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EMPLOYER CONTRIBUTIONS FOR CHILD-CARE CENTERS AND SCHOLARSHIPS UNDER NLRA

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HEARING BEFORE THE SUBCOMMITTEE ON LABOR OF THE COMMITTEE ON LABOR AND PUBLIC WELFARE UNITED STATES SENATE NINETY-FIRST CONGRESS

FIRST SESSION

ON

S. 2068

A BILL TO AMEND SECTION 302(c) OF THE LABOR-MANAGEMENT RELATIONS ACT OF 1947 TO PERMIT EMPLOYER CONTRIBUTIONS TO TRUST FUNDS TO PROVIDE EMPLOYEES, THEIR FAMILIES, AND DEPENDENTS WITH SCHOLARSHIPS FOR STUDY AT EDUCATIONAL INSTITUTIONS OR THE ESTABLISHMENT OF CHILD-CARE CENTERS FOR PRE-SCHOOL AND SCHOOL-AGE DEPENDENTS OF EMPLOYEES

MAY 8, 1969



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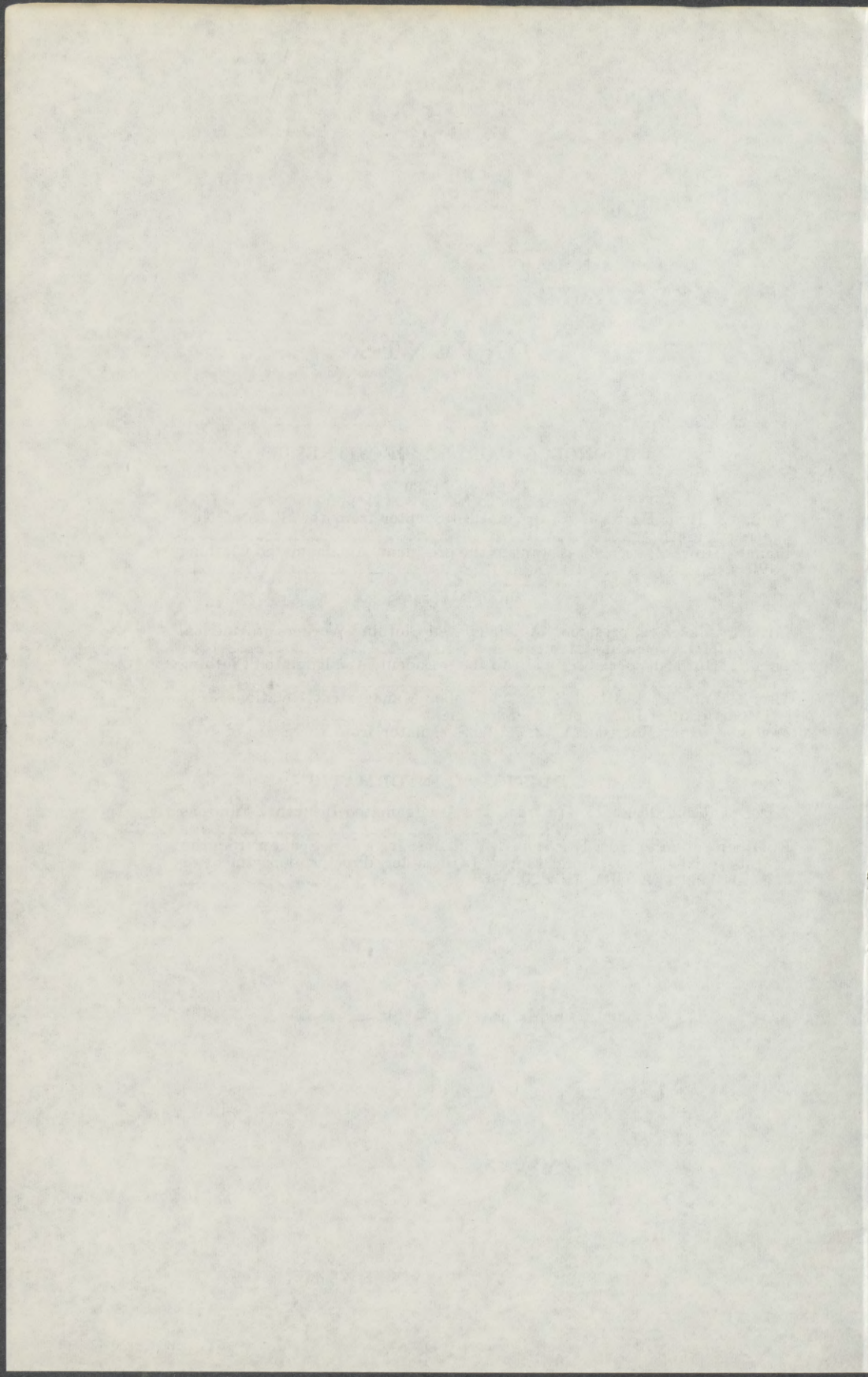
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**EMPLOYER CONTRIBUTIONS FOR CHILD-CARE
CENTERS AND SCHOLARSHIPS UNDER NLRA**

