

AB 1808 would have extended coverage to an additional 110,000 persons in California in a calendar year like 1965. Unlike the Federation's bill which would have made the State subject to the normal experience rating provisions of the Unemployment Insurance Act, AB 1808 set the contribution rate to equal the estimated actual cost of benefits chargeable to the State's account. The average benefits to unemployed state employees were estimated to be approximately 6.8 million for the next fiscal year.

On June 8, 1965 passage was refused by the Assembly by a vote of 18 to 23:

Workmen's Compensation Administration

AB 2023 was presented to the Assembly by the Committee

on Workmen's Compensation of the Assembly Committee on Finance and Insurance. It was an administrative reform measure as distinct from a benefit measure, since AB 1699 dealt with the benefit provisions of the Workmen's Compensation law.

AB 2023 was a measure agreed to by the California Labor Federation, the Teamsters, the International Longshoremen & Warehousemen's Union on behalf of organized labor with self-insurers, insurance carriers and employers. That part of the "Blue Ribbon" Study Commission Report dealing with the administration of workmen's compensation was used as a guide.

AB 2023 establishes a Division of Industrial Accidents and an Appeals Board to replace the present Industrial Accident Commission. The duties of the Industrial Accident Commission to hear and to decide contested cases are transferred to the Appeals Board and the referees. The duties of the Industrial Accident Commission with regard to administrative functions have been substantially enlarged and transferred to the Division of Industrial Accidents which becomes the overseer of workmen's compensation in noncontested cases.

The seven-member Appeals Board shall be appointed by the Governor for four-year terms—five of the seven members shall be lawyers—two members may be laymen.

The California workmen's compensation law presently gives no assurance that any members of the Industrial Accident Commission shall be from any particular walk of life. It has been customary since the time of Governor Warren for two of the members of the Appeals Board to come from the ranks of labor. The two lay members may still come from the ranks of labor.

The Division of Industrial Accidents, which is charged with the administrative functions of workmen's compensation, shall be headed by an administrative director appointed by the Governor. The Governor may choose his administrative director from any walk of life, including labor.

AB 2023 provides that the administrative director of the Division of Industrial Accidents shall make reasonable rules requiring employers promptly to furnish the injured employee with reports denying or affirming the payment of benefits,

as well as the weekly benefit amount based upon his average weekly wages when compensation is paid. A copy of the report must be forwarded immediately to the administrative director.

AB 2023 provides that the administrative director shall prescribe rules for a report on the termination of benefits to the injured employee containing a full accounting of benefits paid, with a copy to the administrative director.

For the first time in California and a first in the nation, employees will be furnished reports by the employer denying or reaffirming benefit payments, full accounting of benefit payments with a termination notification.

AB 2023 provides in addition that the Director of Industrial Relations shall audit self-insured employers and the Commissioner of Insurance shall audit insurance carriers "to make certain that injured workmen and their dependents in the event of their death, receive promptly and accurately the full measure of benefits to which they are entitled."

The administrative director shall appoint a Medical Advisory Committee composed of seven members from recognized fields of medical practice. The duties of the Medical Advisory Committee shall be to maintain a liaison with the medical profession, to assist in recruiting doctors for the Medical Bureau, to advise the medical director as to the selection and removal of independent medical examiners, to assist in developing guidelines for the determination of disputed questions of medical fact, to suggest standards for improving care furnished injured employees, to undertake continuing studies of developments in the field of rehabilitation, and to advise the Division regarding reasonable levels of fees.

The Medical Advisory Committee shall advise the medical director who, in turn, is responsible to the administrative director.

By setting up a Medical Advisory Committee AB 2023 provides the administrative director an avenue to secure a better working relationship with the medical profession.

Although, for example, AB 2023 by no means solves the problem of late reporting by doctors to insurance carriers and employers, it does provide, what is not now present in the

law, that the medical director through a Medical Advisory Committee can bring to bear greater pressure on the California Medical Association and individual doctors in carrying out their obligation to see that the medical reports are promptly filed in order that first payments may be made promptly to injured employees. And in the same manner, the Advisory Committee can be helpful to assure the adequacy of medical care.

Payment for independent medical examination shall be made from state funds. Presently, by custom, independent medical examiners are paid by employers, and it seems reasonably clear that AB 2023 should assure a greater independence in evaluation when the I.M.E. is paid from state funds.

AB 2023 provides that the administrative director may establish a vocational rehabilitation unit within the Division of Industrial Accidents. Such a unit is presently being established.

The voluntary vocational rehabilitation program provided by AB 2023 falls short of what labor seeks—it is better than what we have because we presently have nothing; therefore, it is good in that it is a beginning.

This Legislature bought the employers' wish that the rehabilitation program be voluntary. Time will tell if the employers are serious in providing a program or whether their request was window dressing. However, failure of self-insurers and insurance carriers to establish a rehabilitation program will now quickly become a matter of statistical fact and the Legislature will soon learn if the program which the employers sought will, in fact, be effective.

AB 2023 was introduced on June 4, 1965, with labor spokesmen in support of the bill. AB 2023 was heard before the full Assembly Committee on Finance and Insurance. It was recommended to the Assembly unanimously and on June 7 passed the Assembly 70 to 0.

Technical amendments were added to the bill in the Senate Committee and on the Senate floor. On June 18, in the rush of the final hours of the session, AB 2023 passed the Senate 21 to 8:

Governor Brown signed AB 2023 on July 23, 1965. The effective date of AB 2023 is January 15, 1966.

Workmen's Compensation Benefits

AB 1699, a bill to increase the maximum benefit from \$70 to \$80 a week for temporary disability in workmen's compensation, was the "committee bill."

During the course of the session the Subcommittee on Workmen's Compensation of the Assembly Committee on Finance and Insurance, Chairman, Anthony Beilenson (D-Los Angeles), heard testimony for and against many individual pieces of legislation sponsored by management, insurance and labor affecting the injured worker.

The California Labor Federation's bill, AB 1227, introduced by John Foran (D-San Francisco), provided for:

1. Full coverage of all workers who suffer job-connected injuries;
2. Full medical coverage for injured persons including free choice of physicians with additional maintenance benefits during vocational retraining;
3. Adequate income insurance benefits for the temporary and permanently disabled, and for widows and dependent survivors;
4. An impartial administration to assure injured workers that the benefits due them under the law shall, in fact, be paid them.

AB 1227 was heard by the Subcommittee and as in the case of all other benefit bills was taken under submission. Finally, after all bills had been heard, the Subcommittee put together AB 1699.

The bill provided for an increase in the temporary disability maximum benefit from \$70 to \$80 a week. This provision would have put an end to the present situation of persons injured on the job seeking the additional benefit from disability insurance by fixing the maximum weekly benefit amount for temporary disability under workmen's compensation on a par with the maximum weekly benefit amount under disability insurance.

