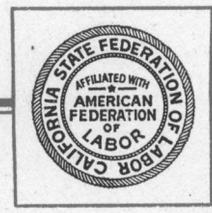
WEEKLY NEWS LETTER
FROM
CALIFORNIA STATE FEDERATION OF LABOR

402 FLOOD BUILDING
—151

SAN FRANCISCO,
CALIFORNIA



January 30, 1946

- DISABILITY AND SICKNESS BENEFITS BILL AMENDED IN SENATE -

(CFLNL)SAN FRANCISCO.--SB 40 (Shelley et al), sponsored by the Federation and providing unemployment insurance benefits for those out of work because of illness or injuries not covered by the Workmen's Compensation Law, encountered stiff opposition in the Senate and then became the target of a number of amendments. Determined efforts to kill the bill proving unsuccessful, its opponents decided to cripple it. Pressure of powerful lobbies, representing insurance interests, the Medical Association, and similar groups, was felt when the bill was bombarded by the following amendments:

Under the first amendment, each applicant will be entitled to only 23 weeks of either unemployment benefits or disability or illness benefits, but not to both. This passed 20 to 19. A reconsideration was then taken and defeated 21 to 19. The second amendment, making necessary a seven-day period between every occurring ilness, was defeated 22 to 11. The third amendment would allow any employer to establish a voluntary disability benefit plan without being required to be a part of the state fund, similar to what is now in effect in workmen's compensation cases where private carriers are not obliged to belong to the State Insurance Fund. This was passed 23 to 16. An amendment offered by supporters of the bill to permit permanent employees to draw from their accumulated fund the unexpended benefits that have accrued by the time they have reached the age of 64, was defeated 30 to 6.

The bill is now being reprinted and will be resubmitted as amended to the Senate. The Federation has mobilized its full support to get the bill passed with as few crippling amendments as possible, and is determined to override the increasing opposition to the measure from powerful lobbies.

A special message from Governor Warren advocated the extension of the State Social Security Program. It presented figures clearly demonstrating that payments of the proposed benefits would not jeopardize the solvency of the Unemployment Insurance Fund.

In the meantime, the companion bill to SB 40, AB 58 (Lyons et al), is being pushed through the Assembly with the utmost vigor.

The only significant action taken so far on the critical housing shortage was passage by the Assembly of AB 52 (Maloney and Burke), appropriating $7,500,000 in state funds, to be used by local communities to provide emergency housing for veterans. The federal government will provide the housing units and the fund appropriated will be used to furnish sites, install necessary utilities, and defray other expenses to make the units habitable. Local governments will be required to bear 10% of such costs, the other 90% being available from the State Fund. This bill is now in the Senate Committee on Governmental Efficiency. Its sponsors are not too elated, however, as they realize it will provide homes for only 7,000 families of veterans and will make no perceptible dent in the housing shortage.

The full employment bill (McMillan and Wollenberg) received 49 votes to 23 against, but required a two-thirds majority, or 54 votes, to pass. Donald Nelson, former chairman of the War Production Board in Washington and now a member of Governor Warren's Reconstruction and Re-employment Commission, was a very effective proponent of the bill when it was in committee hearing, while the State Chamber of Commerce and other industrial and business groups were the most strenuous opponents of the measure.

Housing for students at state colleges and universities received some consideration when AB 104 (Thompson and Miller) received favorable recommendation by the Assembly Ways and Means Committee. SB 86 (Salsman), an identical measure, was approved by the Senate Committee on Education and re-referred to the Committee on Finance. The Assembly Ways and Means Committee recommended favorably AB 47 (Johnson et al), appropriating $7,170,000 to the state university for student housing on the four campuses.

AB 110 (Fourt and Waters), appropriating $110,000,000 to cities and counties to aid urban redevelopment programs was turned down by the Assembly Committee on Municipal and County Government.

Later bills introduced on housing are AB 121 (Johnson et al) and AB 137 (Guthrie). The first authorizes the University of California to sell bonds to provide needed dormitories, rent from which would retire the indebtedness. The latter appropriates $5,000,000 to provide temporary housing for agricultural workers.

Child care centers will be continued temporarily with passage of SB 46 (Tenney) by a vote of 31 to 6, and AB 7 (Johnson et al), a similar measure already passed.

The Assembly bill, AB 15 (Burns), appropriating $175,000 to the Department of Industrial Relations, to be used for an apprenticeship training program, passed the Assembly. It is now awaiting hearing in the Senate Committee on Finance.