THURSDAY, MAY 8, 1969

U.S. SENATE,
SUBCOMMITTEE ON LABOR OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met at 10:10 a.m., pursuant to call, in room 4221, New Senate Office Building, Senator Harrison A. Williams, Jr. (chairman of the subcommittee) presiding.

Present: Senator Williams.

Committee staff members present: Fred Blackwell, counsel to the subcommittee, Robert Nagle, associate counsel to the subcommittee, and Eugene Mittelman, minority counsel.

Senator WILLIAMS. We will begin our hearings on S. 2068, which would amend the National Labor Relations Act to permit contributions for day care centers and also permit contributions to trust funds for scholarships for workers and children of workers.

(S. 2068 follows:)

(1)

91ST CONGRESS
1ST SESSION

S. 2068

IN THE SENATE OF THE UNITED STATES

MAY 5, 1969

Mr. WILLIAMS of New Jersey (for himself, Mr. CASE, Mr. CRANSTON, Mr. EAGLETON, Mr. HUGHES, Mr. JAVITS, Mr. KENNEDY, Mr. MONDALE, Mr. NELSON, Mr. PELL, Mr. RANDOLPH, Mr. SCHWEIKER, and Mr. YARBOROUGH) introduced the following bill; which was read twice and referred to the Committee on Labor and Public Welfare

A BILL

To amend section 302 (c) of the Labor-Management Relations Act of 1947 to permit employer contributions to trust funds to provide employees, their families, and dependents with scholarships for study at educational institutions or the establishment of child-care centers for preschool and school-age dependents of employees.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 302 (c) of the Labor-Management Relations
4 Act, 1947, is amended by striking out "or (6)" and insert-
5 ing in lieu thereof "(6)", and by adding immediately before
6 the period at the end thereof the following: "; or (7) with

1 respect to money or other thing of value paid by any em-
2 ployer to an individual or pooled trust fund established by
3 such representative for the purpose of (A) scholarships for
4 the benefit of employees, their families, and dependents for
5 study at educational institutions, or (B) child-care centers
6 for preschool and school-age dependents of employees: *Pro-*
7 *vided*, That the requirements of clause (B) of the proviso to
8 clause (5) of this subsection shall apply to such trust funds”.

Senator WILLIAMS. I will put my statement in the record, without objection, and we are pleased to have Howard Samuel, special assistant to the president of the Amalgamated Clothing Workers of America, here as our leading witness on this measure.

(Senator Williams' statement follows:)

**STATEMENT OF HON. HARRISON A. WILLIAMS, JR., A U.S. SENATOR
FROM THE STATE OF NEW JERSEY**

We are holding a hearing today on S. 2068, a bill to amend section 302(c) of the Labor-Management Relations Act to permit employer contributions to trust funds to provide employees, their families, and dependents with scholarships for study at educational institutions for the establishment of child care centers for preschool and school age dependents of employees.

This bill is intended to help meet a critical need. Women have been encouraged by both the Government and employers to enter the labor market and, as a consequence, they are becoming part of the Nation's work force in increasingly large numbers. Unfortunately, as more women leave home in order to work, more children are left without adequate supervision—a situation which inevitably produces such undesirable side effects as increased juvenile delinquency. The magnitude of the problem is indicated by the fact that last year there were over 10 million working women in the United States with children of school age or younger.

These women are obviously needed as producers of goods and services and it is, therefore, essential that unions and employers as well as public and private organizations provide for the necessary care for their children. The bill which we are considering today would simply remove an existing legal impediment which presently prevents collective bargaining for the establishment of trust funds for this purpose. I believe that if more child care centers are established as a consequence of the enactment of this bill, there would be immediate benefits to the business community through reductions in absenteeism, tardiness, and personnel turnover. Women who previously quit their jobs after the arrival of children, or who remained at home because of inadequate day-care facilities in their area, will have the alternative of working, with the knowledge that their youngsters are being provided for.

This bill also would permit employer contributions to jointly administered trust funds to finance scholarships for employees and their dependents. Such trust funds, by providing a financial pool through which workers and their families would have access to higher education would make advanced schooling a real possibility for many young people.