AB 1699 also provided for additional changes to the present workmen's compensation program. The proposed measure (1) limited the use by the Commission of deputy commission-

ers; (2) put the referees' civil service examinations on a non-promotional basis; (3) entitled the employer or his insurer to request information from the Department of Employment as to an injured employees' last known address when the employee cannot be located through normal procedures; and (4) created the right of any party to an Industrial Accident Commission proceeding to a peremptory objection to a referee with the requirement that the notice of hearing specify the referee before whom such hearing would be held.

Although we did not concur with all of the substantive provisions of AB 1699 we supported the bill because the increased temporary disability maximum benefit from \$70 to \$80 a week was long overdue.

AB 1699 passed the Assembly 49 to 6.

At the hearing before the Senate Committee on Insurance and Financial Institutions, Chairman Dolwig (R-San Mateo) introduced amendments to exclude from the definition of an injury disability or death caused by cardiovascular disease unless it was established "with certainty that:

- (1) such disease was solely and exclusively caused by the employment; or that
- (2) any aggravation or exacerbation of such diseases resulting in disability or death was solely and exclusively caused by an unexpected, abnormal, extraordinary and unusual circumstance or happening of the employment."

The amendments further provided "that disability or death caused by cancer shall not be held to be an injury or to be caused by injury unless it is established with certainty that such cancer would not have existed and would not have eventuated in disability or death had such injury not been incurred."

The California Labor Federation immediately opposed the amendments introduced by Senator Dolwig.

Assemblyman Beilenson, author of AB 1699, immediately indicated his opposition. The Senate Committee on Insurance and Financial Institutions adopted the amendments of their chairman. Although the amendments were adopted by the Committee over the opposition of the Chairman of the Assem-

bly Subcommittee on Workmen's Compensation, Assemblyman Beilenson, and the California Labor Federation, the State Senate returned AB 1699 to the Assembly for concurrence with the Dolwig amendments by a vote of 36 to 0. The Senate was operating on the passage of bills at that time by using a previous vote since action came on the hurried, last day of the session.

The Assembly refused to concur in the Senate amendments by a vote of 12 to 56.

When the Assembly refused to concur in the Senate amendments, the Bill went to Conference, where it died.

Disability Insurance

Only four states provide an insurance of lost wages due to disability not connected with employment. In addition to California, they are New York, New Jersey and Rhode Island, and although the California program surpasses the disability insurance programs of the other three states in coverage and adequacy of benefits, all is not well in California.

In reviewing its program on disability insurance at the Fifth Convention, August, 1964, the California Labor Federation in a statement of policy pointed out that legislation was necessary "to assure the long-term solvency of this worker-financed social insurance program by requiring monthly employer remittance of worker contributions . . . and by providing for annual escalation of the taxable wage base to match the escalation of the benefit structure."

The Federation, at the 1963 general session of the Legislature, had sought an automatic escalation of the tax base while reserves in the Trust Fund were still adequate, but falling. The Legislature, however, failed to heed the warning of solvency except to authorize the Director to borrow money when necessary.

In December 1964 the Director of Employment called a meeting of employer representatives and the California Labor Federation to discuss the Trust Fund's inability to pay the full benefits required by law after April 1, 1965 unless the wage base and the tax rate were increased.

In his address to the Legislature on January 5, 1965, the

Governor said "I will also ask you to raise employee contributions to the State Disability Insurance Fund to protect the solvency of that program."

And on behalf of the Governor, Assemblyman George Zenovich introduced AB 241 on January 12, 1965.

AB 241 increased the tax rate from one percent to 1.1 percent effective April 1, 1965 through December 31, 1966; increased the tax base from \$5600 to \$7500; provided a formula for the escalation of the tax base period; required the monthly remittance by employers of the tax collected from employees except employers whose workers' contributions were less than \$50 a month; extended through 1967 the authority of the Director of Employment to borrow money.

In spite of the fact that AB 241 did not increase coverage or provide additional benefits, the California Labor Federation supported the bill because it met the problem of solvency within the framework of the policy statement of the California Labor Federation.

The Zenovich bill was taken up on February 11 with but one change in the bill: the increased tax rate from one percent to 1.1 percent was to be effective through December 31, 1965 only, rather than December 31, 1966. The California Labor Federation felt that the one-tenth of one percent increase for a period of nine months would be insufficient to provide an adequate reserve. However, since the increased tax rate would permit the Fund to pay its current bills even though the Fund would be close to the brink of insolvency, the Federation supported the bill because it was apparent even then that the Legislature would not enact an improved financing program.

The attack on the Disability Insurance program began on two fronts. The first was a procedural attack. Assemblyman Dannemeyer (D), seconded by Assemblyman Monagan (R), moved to re-refer AB 241 to the Committee on Finance and Insurance although the bill had been fully heard in the Committee on Ways and Means.

The motion lost 42 to 35.

With the defeat of the motion to re-refer to the Committee on Finance and Insurance, Assemblyman Thelin (R) presented

10, on the whole, crippling amendments. The more important of the amendments were:

- (a) Increased the maximum wage base from its present \$5600 to \$6500. The California Labor Federation opposed this amendment because it left the Disability Trust Fund still insolvent.
- (b) Increased the earnings requirement to qualify for disability insurance benefits from \$300 to \$600. The California Labor Federation opposed a 100 increase in earnings to qualify for disability benefits.
- (c) Further required as a test for eligibility that, unless an employee in covered employment earns total wages in his base period equal to 30 times his weekly benefit amount but not less than \$750, no more than 75 percent of his earnings could be counted from any single calendar quarter in his base period.

The combined provisions (b) and (c) would have disqualified thousands from disability benefits.

- (d) Stipulated that the total benefit payments to any qualified disabled person should not exceed 50 percent of his base period wages. The California Legislature, 12 years ago, had abolished the same provision.
- (e) Reduced the weekly benefit amount by requiring that the weekly benefit amount be determined by the average of wages in the two highest quarters of the base period rather than the highest quarter of the base period.

The combined effect of (d) and (e), namely, fixing a maximum payment not to exceed 50 percent of wage base earnings and determining the weekly benefit amount by averaging earnings in the two highest quarters would have reduced benefits to 221,000 claimants.

The Federation vigorously opposed all the Thelin amendments.

The Assembly refused adoption of the Thelin amendments by a vote of 43 to 31.

Following the defeat of the Thelin amendments the Assembly on February 15 passed the measure 54 to 20. The efforts

of Assemblyman Thelin (R) were, however, an omen of bad things to come.

AB 241 was referred to the Committee on Insurance and Financial Institutions of the Senate.

To the Assembly-passed bill, supported by the Governor and the California Labor Federation, Senator Miller (D) offered the following amendments which were adopted by the Committee on March 8:

- (a) Reduced the wage base from \$7500 to \$6900;
- (b) Fixed the maximum benefit amount payable to whichever is the lesser—one-half the total wages paid to an individual during his base period or 26 times his weekly benefit amount.
- (c) Froze the maximum weekly benefit amount at \$80 until July 1, 1967.
- (d) Determined the maximum weekly benefit amount by the average of wages in the two highest quarters.