Repeal of wartime statutes relaxing conditions of employment for women and minors, AB 39 (Lyons and Maloney) and AB 40 (Maloney and Lyons), passed the Assembly and were sent to the Senate Labor Committee, which approved AB 40, applicable to minors, but refused similar action to AB 39, affecting women, after telephone company representatives insisted that, as far as this industry is concerned, the emergency still exists, making it necessary to work women more than 48 hours per week.

AB 82 (Stephenson), sponsored by the State Federation and providing for protection of all retirement rights of former employees

of the State Department of Employment who are now on the payroll of the United States Employment Service, if that agency is returned to state control, passed the Assembly and has been referred to the Senate Committee on Governmental Efficiency.

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- FEDERATION'S CONTENTION ON RETROACTIVITY OF NEW LAW ON PERMANENT DISABILITY BENEFITS UPHELD BY ATTORNEY GENERAL -

(CFLNL)SAN FRANCISCO.--An opinion handed down by the Attorney General's office on January 24, 1946, upholds the contention of the California State Federation of Labor that Section 4661 of the Labor Code, as amended by the 1945 legislature, is retroactive, and that this provision, under which an injured worker receives 75% of his permanent disability award irrespective of the amount he has received for temporary disability, applies to all proceedings regardless of the date of the injury.

Section 4661 reads as follows, the underlined portion representing the amendment:

> "Where an injury causes both temporary and permanent disability, the injured employee is not entitled to both a temporary and permanent disability payment, but only to the greater of the two, <u>except that where the temporary disability payment exceeds 25 per cent of the permanent disability payment the injured employee shall be paid 75 per cent of such permanent disability payment in addition to the temporary disability payment</u>."

The Attorney General's ruling states: "It is the opinion of this office that the provisions of Section 4661, as amended in 1945, applied to all proceedings pending before the Industrial Accident Commission and in which permanent disability has not been determined, regardless of the date on which the workmen sustained their injuries."

In the November 14 issue of the NEWS LETTER, the Federation took issue with the State Compensation Insurance Fund for misquoting Section 4661 subsequent to September 15, 1945, when the amendment went into effect, and denying that an applicant was entitled to both temporary and permanent disability payments, but only to the greater of the two. The Fund immediately sent a reply to this article in which it sought to justify its act, maintaining that the

amended portion of Section 4661 was not retroactive. The Federation stated at that time as follows: "This (retroactivity) was not a point at issue at any time as far as the NEWS LETTER story was concerned, but since it has been raised, the Federation wishes it to be clearly understood that whether Section 4661 will apply retroactively is not by any means settled with our interpretation of the State Compensation Insurance Fund. As a matter of fact, the Federation differs sharply with the Fund's interpretation of the amendment, and for the final opinion on this question will seek a ruling from appropriate authorities."

This ruling was made in an opinion sent to Honorable Thomas A. Maloney, Assemblyman, 20th District, by the Attorney General. The opinion, which was written by Clarence A. Linn, Deputy Attorney General, consumes some nine pages, and is substantiated by a careful documentation of case law as well as theory.

The Federation welcomes this ruling which will be a great boon to many workers injured, and will do everything necessary to defend it in the courts, should any of the carriers decide to test the opinion there.

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- PENSION PAYMENT FOR EMPLOYEE UPHELD BY STATE SUPREME COURT -

(CFLNL)SAN FRANCISCO.--Hiram C. England, Long Beach Fire Department employee was retired after 20 years' service and granted a pension on May 1, 1944. Pursuant to the provisions of the City Charter, the City denied payment of his pension because the payments due to pensioners had greatly exceeded the sums paid under the pension plan. England, who appeared on behalf of himself and the Fire Fighters' organization, contended that the obligation to pay the pension could not be escaped by the City, regardless of the funds available in the Retirement Fund.

After an adverse decision by the Superior Court, an appeal was made to the District Court of Appeals, which sustained the judgment of the Superior Court. Thereafter, Attorneys Kenneth C. Sperry and James C. Webb, England's attorneys, appealed the case to the California State Supreme Court. The Federation assisted by filing an amicus curiae brief in support of the position taken by England's attorneys. The Federation's brief argued that the promise of the municipality to pay the pension was absolute and that the right to the promised pension had been earned by the employees of the city by years of faithful service and their cash contributions of 2%. Having received the benefits of their employment and the wage contribution made, the City of Long Beach could not deny payment to the pensioners on the ground that the fund had been exhausted, but should have made the payment from its general fund.

These conditions were upheld by the Supreme Court, which reviewed the decision of the District Court of Appeals and ordered the payment of all amounts due England as pension.