We are going to hear today from Mr. Howard Samuel, who will deliver a statement on behalf of Mr. Jacob Potofsky, president of the Amalgamated Clothing Workers of America—a union whose affiliates have been especially active in establishing these kinds of programs.

**STATEMENT OF HOWARD SAMUEL, SPECIAL ASSISTANT TO THE
PRESIDENT, AMALGAMATED CLOTHING WORKERS**

Mr. SAMUEL. Thank you very much, Mr. Chairman.

My name is Howard Samuel. I am here on behalf of the Amalgamated Clothing Workers, and president Potofsky.

President Potofsky was here last year for the hearings, and he would like to have been here today, but his schedule made it impossible.

We are here in support of S. 2068, which would amend the Labor-Management Relations Act to permit contributions by employers to trust funds for scholarship and day-care centers under section 302(c) of the Labor-Management Relations Act.

I have a statement which I will submit to the Chair, and then I will summarize it.

Senator WILLIAMS. Very well.

(The prepared statement of Mr. Potofsky follows:)

PREPARED STATEMENT OF JACOB S. POTOFSKY, PRESIDENT, AMALGAMATED CLOTHING WORKERS OF AMERICA, AFL-CIO

Mr. Chairman, The Amalgamated Clothing Workers of America, AFL-CIO appears before your Committee today in support of S. 2068.

This bill would allow employer contributions to trust funds for scholarships and day care centers under Section 302(c) of the Labor Management Relations Act.

A similar bill was passed without objection in the House during the last session of Congress but failed to reach the floor of the Senate due to the pressures of legislation during the session's closing days.

Hopefully, with early hearings, we can expect that this constructive measure, which has support from both sides of the aisle, will become law in this session of Congress.

We endorse this bill which would liberalize the permissible areas of employer contributions to such jointly administered funds to include:

(1) The providing of financial assistance to children seeking to educate themselves beyond the secondary school level, and

(2) The operation of day-care centers for the children of working mothers.

We believe it is long past time for the Congress to re-evaluate the restrictions placed by federal law on the use of jointly administered trust funds. And, in any event, the ever-rising cost of education has become such a burden on working men and women and their families that the opening of new avenues of financial assistance—both public and private—is urgently required.

The legislation which the Amalgamated urges be adopted reflects a growing frustration on the part of responsible employers, employer groups, labor organizations and the public at large with the present uncertainty as to the permissible beneficiaries and benefits under joint labor-management trust funds.

As unions have come to recognize the importance of various fringe benefits for the health, well-being and economic stability of their members, and as enlightened labor organizations have innovated in proposing new fund purposes to promote and satisfy the evolving social, health, educational, and recreational needs and interests of the covered workers, efforts, have been made to enlarge the scope of permissible fund uses through newly proposed legislation.

Congress, in recognition of the inhibiting influence of the original section 302 on the collective bargaining process, in 1959 adopted section 302(c) (6) (act of September 14, 1959, Public Law 86-257, Title V, Section 505(e) (6), 73 Stat. 537 29 U.S.C. Section 186(c) (6), specifically expecting pooled vacation, holiday, severance or similar benefits, or defraying costs of apprenticeship or other training programs from the broad and general prohibition against payments by employers to funds jointly administered by employee representatives.

Nevertheless, because of the legislative approach Congress had adopted in dealing with section 302 in prohibiting employer contributions to any jointly administered trust fund except for the purposes therein specified, it is presently illegal to make payments to a trust fund for the purposes specified by this bill.

As a consequence of this legislative approach, at the present time contributions to a trust fund, regardless how meritorious its purpose, can only be made to trust funds controlled solely by employers, with the union involved having no control over administration of the funds, in order to avoid the penalties in section 302.

Such a result runs counter to the legitimate interests of the labor movement in promoting the aspirations for a better life of the more than 17 million organized workers. The result is that those enlightened labor organizations and employer groups which seek through voluntary means to expand the frontiers of social benefits to industry employees by means of a program in which both parties share the responsibilities of administration find that they cannot do so under present law.

The Amalgamated Clothing Workers of America, in particular, an international labor organization with a membership of 385,000 throughout the United States and Canada, has been in the forefront among those labor organizations which have pioneered in better working and living conditions and benefits for their members.