The impact of these amendments was as follows:

- (1) 221,000 claimants would have their benefits reduced because of the combined effect of fixing the total maximum benefit payment in an amount not in excess of 50 percent of wage base earnings and determining the maximum weekly benefit amount by averaging earnings of the two highest quarters in the wage base period.

An additional 138,000 claimants who could have expected to get a weekly benefit amount of \$83 per week during 1966 would not because the weekly maximum benefit amount was capped at \$80 until July 1, 1967.

- (2) The reduction of taxable wage base earnings from \$7500 to \$6900 left the Trust Fund, depending upon the accuracy of the Department of Employment's forecast, insolvent or on the brink of insolvency.

The California Labor Federation opposed adoption of the Miller amendments at every step of the legislative process. The Federation pointed out that the impact would fall more heavily on building tradesmen and loggers, as well as other employees whose work is affected by weather. Equally, it was

pointed out that the impact would fall more heavily on employees whose work is peculiarly affected by the nature of the industry. It was pointed out that culinary workers for example would be severely, unfairly, and adversely affected.

By fixing the maximum weekly benefit amount on the average of the earnings of the two highest quarters instead of the highest quarter of the wage base period, 40 percent of all beneficiaries would lose a total of \$7,600,000.

The California Labor Federation, by letter, pointed out to each member of the Senate, its objection to the amendments. The Federation pointed out to the senators "that the impact of just two of the amendments is a reduction in benefits to 221,000 of the 488,000 claimants in a year—almost 50 percent."

On March 31, the Senate passed AB 241 with the Miller amendments 27 to 10.

On April 5 the Assembly refused to concur in the Senate amendments and sent the bill to Conference.

The vote to nonconcur was as follows:

On April 1, the Governor, on recommendation of the Director of Employment, dropped the additional \$12 a day benefit during hospitalization in order to continue the full amount of cash benefit payments.

AB 241 remained with the Conference Committee until June 18 when the Senate and the Assembly both adopted the Conference Report. Senator Miller dissented.

The disability wage base was fixed at \$7400 with a contribution rate of 1.1 percent from August 1, 1965 through December 31, 1965, after which the contribution rate would return to one percent.

The maximum benefit amount per week was fixed, until further legislative action, at \$80 per week; in other words

The automatic escalation was repealed.

Total payments for each disability benefit period were limited to the lesser of 26 times the weekly benefit amount or 50 percent of base period earnings. The clock had been turned back.

Senator Miller's amendments, supported by a majority of the Senate, had played a cruel hoax on the program.

The Assembly, and the Governor, faced with a permanent discontinuance of hospital benefits and a reduction in the maximum benefit amount were bludgeoned by the Senate into an unfortunate compromise. But the Assembly Democratic leadership merits thanks for saving the program from a more disastrous encounter.

Woodward and Fondiller, consulting actuaries to the California Unemployment Compensation Disability Fund, wrote Director Tieburg of the Department of Employment on July 9, 1965:

“ . . . the amendments have an important effect in reducing the reserve requirements of the State Plan. In preceding reports we have recommended a year-end reserve equal to 25-33 percent of a year's expenditures. The level of reserves needed is related to the tight balance between income and outgo. There is, at present, little or no room in that balance for error or adversity.

“On that consideration thought ought to be given, **on the next possible occasion** for some temporary measure to strengthen the reserves to a point equal to 15-20 percent of a year's expenditures.”
(emphasis added).

Disability Insurance Hospital Employees

AB 36—Burton

AB 36 extends unemployment disability insurance coverage to employees of nonprofit hospitals, and represents the only gain in coverage during the present session of the Legislature.

Members of the clergy and religious orders, interns, residents and students are excluded.

It is expected that an additional 40,000 workers will be covered by AB 36. The Department of Employment estimates this will constitute an additional \$1.2 million in benefit payments to disabled workers in the state.

EXTENSION OF MECHANICS LIEN RIGHTS TO TRUST FUND AB 1274

At the request of the Federation, Assemblyman Mills introduced 1274, a bill to extend mechanics lien rights to union health and welfare trust funds, on February 17. The bill was referred to the Committee on Judiciary. Hearings were held and on April 13 the bill received favorable consideration in the Committee on Judiciary and was referred to the Assembly. It passed the Assembly by a vote of 62 to 11:

AB 1274 was then referred to the Committee on Judiciary in the Senate where many employers vigorously protested passage of the measure. However, the bill was favorably reported and passed the Senate on June 7 by a vote of 24 to 0.

The efforts of the California Labor Federation with other affiliated organizations and especially the State Building Trades Council and the State Council of Carpenters' representatives Jim Lee and Victor La Chapelle working closely with Assemblyman Mills on the Assembly side and Senator Rattigan on the Senate side brought the needed measure through the legislature.

In signing AB 1274 Governor Brown said:

"While wage funds and trusts established by collective bargaining agreements have been subject to lien provisions, lien rights have not applied to such fringe benefits as medical coverage, hospitalization and pensions."

Continuing, the Governor pointed out:

"These benefits are, in effect, part of the wage package and they should have the same protection as wages. The bill thus provides a means of recovering employees' benefits which might otherwise be lost."

Today, the mechanics lien rights apply to the worker's health and welfare trust fund as they do to his wages.

HOSPITAL WORKERS

Hospital workers need protective state legislation if they are to bargain collectively with effectiveness. Therefore the California Labor Federation keenly senses its disappointment that the 1965 session of the Legislature failed to extend collective bargaining rights to hospital workers.

Assemblyman Dymally (D-Los Angeles) introduced AB 865 and AB 866 at the request of the California Labor Federation.

AB 865 applied to private hospitals, profit and nonprofit. The bill included such hospitals, nursing homes and other health care facilities employing more than 10 workers, but exempted Christian Science institutions. As is common in such legislation, the supervisory personnel were also excluded.

AB 865 set up a peaceful procedure for determining the desires of the majority of employees relative to employer representation when such employer refused to recognize a duly designated representative of his employees.

The bill further provided that when a labor organization demonstrated that it represented a majority of the employees in a proper bargaining unit, the employer would be obligated to bargain on wages, hours and working conditions; and, if an agreement was reached, the employer was further obligated to sign a written contract.

AB 866 established collective bargaining rights for employees of (local) governmental hospital districts. Since these districts perform a proprietary function of government, it is necessary to extend statutory protection so that they may exercise their collective bargaining rights.

AB 866 followed the well established pattern in California found in the transit authority acts.

The two bills, introduced by Assemblyman Dymally (D-Los Angeles), co-sponsored by Assemblyman Burton (D-San Francisco), were referred to the Committee on Industrial Relations.

The chairman, Assemblyman Dymally, held full hearings on both bills.

Advocates of the California Labor Federation and repre-

representatives of the Building Service Employees' Union, working closely together, arranged meetings with the individual members of the committee. At all times it was too apparent that one vote was lacking to report the bills favorably to the Assembly.

