WEEKLY NEWS LETTER
FROM
CALIFORNIA STATE FEDERATION OF LABOR

402 FLOOD BUILDING 151

SAN FRANCISCO, CALIFORNIA

CALIFORNIA STATE FEDERATION OF LABOR AFFILIATED WITH AMERICAN FEDERATION OF LABOR

June 22, 1949

LOBBYISTS LAUNCH ATTACK ON DISABILITY FUND RESERVE

(CFLNL)SAN FRANCISCO.--A combined attack has been launched by insurance carriers and employers to grab for themselves approximately $50,000,000 out of the $107,000,000 currently reserved for disability benefits. This sum of money has been made available as the result of employee contributions, and, obviously, should be returned to the employees in the form of benefits.

The Federation has strenuously resisted this attempted hijacking, pointing out that this measure amounts to outright thievery by the combined greedy and selfish interests of the most powerful employer and insurance forces in the state, who are showing a complete disregard of the right of workers to use for themselves their own disability contributions.

The lobbyists' attack is contained in SB 377, which was given a do-pass by the Senate Committee on Social Welfare on June 15 by a 5-2 vote. The two good votes were Kraft and Dillinger. The bad votes were Brown, Busch, Dilworth, Watson and Weybret. SB 377 was before the Senate as this was written.

The measure, as amended, provides that the employees' contributions will be made available for additional merit ratings for employers, and will result in an annual decrease in unemployment insurance taxes of approximately $16,000,000 annually for employers.

Other amendments in the bill will decrease taxes and other expenses now borne by insurance carriers to the extent of at least $1,200,000 annually, and in addition would extend the scope of voluntary plans, thereby making it possible for insurance carriers to make additional profits on the so-called voluntary disability plans.

Under present contribution rates, a current surplus of $16,000,000 is accumulating annually in the disability insurance fund. These current unexpended contributions, plus a reasonable proportion of past surpluses now in reserve, should be expended in increased benefit payments to employees who made the contributions in the first place. Employers and insurance carriers are making a thinly veiled attempt to steal these worker contributions accumulated under disability insurance and use them to decrease employer costs under unemployment insurance by applying the disability surplus to employer merit rating accounts. As a sop to employees, the bill does provide for an increase in maximum disability benefits to $30 per week, but does not provide for any increase in unemployment benefits. Employees would therefore receive an increase of only approximately $2,000,000 annually.

On the same day, June 15, the Senate Committee on Social Welfare refused to grant its approval to SB 566, which provides $9.00 a day for a maximum of 10 days' hospitalization for workers covered by disability insurance. This measure would result in an increase of benefit payments of approximately $15,000,000. It was refused passage by the Committee, with only two votes, those of Busch and Dillinger, supporting the measure.

Another hospitalization measure, SB 820, would grant double benefits for disabled workers when hospitalized, at an additional cost of approximately $11,000,000 annually. This measure was also defeated in the Senate Committee on Social Welfare, June 20, by a 4-3 vote. The only good votes were those of Busch, Dillinger and Collier.

The only good measure to come from the Senate Social Welfare Committee was SB 1319, reported out June 20. This measure extends unemployment insurance coverage to charitable and religious employees. This is the third attempt by the Federation in this session to get this type of measure through the legislature.

On the Senate floor, two bills sponsored by Senator Kraft were approved on June 15. The first of these, SB 901, would change the Department of Employment and the unemployment insurance system to a mere employment service program. The bill was passed by a vote of 25-3, over the opposition of Senator Powers, O'Gara and Crittenden.

Another Kraft bill, SB 903, which discards all presumptions of retroactive provisions in the act, was approved on June 16, by a vote of 24-4. Those in opposition were Keating, Miller, Powers and Salsman.

In the Assembly, reactionary forces were also successful in defeating a motion by George Collins to withdraw his bill, AB 863, containing the Federation's health insurance plan, out of the Public Health Committee. In the recorded vote on June 17, only 20 favored withdrawal to 43 opposed. The good votes were:

Anderson	Condon	Hawkins	McMillan
Beck	Cooke	Heisinger	Meyers
Bennett	Crichton	Kilpatrick	Moss
Coats	Elliott	Lewis	Rosenthal
George D. Collins	Gaffney	Maloney	Rumford

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PREVAILING WAGE LAW RETAINED

(CFLNL)SAN FRANCISCO.--In a sudden shift of opinion, the Senate, on June 20, overwhelmingly defeated, by a vote of 10-22, SB 1533 (Rich), which would have taken away the prevailing wage basis for determining pay scales for casual workers or part-time employees of the state. Those favoring this attempt to decrease wages were:

Breed (Oakland)	Rich(Marysville)
Dilworth (Hemet)	Sutton (Maxwell)
Donnelly (Turlock)	Watson (Orange)
Hulse (El Centro)	Weybret (Soledad)
Jespersen (Atascadero)	Williams (Porterville)

The vote on June 20 on SB 1533 was a vote to reconsider the measure, which had previously been passed on June 16.

Cross-filing will continue for the time being, since Assemblyman Anderson, on June 17, was unable to get his bill eliminating this practice, AB 1, out of the Elections Committee. His withdrawal motion obtained only 23 good votes to 40 bad.

Daylight saving time is proposed in an initiative measure filed June 16 by George H. Waite, care of Junior Chamber of Commerce of Sacramento. The measure would provide for daylight saving time from the last Sunday in April until the last Sunday in September. The petition will be circulated during the coming months.

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BUREAU OF LABOR STATISTICS RENT INDEX
UNDERESTIMATES SHELTER COST

(CFLNL)SAN FRANCISCO.--The rent index of the U. S. Bureau of Labor Statistics Consumer Price Index underestimates the rise in the cost of rent and shelter payments by a considerable amount, according to a recent article by Sherman J. Maisel of the University of California at Berkeley. His article, published in the Journal of Political Economy of the University of Chicago for April 1949, shows that the BLS rent index has risen between 1940 and mid-1948 by about 12 percent, but he estimates that "rents and shelter expenditures, as normally used in housing and cost-of-living analyses, have actually risen 40-70 percent, or three to six times as much as the rent index."

The BLS rent index covers only changes in rents for identical dwellings over a period of time and is limited to housing units occupied by tenant families who live in large cities. Actually, throughout the country as a whole, 53 percent of all families own their own houses and their shelter costs are in no way reflected in the BLS index. Maisel estimates that the cost of shelter payments for owner-occupiers has risen from 50-60 percent between 1940 and mid-1948 as a result of increases in housing cost prices, interest charges, insurance, taxes and maintenance.

A somewhat more adequate indication of the increase in rents is given by the U. S. Census Bureau's surveys of 1940 and 1947, which showed an increase of 37 percent. However, this Census survey, as well as the BLS rent index, do not take into account any of the changes in the quality of housing covered in the two periods. It is common knowledge that because of the lack of construction during the war period, the quality of housing has deteriorated markedly, due to the lack of adequate repairs. In addition, there is considerably more overcrowding than there was in 1940 in many of the units now occupied by moderate income families.

The BLS index and the Census survey also failed to adjust for the shifting of repair costs from owners to tenants, for the loss of rent concessions, and for additional costs or extras now charged by many landlords.

As a result of these difficulties, all unions should realize that the BLS Consumer Price Index continues to understate the increase in the cost of living.

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