Among the pioneer social benefit programs which the Amalgamated has introduced since its inception in 1914 are: The initiation of a program of unemployment insurance compensation; the institution of low-cost cooperative housing facilities to its members and others who might otherwise have been deprived of decent housing; the organization of two banks to provide low-cost banking facilities for the average individual; the establishment of various health centers and clinics where its members are provided with diagnostic, preventative and curative medical services of a high order, and medical insurance benefits for its members. Many of those benefits today, which are provided solely by employer contributions, are implemented through various jointly administered Amalgamated trust funds.

It is precisely because of the concern for the welfare of its members which the Amalgamated has manifested in the more than 50 years of its existence that the Amalgamated now seeks to allow unions and employers, through the process of collective bargaining, without any penalty, to establish educational trust funds and funds for day-care centers for pre-school children of parents who are employed under collective bargaining agreements. The educational funds would, for example, provide financial assistance for education beyond secondary school for employees and their families.

The relatively light nature of the work involved in the apparel and service industries, under the Amalgamated's jurisdiction, is such that many women are employed at the varied tasks of sewing, laundering, or selling garments. While the union retains no statistical data indicating the percentage of women employed with respect to over-all membership in covered shops in the industries involved, there is little question but that women constitute a high portion of the Amalgamated's total membership.

Women today constitute over 27 million of those in the labor force and they make up well over one-third of all workers. Yet, much remains to be done in improving their economic status and providing work arrangements geared to their needs.

In this regard, it is worthy of note that 20 percent of families with incomes below that considered minimal for proper sustenance are headed by women (Robert H. Ferguson, "Unemployment, Scope, Measurement and Effect on Poverty," New York State School of Industrial and Labor Relations, Cornell University, Bull. 53-2, p. 64, May 1965).

These are families which lack a husband and father either through death, desertion, separation, or divorce. Among all families headed by women, three out of five include children under 18 years of age and nearly one out of five includes children under 6 years of age.

The fact that such child care has not been available or within the means of the average woman in such a position is borne out by the fact that only about one-fourth of female heads of families are year-round workers compared to two-thirds of male heads of families.

While the Amalgamated believes that every encouragement should be given women with infants and preschool children to obtain employment, particularly under the protection afforded under a union's collective-bargaining agreement, it does not believe that women with dependent children should be required to work. It is for this reason that we believe that the 1967 amendments to the Social Security Act does violence to the principle and practice of public assistance by permitting States to purge from assistance rolls mothers who are unable to work or take work training.

In a policy resolution adopted by its sixth constitutional convention (American Federation of Labor and Congress of Industrial Organizations, sixth constitutional convention, policy resolutions adopted December 1965, Publication No. 3D, p. 59), the AFL-CIO, of which the Amalgamated Clothing Workers of America is an affiliate, expressed its support for the use of Federal funds for the expansion of child care facilities, and additional liberalization of the child care tax deduction available to working mothers under Federal income tax provisions.

If the Congress wishes to reduce the number of mothers receiving ADC, this, we believe, is the approach which should be adopted, instead of that adopted in amending the Social Security Act.

Yet, Congress has independently recognized the social utility of minimizing individual responsibility for child care expenses in enacting section 214 of the Internal Revenue Code (act of August 16, 1954, Public Law 591-736, ch. 1, subch. B, pt. VII, sec. 214 (a) and (d)(1)(A); 26 U.S.C. sec. 214 (a) and (d)(1)(A), which provides for a deduction from gross income of expenses paid for the care of children under 13 when the care is for the purpose of enabling the taxpayer to be gainfully employed. But little if anything of significance has been done concerning day care for the children of working mothers.

The recognition of the importance of day nurseries and child care facilities to the social fabric of the community by such nations sharing a common cultural heritage with us as Sweden, England, and the Federal Republic of Germany (West Germany) should not go unnoticed. Sweden's day nurseries and schools are social benefits available to the Swedish citizen at a fee that is adjusted to the parents' income ("Social Benefits in Sweden," booklet published by the Swedish institute covering regulations prescribed through July 1962).

While in Great Britain and West Germany, child care is not completely funded as an item of social service, nonetheless, in Great Britain, the National Health Service, 1952, gave local authorities power to make charges for the use of day nurseries, and the more than 700 private or factory nurseries must be registered with the local health authorities; ("Social Services in Britain," British Information Services revised, September 1963, p.24), and in West Germany there are approximately 650,000 "semipublic" facilities such as kindergartens, day nurseries and places where children can stay during the day time (social conditions and social security, extract from book "Germany Reports," published by the Press and Information Office of the Federal Government of Germany, p. 19).

The Amalgamated firmly believes that the child of a union member is entitled to some minimal safeguards for his welfare while his mother is obliged to earn the income for his maintenance and care. It is, therefore, only natural that our union would seek through collective bargaining to achieve such a salutary result.