Therefore on May 27 the Committee on Industrial Relations agreed to a motion to send the subject matter to the Rules Committee for interim study.

Representatives of both the California Labor Federation and the Building Service Employees' Union in California regretfully accepted the Committee decision.

BARGAINING RIGHTS FOR WORKERS IN PUBLIC UTILITY DISTRICTS-AB 1016

AB 1016, introduced by Assemblyman Alfred E. Alquist (D-Santa Clara), extended collective bargaining rights to employees of public utility districts, municipal utility districts and publicly owned water and electrical utilities organizations under state statutes.

The bill required such public agencies to enter into contracts concerning working conditions with representatives of a majority of employees. AB 1016 provided for arbitration of disputes involving wages or working conditions upon mutual agreement by the representatives of the labor organization and the agency; set up procedures for choosing such arbitration boards; stipulated that questions involving representation would be submitted to the State Conciliation Service for disposition. The bill was not only in the public interest but also in harmony with the nation's and the state's philosophies of labor-management relations.

AB 1016 was urged by all I.B.E.W. locals and advocated actively and jointly by the California Labor Federation and Mervin Walters and George Mulkey of the I.B.E.W.

Assemblyman Alquist introduced the bill on February 9 where it was referred to the Committee on Industrial Relations. After hearings, the Committee on Industrial Relations amended the bill and on April 8 reported it favorably to the Assembly.

On April 12 the bill was again amended and at the time of the second reading was re-referred to the Committee on Ways and Means. Opposition to the bill was bitter and in an effort to placate the opposition the bill was again amended on April 19 in the Committee on Ways and Means.

When it appeared that a satisfactory bill would not be reported to the Assembly, the bill was referred to a subcommittee of Ways and Means where no further action was taken.

VOTER REGISTRATION

Voter participation in the United States falls far short of voter participation in elections in other democracies.

The Commission on Registration and Voter Participation appointed by President John F. Kennedy recommended that registration lists be closed as few days before election day as practicable for registrars.

At the request of the California Labor Federation, Assemblyman Danielson (D-Los Angeles) introduced AB 1050, co-sponsored by Assemblyman Warren (D-Los Angeles), to keep registration open at all times except the last 29 days before election.

Extensive hearings were held on AB 1050 and after amendment the Assembly Committee on Elections and Reapportionment favorably reported AB 1050 to the Assembly for passage.

The Committee amendment closed the poll book on the 45th day rather than the 54th day before election, thereby extending registration 9 more days.

Chairman Allen moved to amend the bill to provide that "notwithstanding any other provisions of law, sample ballots, precinct cards and ballot pamphlets and arguments need not be mailed to voters by the times fixed in this Code if it is impossible to meet such time limits due to the extension of the registration period from the 54th to the 45th day before election."

The Assembly rejected the amendment of Chairman Allen 41 to 19:

As AB 1050 passed the Assembly the number of days for closing the registration poll list before election had been reduced from 54 to 45 days. Passage in the Assembly was by a vote of 44 to 24:

In the Senate the bill was referred to the Committee on Elections. Hearings were held and amendments affecting the mechanics of the overall election procedure were added in the Senate Committee on May 31. When it became clear that a reasonable compromise was unattainable, the subject matter was referred to the Committee on Rules for assignment to interim study.

REPEAL OF "HOT CARGO"

The Fifth Convention of the California Labor Federation, AFL-CIO, like state conventions before, called upon the 1965 general session of the legislature to repeal the "hot cargo" act.

There is a long story to "hot cargo". The general session of 1941 of the California State Legislature added to our Labor Code, as a national emergency measure, the "hot cargo" and "secondary boycott" provisions. The people of California by referendum on November 3, 1942 approved the legislative action; but the Supreme Court of California in 1947 declared the act unconstitutional.

For almost a quarter of a century, the Federation has sought the law's repeal because it was repugnant to the basic constitutional rights of citizens. Management groups, in spite of the Supreme Court's decision, have vigorously and successfully blocked the Federation's efforts in the past to repeal the legislation. They were as vigorous but less successful this year.

Senator McAteer (D-San Francisco), on February 17, introduced SB 551 to repeal the "hot cargo" and "secondary boycott provisions" from the Labor Code; and on April 12 Assemblyman Thomas (D-Los Angeles), introduced the Federation-sponsored bill, AB 2355 on the Assembly side of the legislature.

Hearings were held before the Senate Committee on Labor which gave SB 551 a "do pass" to the Senate on May 20. And on May 25, Senator McAteer's SB 551 fell one vote shy of winning Senate approval.

Immediately, the Senator served notice on the Senate that he would seek reconsideration at a later date. The bill had received only 20 votes for passage (21 votes being necessary), while 17 votes had been cast against the measure. It was not until May 28 that Senator McAteer and the Federation had garnered sufficient votes to pass the bill in the Senate by a margin of 22 to 13.

SB 551 was on its way to the Assembly.

During the same week the Assembly Committee on Industrial Relations reported the "hot cargo" message to the Assembly floor by a 5 to 4 vote. On June 2, AB 2355 passed the As-

sembly and was sent to the Senate. Although, in fact, a bill to repeal "hot cargo" had passed both houses, it was necessary that either SB 551 or AB 2355 pass both houses.

A few days later, the Assembly Committee on Industrial Relations by a 5 to 2 vote reported SB 551 to the Assembly.

And on June 16, just two days before adjournment, Assemblyman Thomas (D) presented Senator McAteer's bill, SB 551, to the Assembly for consideration.

During the debate before the Assembly, Assemblyman Veysey offered the following amendment:

- (1) "It is unlawful for a labor organization or its agents to—
 - (a) engage in, or to induce or encourage any individual employed by any person in this state to engage in, or to induce or encourage any individual employed by any person in this state to engage in, a strike or a refusal in the course of his employment to use, manufacture, process, transport, or otherwise handle or work on any goods, articles, materials, or commodities or to perform any service; or
 - (b) threaten, coerce, or restrain any person, where in either case an object thereof is—
 - (1) forcing or requiring any employer or self-employed person to join any labor or employer organization or to enter into any agreement which is prohibited by section 1132; or
 - (2) forcing or requiring any person to cease using, selling, handling, transporting, or otherwise dealing in the products of any other producer, processor, or manufacturer or to cease doing business with any other person. Provided, that nothing contained in this section shall be construed to make unlawful, where not otherwise unlawful, any primary strike or primary picketing.
 - (c) nothing in this section shall be construed to make unlawful a refusal by any person to enter upon the premises of any employer (other than his own em-

ployer), if the employees of such employer are engaged in a strike ratified or approved by a representative of such employees.

- (2) "It is unlawful for any labor organization and any employer to enter into any contract or agreement, expressed or implied, whereby such employer ceases or refrains or agrees to cease or refrain from handling, using, selling, transporting or otherwise dealing in any of the products of any other employer, or to cease doing business with any other person, and any contract or agreement entered into heretofore, or hereafter, containing such an agreement, shall be to such extent unenforceable and void.

The source of the Veysey amendments is none other than the Taft-Hartley Act as amended and added to by the Landrum-Griffin Act.

(1) (a) Quoted above, is section 8(b) (4) (i) and (ii) of Taft-Hartley and Landrum-Griffin.

Paragraph (1) (b) (1) and (2), quoted above, are sections 8(d) (4) (ii) (A) and (B) of Taft Hartley and Landrum-Griffin.

Paragraph (1) (c) quoted above is section 8(b) (4) (ii) (d) of Taft-Hartley and Landrum-Griffin.

Paragraph (2) quoted above, is section 8(e) of Taft-Hartley and Landrum-Griffin.

However, unlike the Taft-Hartley and Landrum-Griffin Acts, the Veysey amendments included the construction and garment industries while under section 8(e) of the Taft-Hartley Act the construction and garment industries and subcontracting agreements are exempted from the "hot cargo" provisions.

On the question of the adoption of the Veysey amendments—the Taft-Hartley language on hot cargo and jurisdictional disputes—the voting was as follows:

With the defeat of the Veysey amendments, SB 551 passed the Assembly 57 to 16. Since it had already passed the Senate, it was on its way to enrollment and to the Governor.

The signing of SB 551 by Governor Brown brought to a conclusion a 25-year battle of the California Labor Federation, AFL-CIO.

EDUCATION

Teacher Organization

AB 1474 was sponsored by the California Teachers Association and introduced by Assemblyman Winton (D-Merced), on February 26, 1965. AB 1474 deletes public school employers and employees from the provisions of the "Public Employees Formal Representation Act" in the Government Code and then adds comparable provisions to the Education Code.

The bill provides that the public school employer or the government board thereof, or such administrative officer as it may designate, **shall meet and confer** with representatives of employee organizations upon request with regard to all matters relating to employment conditions and employer-employee relations. In addition, the bill provides that the public school employers shall meet and confer with representatives of employee organizations representing certificated employees, upon request, with regard to all matters relating to the definition of educational objectives, the determination of the content of courses and curricula, the selection of text books, and other aspects of the instructional program, to the extent such matters are within the discretion of the public school employer or governing board under the law.

In the event there is more than one employee organization representing certificated employees, the public school employer or the governing board thereof **shall meet and confer** with the representatives of such employee organizations through a negotiating council.

The negotiating council shall not have more than nine nor less than five members. It shall be composed of representatives of those employee organizations who are entitled to representation on the negotiating council. An employee organization representing certificated employees shall be entitled to appoint such number of members of the negotiating council as bears as nearly as practicable the same ratio to the total number of members of the negotiating council as the number of members of the employee organization bears to the total number of certificated employees of the public school em-

ployer who are members of the employee organizations representing certificated employees.

As the California Federation of Teachers, AFT, pointed out: "It should be clear to all that the right to send a representative to a council composed of other representatives of other organizations is not the right to be represented by one's own organization with the employer."

Where responsible collective bargaining exists, it is because those speaking for employees have secured a majority authority by secret ballot to represent their fellow employees at the bargaining table.

AB 1474 creates an ineffective and irresponsible debating society to represent the certificated employees in their discussions and relations concerning wages, hours and conditions of employment with their employer.

Lastly, AB 1474 continues the practice of permitting administrators to participate in the selection of the representatives of the certificated employees at the bargaining table.

The California Labor Federation backed the California Federation of Teachers in their opposition to AB 1474.

In order to give the negotiating council responsibility and to effect good faith representation on behalf of the certificated employees who elect them, Assemblyman Ryan, when AB 1474 was before the Assembly, moved the following amendment:

"The governing board of the public school employer shall provide for the number of and for the election of the members of the negotiating council. The election shall be by secret ballot and it shall occur not later than the 45th calendar day following the commencement of the school year. The members elected to the negotiating council shall be certificated employees who are employed as classroom teachers and who are under contract to the public school employer for the ensuing school year."

The amendments were rejected by a vote of 41 to 28.

Governor Brown's signature made a bad bill the law of California.

In other legislation affecting education, the legislature

approved programs to upgrade elementary and secondary education in California.

Education — General

AB 1331 (Unruh) established a statewide pre-school program for children between the ages of 3 to 5. Public as well as private nonprofit agencies are eligible to apply to operate such pre-school centers. The state appropriated \$2 million to be matched by \$6 million of federal aid. It is estimated that more than 75,000 children from the lowest economic group could be involved in the program.

The compensatory education bill, SB 482 (McAteer) makes the state eligible to receive \$73 million of federal money from the Elementary and Secondary Education Act of 1965. It grants to local areas money for planning grants, basic grants and basic training and intensive training grants. The basic program includes reduction in class size, pre-school training, in service training, after school tutoring, remedial reading, testing, and the like. The intensive program provides sums for community co-ordinators, revision of curriculum, auxiliary personnel such as counselors, social workers, psychologists, etc.

The Miller-Unruh Basic Reading Skills Act of 1965, SB 205 (Miller), intensifies a reading program for first, second and third grade students to prevent and correct reading disabilities. Programs such as these are rifle shots at specific shortcomings in our over-all educational programs.

Teachers' Benefits Strengthened

Benefits to teachers were improved by AB 1171 (Garrigus), which extends to six days a year accumulated sick time which may be used by a teacher for personal emergencies.

AB 257 (Alquist) transfers accumulated sick leave to a new job.

AB 2074 fixes the authority of the teacher as the final determiner of a pupil's grade.

AB 2710 (Petris) redefines unprofessional conduct and strengthens the tenure act.

AB 1999 (Ryan) prohibits the use of recording devices in a classroom without the consent of the teacher.

AB 152 (Garrigus) reduces school bond vote requirement from two-thirds to 60 percent if election is consolidated with primary or general election.

With the exception of AB 1474, schools were strengthened financially, more adequate protections were provided for the teaching profession and desirable new programs were initiated.

TAXATION

AB 2270—A tax reform plan—Speaker Unruh, Assemblyman Petris et al—proposed many changes in the revenue structure of the State of California. The overall plan was designed to raise slightly more than one billion dollars, of which over 730 million dollars was earmarked for return to local governments.

The plan was designed to remove inequities in the tax structure, to promote economic growth in California, to reduce the oppressive burden of the property tax, to provide for partial financing of state capitol improvements from current revenues rather than entirely from bonds, and to meet the needs of state and local governments. It was not the purpose of the plan to shift tax burdens from one income group to another.

The plan was presented to the legislature in a package. The package was presented to the legislature by Chairman Petris (D) of the Committee on Revenue and Taxation with the full support of Speaker Unruh.

Parts of the plan standing alone were unacceptable but, in the package, were in part balanced by other desirable and needed features.

The property tax relief of the plan was a three-part program. Step one involved a narrowing of the property tax base by exempting business inventories, household furnishings and solvent credits. This step would have reduced local revenues by 287 million dollars. Part two was reduction of the school property tax rate by an average of 25% through the substitution of an increase in the sales tax. The additional state money to schools under AB 2270 applied the equalization formula and constituted therefore a major reform in school finance. Part three provided an additional 36 million dollars in special property tax relief for low income aged home owners who find they can no longer afford to remain in their homes in the face of the spiralling property taxes.

The reduction of the property tax base and the reduction of the school property tax rate were fully funded from tax forces other than the property tax. There would have been

no shifting of the property tax from one group of tax payers to another, and local government was more than completely compensated for any loss in revenue. These units would have received more revenue under the plan than they would have lost. To insure that the property tax reductions were continuing, new ceilings would be proposed for schools and adjustments would be made for other local government entities.

Revenue adjustments which were proposed to offset the loss of property tax revenue and to provide for state government needs included:

1. An increase in the cigarette tax from 3 cents per package to 8 cents per package.
2. Changes in the income tax as follows:
 - (a) Revise the present rate structure from 1 to 7 percent to 1 to 15 percent.
 - (b) Reduce the personal exemption to \$1000 (\$2000 for couples).
 - (c) Narrow the present tax brackets to \$1500 intervals.
3. Adoption of a pay as you earn system of collecting state income tax, popularly known as "withholding", with 100 percent forgiveness from the tax, exclusive of capital gains, for 1965 income.
4. Sales tax coverage extension to include the leasing of equipment and the occasional sale of autos, aircraft and boats.
5. An increase by $\frac{1}{2}$ percent of the bank and corporation tax rate which is currently fixed at $5\frac{1}{2}$ percent.
6. An increase in the inheritance tax rates of inheritances over \$100,000, and changes in the taxable status of capital gains at death and of inheritances to some tax exempt organizations.
7. A property transfer tax to be imposed by counties for their own use. This would partially make up for loss in the property tax base. The first \$1500 of all transfers would be exempt except for sales of bare land. The rates would be 1% for all transfers over \$15,000 and $1\frac{1}{2}$ % for all transfers over \$25,000.
8. An increase of 1 percent in the state sales tax. All the

revenue from this increase would be placed in the state school fund to allow mandatory reduction of school property tax rates an average of 25 percent.

AB 2270 also carried a number of reforms, primarily in the area of property taxation, to improve the administration of the tax. These, however, were without major revenue significance.

On June 8, AB 2270 was taken up by the Assembly on third reading. On request of Assemblyman Conrad, Speaker pro tempore Bee announced that the legislative counsel had advised him that if the bill obtained less than 54 votes, but more than 40 votes, the clerk could be directed to transmit it to the Senate, but that only those sections requiring less than the 54 votes would be operative.

AB 2270 passed the Assembly by a vote of 41 to 37. The bill was, therefore, ordered transmitted to the Senate with the understanding that those specific sections requiring 54 votes were inoperative.

In accordance with the legislative counsel's opinion, the failure to pass AB 2270 by 54 or more votes meant that the repeal of the business inventory tax, the household inventory tax, solvent credits and the bank and insurance tax increase were lost. This means that the revenue increases stayed in the proposed legislation with the reform provisions.

In the Senate, the bill was reduced to an increase of from 3 to 6 cents on a package of cigarettes and to the sales tax on the use of leased personal property. AB 2270 in the amended form passed the Senate 30 to 3.

On June 18, the Assembly refused concurrence in the Senate amendments and the bill died in conference.

CIVIL RIGHTS

The general session produced many bills affecting civil rights, both good and bad. Fortunately, all "bad" bills were killed. Unfortunately, too few "good" bills became law.

Six bills amending the Fair Employment Practices Act passed the legislature and were signed by the Governor.

The most important of these was AB 2426, introduced by Assemblyman Brown (D-San Francisco), which extended coverage under the California Fair Employment Practices Act to agricultural employers who regularly employ five or more persons who reside on the land where they are employed and whose employment began after September 18, 1965.

The Senate amended the bill to provide that the Act should be operative until September 17, 1967. The Assembly accepted the Senate amendment. The general session of 1967 will have to approve the proposal again, if the inclusion of employers of agricultural workers who reside on the land is to continue in force.

The five additional bills affecting the Fair Employment Practices Act amended the enforcement procedures under the Act and, although their original form was considered detrimental, when they finally passed the legislature they had been amended so that the administration of the Commission was not hamstrung.

SB 950, introduced by Senator Holmdahl (D), made the willful failure or refusal to provide to any person, because of race, color, religion, or national origin, any service authorized by a license or certificate issued under the Business and Professions Code a cause for the suspension or revocation of such license or certificate. This was one of the most important bills introduced to improve and strengthen fair employment practices in the State of California. The bill, unfortunately, was denied passage by the Committee on Governmental Efficiency.

Equally unfortunate, a bill to create an office of State Public Defender and to extend to the Public Defender the obligation to represent persons charged with crimes tried in municipal or justice courts failed to win sufficient legislative support.

LABOR CODE CHANGES

Of the many amendments offered to the Labor Code, the California Federation of Labor sponsored nine pieces of legislation. The repeal of the hot cargo and secondary boycott act and administrative changes to workmen's compensation became law.

AB 1364 introduced by Assemblyman Foran (D-San Francisco), required employers in the culinary industry to have on deposit with a bank or a trust company sufficient funds to pay wages for four weeks or in lieu thereof to deposit a surety bond with the labor commissioner. The subject matter of AB 1364 was referred to the Rules Committee, after clearing the Committee on Industrial Relations, with the recommendation that it be assigned to an interim committee for study.

AB 854, introduced by Assemblyman Henson (D-Ventura), permitted the Labor Commissioner to inspect the books of an employer for the purpose of requiring certain employers to post wage bonds and to permit a labor organization to process wage claims for its members. This bill was reported from the Committee on Industrial Relations on June 18 without further action.

AB 1154, introduced by Assemblyman Rumford (D-Alameda), fixed a minimum wage at \$2.00; established maximum hours and the regulation of overtime; provided for regulatory powers for the Director of Industrial Relations; fixed criminal penalties for violations; and authorized civil action by employees. The bill was reported from the Committee on Industrial Relations on June 18 without further action.

AB 1459, introduced by Assemblyman Ryan (D-San Mateo), permitted the state and other public entities to enter into collective bargaining agreements with their employees. The bill was reported from the Committee on Civil Service and State Personnel on June 18 without further action.

AB 842, introduced by Assemblyman Elliott (D-Los Angeles), repealed the state's jurisdictional strike act. On June 18 the bill was reported from the Committee on Industrial Relations without further action.

AB 1637, introduced by Assemblyman Foran (D-San Francisco), made it a misdemeanor for a person or a firm not in-

volved in a labor dispute to recruit workers who customarily and repeatedly offer themselves for employment. On June 18, the bill was reported from the Committee on Industrial Relations without further action.

Many other bills were enacted amending the Labor Code. Among those backed by the California Federation:

AB 1930, introduced by Assemblyman Duffy (R-Hanford), requires that farm labor contractors have written statements of the rate of compensation available for inspection by their employees and growers in both English and Spanish. It further requires that farm labor contractors display the rate of compensation in English and Spanish at the site where work is to be performed and on vehicles used to transport employees. All such statements shall be in lettering of a size to be prescribed by the Department of Industrial Relations.

AB 1931, also introduced by Assemblyman Duffy (R-Hanford), provides that a licensed contractor shall not solicit and transport farm labor without a "good faith" order for such employment. It further provides that, if a contractor transports farm labor to a proposed job site and fails to provide employment, he must pay the worker wages at the agreed rate of pay and for the elapsed time from the point of departure to the point of return.

AB 935, introduced by Assemblyman Garrigus (D-Fresno), provides that a person who seeks a license as a farm contractor may, in lieu of the required surety bond, deposit with the Labor Commissioner the sum of \$1,500 in lawful money of the United States.

AB 1295, introduced by Assemblyman Williamson (D-Kern Co.), provides that no aerial passenger tramway shall be operated in any place of employment without a permit from the Division of Industrial Safety. The bill includes not only licensing of these tramways now in operation, but inspection with authority to discontinue if unsafe, and authority to require repairs or alterations.

Legislation strengthening the procedures of the Division of Industrial Welfare in collecting unpaid wages was approved by the Legislature.

By far the most important change in the Labor Code was the administrative changes to the workmen's compensation program by AB 2023.

STATE EMPLOYEES

Too often the problems of our state employees and our unions in this area are much more real than apparent. The California Labor Federation on behalf of the American Federation of State, County and Municipal Employees and the Building Service unions sponsored five measures to improve the lot of employees in the State of California.

Although no one of the specific measures successfully made the legislative hurdles, some progress was made to improve the benefits of state employees.

AB 1376, introduced by Assemblymen Meyers and Elliott, to reduce state employees' workweek from 40 to 35 hours. The bill was referred to the Committee on Civil Service and State Personnel, where on May 20 it was referred from the Committee with a recommendation of "do pass" and re-referred to the Committee on Ways and Means.

On June 8 the Committee on Ways and Means voted to retain the bill with the Committee but re-referred the subject matter to the Rules Committee for assignment to a proper interim committee.

AB 1380, introduced by Assemblymen Meyers, Elliott, Garrigus, Foran and Z'berg provided that all overtime pay for state employees should be in cash at the rate of time and one-half the regular rate of pay. It was referred to the Committee on Civil Service and State Personnel.

On May 17 the Committee amended the bill, recommended that it be given a "do pass" and re-referred to the Committee on Ways and Means.

On June 8 the Committee on Ways and Means voted to retain the bill in committee but re-referred the subject matter to the Rules Committee for assignment to the proper interim committee.

AB 1381, introduced by Assemblymen Elliott, Garrigus and Foran, provided that when a holiday fell on Saturday it should be observed either the preceding Friday or the following Monday in accordance with a determination by the Governor.

On April 30 the bill was reported from the Committee with a "do pass" recommendation and to the consent calendar.

On June 3 the bill was read a second time in the Assembly, reported correctly engrossed, and re-referred to the Committee on Ways and Means.

AB 2053, introduced by Assemblyman Kennick, revised the benefits for state miscellaneous members and for local miscellaneous members whose employing agencies so agreed from a 1/60th to a 1/50th formula. It further provided for an increase in member contributions in respect to future service to pay one-half the cost of such increased benefits.

On June 18 the Committee on Civil Service and State Personnel referred the bill from committee without further action.

The legislature did pass, however, some measures to improve the lot of state employees.

AB 1534, introduced by Assemblyman Z'berg, requires the State Employees' Retirement System to take the necessary steps to permit state employees who previously elected to reject OASDI coverage the opportunity to elect again. It was interesting to note that AB 1534 had the support of the California State Employees Association, who only a few years ago, had advised its members not to participate in the OASDI program. A prominent Senator before voting the bill out of committee asked if they were going to repeat their mistake of a few years ago.

AB 1765, introduced by Assemblyman Meyers, permits the Board of Administration of the State Employees Retirement Fund to contract for major medical or other comprehensive medical plans for employees and annuitants under basic plans.

AB 1762 provides that rules of the Board of Administration of the State Employees' Retirement System to minimize the impact of adverse selection of health benefit plans may apply to annuitants who acquired status after January 19, 1962, as well as those who had acquired status before that date.

AB 2188 directs the State Personnel Board to devise plans for and cooperate with other agencies in the administration of training programs to qualify employees displaced by automation for other positions in the state's civil service.

CONSUMER PROTECTION

Interest Loans

AB 1228, introduced by Assemblyman Warren, provides that any agreement involving a loan of money should specifically state separately the principal and interest payable. The bill was referred to the Committee on Finance and Insurance.

President Johnson, in his State of the Union Message 1965, requested similar legislation at the national level.

Unfortunately, the Committee on Finance and Insurance failed to act affirmatively on the measure and on June 18 it was referred from the Committee without further action.

Automobile Insurance

AB 1036, introduced by Assemblymen Brown, Stanton and Burton, requires the Insurance Commissioner, by regulation, to set out the grounds for cancellation of an automobile insurance policy by the insurance company and then prohibits cancellation except upon such grounds. Additionally, it requires the insurance company to furnish the insured party with a statement of grounds for such cancellation. AB 1036 further requires the Commissioner to establish procedures whereby the insured may appeal a cancellation.

The Committee on Finance and Insurance on May 19 favorably reported the bill to the second reading file where on May 20 it was re-referred to the Committee on Ways and Means.

From the Committee on Ways and Means the bill went back to the Assembly and on June 1 the Assembly passed the automobile insurance cancellation bill by a vote of 55-14.

The Senate Committee on Insurance and Financial Institutions after amending the bill sent it to the Senate with a "do pass" on June 10. On final passage Senator Grunsky moved to amend the bill to require the insurance companies to furnish the insured with a statement of grounds for cancellation **only when** requested by the insured person. This, of course, would have substantially weakened the bill.

The Senate rejected the amendments by a vote of 19-16 on June 15 and on the same day passed the bill 31-4.

On June 17 the Assembly concurred in the Senate amendments and the bill was on its way to enrollment.

APPRECIATION

Sacramento is not a one-man show. On Monday night of each week during the session the California Labor Federation met with the many representatives of our affiliates and other labor organizations in order that we should gain additional strength to win approval of labor's programs.

I am grateful for the cooperation and support of our legislative program by Jim Lee of the State Building Trades Council; Victor LaChapelle of the State Council of Carpenters; Ken Larson, Ken Severit and Carl Stanfield of the Fire Fighters; George Mulkey and Mervin Walters of the International Brotherhood of Electrical Workers; Al Boardman of the International Union of Operating Engineers; George Ballard of the Brotherhood of Railroad Trainmen; James Evans of the Brotherhood of Locomotive Enginemen and Firemen; William Green and Bud Aronson of the Building Service Employees Council; Al Holt of the Barbers; William Plosser of the Teachers; Herman Glasco of the American Federation of State, County and Municipal Employees; Matilda Whetstone and John Hawk of the Seafarers International Union. Tom Harris of the State Teamsters Conference was invited and participated in some of the Monday night meetings. Of course, I am most grateful for the cooperation of our President, Al Gruhn, our General Vice President Manuel Dias, who was assigned to head up the operations of the office, Vice President Harry Finks and Clinton Fair, Director of Social Insurance, who was responsible for handling social insurance legislation.

Fraternally submitted,

Thos. L. Pitts

Secretary-Treasurer

1965 California Labor Federation, AFL-CIO Tabulated Vote on 11 Senate Roll Calls

		R	W	1	2	3	4	5	6	7	8	9	10	11
Arnold	(D)	6	4	W	R	W	W	W	R	R	R	R	R	*NV
Begovich	(D)	7	4	W	R	W	W	W	R	R	R	R	W	R
Bradley	(R)	1	8	W	NV	W	R	W	W	W	W	W	W	NV
Burns	(D)	3	7	W	R	W	NV	W	W	R	W	W	W	R
Christensen	(D)	6	4	W	NV	W	R	W	R	R	R	R	W	R
Cobey	(D)	2	6	NV	NV	W	W	W	R	R	W	W	W	NV
Collier	(D)	4	5	W	NV	W	R	W	W	R	NV	R	W	R
Cologne	(R)	3	8	W	R	W	W	W	W	R	W	W	W	R
Dolwig	(R)	3	6	W	NV	W	R	W	W	R	W	NV	W	R
Donnelly	(D)	5	3	R	R	W	NV	W	NV	NV	R	R	W	R
Farr	(D)	4	2	NV	NV	W	R	W	R	R	NV	R	NV	NV
Gibson	(D)	4	5	W	R	W	R	W	NV	NV	W	R	W	R
Grunsky	(R)	2	7	W	R	W	NV	W	W	R	W	W	W	NV
Holmdahl	(D)	7	1	R	R	NV	R	W	R	R	R	R	NV	NV
Lagomarsino	(R)	3	8	W	R	W	W	W	W	R	W	W	W	R
Lunardi	(D)	4	6	W	R	W	W	W	W	R	R	R	W	NV
Marler	(R)	4	7	W	R	W	R	W	W	R	W	W	W	R
McAteer	(D)	7	1	R	NV	NV	R	W	R	R	R	R	R	NV
McCarthy	(R)	2	6	W	NV	W	NV	W	W	R	W	W	NV	R
Miller	(D)	4	1	W	NV	NV	NV	NV	R	R	R	R	NV	NV
Nisbet	(D)	7	4	W	R	W	R	W	R	R	R	R	W	R
O'Sullivan	(D)	7	4	W	R	W	W	W	R	R	R	R	R	R
Petersen	(D)	7	3	W	NV	W	R	W	R	R	R	R	R	R
Pittman	(R)	3	8	W	R	W	R	W	W	W	W	W	W	R
Quick	(D)	9	2	R	R	W	R	W	R	R	R	R	R	R
Rattigan	(D)	7	2	R	NV	W	NV	W	R	R	R	R	R	R
Rees	(D)	8	2	R	R	W	R	W	R	R	R	R	R	NV
Rodda	(D)	9	2	R	R	W	R	W	R	R	R	R	R	R
Schmitz	(R)	2	7	W	NV	W	R	W	W	W	W	W	R	NV
Schrade	(R)	3	8	W	R	W	R	W	W	W	W	W	W	R
Sedgwick	(R)	2	5	W	R	W	NV	W	NV	NV	W	NV	W	R
Short	(D)	4	1	R	NV	W	R	NV	NV	NV	R	NV	NV	R
Stiern	(D)	5	3	R	NV	W	NV	W	R	R	R	R	W	NV
Sturgeon	(R)	2	6	W	R	W	NV	W	W	R	W	NV	W	NV
Symons	(R)	2	8	W	R	W	W	W	W	R	W	W	W	NV
Teale	(D)	6	3	W	R	W	NV	W	R	R	R	R	R	NV
Way	(R)	3	7	W	R	W	W	W	W	R	W	W	NV	R
Weingand	(D)	7	4	W	R	W	R	W	R	R	R	R	W	R
Williams	(D)	9	2	R	R	W	R	W	R	R	R	R	R	R

*NV—Not Voting (absence, illness, committee assignment, present but not voting);
R—Right; W—Wrong.

- AB 241—Disability Insurance.** Bill contained Senator Miller amendments which crippled sound financing and reduced benefits to 50 percent of all claimants. Passed 27-10; March 31, 1965.
- AB 36—Disability Insurance.** Extended unemployment insurance disability insurance coverage to employees of nonprofit private hospitals. Passed 25-0; June 5, 1965.
- AB 1699—Workmen's Compensation.** This was the Assembly-passed bill to increase the maximum temporary disability insurance benefits from \$70 to \$80; but to which was added Senator Dolwig's amendments which would have in effect made heart and cancer cases uncompensable. Passed 36-0; June 18, 1965; with the vote of a previous roll call being the roll call on this vote.
- AB 2023—Workmen's Compensation.** Provides administrative reform; provides benefit reports to injured workers and to Division of Industrial Accidents; requires state auditing to assure injured workers prompt and full benefits provided by law. Passed 21-8; June 18, 1965.
- AB 518—Unemployment Insurance.** Increased benefits \$10 a week; incorporated vicious disqualification provisions; weakened extended duration benefits; destroyed principal of insuring 50 percent of loss of wages to the great majority of unemployed. Passed 37-0; June 17, 1965.
- AB 1036—Automobile Insurance.** Amendment by Senator Grunsky that auto insurance companies would be required to furnish the insured with a statement of grounds for cancellation only upon request. Amendment rejected 19-16; June 15, 1965.
- AB 1036—Automobile Insurance.** Requires insurer to furnish insured with statement of grounds for cancellation; requires Commissioner to establish procedure whereby insured may appeal his cancellation. Passed 31-4; June 15, 1965.
- SB 551—Repeal of Hot Cargo and Secondary Boycott Act.** Denied passage 20-17; May 25, 1965.
- SB 551—Repeal of Hot Cargo and Secondary Boycott Act.** Passed 22-13, May 28, 1965.
- AB 1474—Teachers' Union.** This bill established an ineffective and irresponsible representation of certificated employees in negotiating wages, hours and conditions of employment with local boards of education. The bill sets up a procedure contrary to recognized practices in developing responsible collective bargaining. Passed 22-11; June 13, 1965.
- AB 1274—Lien Law.** Extends mechanics lien rights to negotiated trust funds. Passed 24-0; June 7, 1965.

“I know no safe depository of the ultimate powers of the society but the people themselves, and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion.”

—THOMAS JEFFERSON
September 28, 1820