The fact that it has already been achieved by our affiliate, the Baltimore Regional Joint Board, does not in any way make the enactment of H.R. 4314 any the less imperative. To achieve its goal, our Baltimore organization had to establish its center as a health care center, in order to avoid running afoul of the law.

The administrator of this center is a doctor and the entire program is geared to a medical purpose.

It seems to me that the implementation of such a day care benefit for working mothers in the private sector should be encouraged, particularly when it has already been granted recognition in the public sector. Protected by such an amendment to section 302(c), employers and unions may provide, at their own expense, child care centers and nurseries which may serve as models for similar facilities throughout the Nation.

Such centers and nurseries would be funded from funds which would be established specifically for these purposes. Such an enabling provision in the law would be a step forward in the recognition of the social and economic benefits to the children, mothers, industry, and society at large which would result from the voluntary and private implementation of such programs.

When we appeared before the Senate Labor Subcommittee in support of similar legislation last year, we submitted for the consideration of the Congress a report of the Conference on Day Care and the Working Mother held under our auspices. The need for centers to give the children of working mothers adequate day care is even more pressing today that it was then, for the report outlined an emergency situation which remains unresolved.

The organized labor movement from its very inception has been concerned with education, and as such has been one of the staunchest supporters of our schools. When that movement now asserts that, for every American child, youth and adult, there must be an appropriate type of education characterized by quality excellence and innovation (AFL-CIO 6th Constitutional Convention, policy resolutions publication No. 3-D. Excerpts from resolutions on education, pp. 121-126), and that higher education must be within the reach of every young person, it is fulfilling its historic role.

The National Defense Education Act of 1958, and the Higher Education Act of 1965, have provided increased Federal support for institutions of higher education, for student financial aid and for adult education.

The Civil Rights Act of 1964 and the Elementary and Secondary Education Act of 1965 are Federal laws helping toward elimination of racially segregated schools, thereby providing for better quality education. Yet, much remains to be done.

While the costs of higher education have spiraled over the years, making it increasingly difficult for the average family to send their children to college or a technical school, at the same time society's need for qualified, skilled individuals having the benefits of higher education have never been higher.

Just as the Government is now helping, and seeks even further to help our citizens to achieve their educational goals, so, too, the Amalgamated believes strongly that the private sector of the economy should be encouraged to help our citizens achieve their full potential through increased educational opportunity and thereby increase the potential success of our economic system and democratic form of government.

We, of the Amalgamated, also believe that the trade union movement through the process of collective bargaining is particularly suited to help implement our Nation's educational goals by making education available to thousands of our citizens, who might otherwise contribute less than their full potential to our Nation's productivity, not to speak of curbing their own self-development.

This squeeze upon personal financial resources can be partially met through the encouragement of, or, at the very least, the removal of impediments under section 302 to, labor-management cooperation designed to foster educational opportunity.

The Amalgamated believes that, for example, a jointly administered plan of scholarship aid, such as that established by our Chicago Joint Board, for the children of parents of union members should be enlarged in scope. This program provides scholarships to the children of Amalgamated members, who, regardless of class standing, receive scholarship aid, once they have been admitted to an institution of higher learning.

Such programs will help open the doors to higher schooling for the educationally neglected segment of children who comprise a large segment of the children of workers in our various industries, just as they do in many other industries.

We can only hope to achieve employer cooperation for such an ambitious plan, including the contributions necessary to provide its financing, by allaying employer fears that their contributions to a plan jointly administered by themselves and the union will not result in their criminal prosecution under section 302 for unlawful payments to employee representatives.

Such a result would surely be consistent with the public encouragement provided the achievement of educational excellence under the existing Federal laws cited, as well as the Federal income tax relief provided taxpayers who support a full-time student (act of August 16, 1954, Public Law 591-736, ch. 1, subch. B, pt. V, sec. 151(3)(1)(B), 26 U.S.C. 151(3)(1)(B)).

In conclusion:

What the Amalgamated is asking for is an opportunity to cooperate with employers and employer organizations in the establishment of programs that will be of almost immediate social benefit to all the nation.

By setting up educational trust funds, we can help children who are now shut off from higher education to advance themselves and add to the nation's reservoir of intellect and talent. And, establishment of a day-care system will not only greatly assist the nation in its goal of providing quality education for all children, but increase the nation's pool of qualified working women.

By removing the legal prohibitions to such uses of jointly administered trust funds, the Congress can both significantly enlarge the private sector of our national economy and broaden socially necessary services at private expense.

Mr. SAMUEL. Let me set the stage by stating that our union, which is about 55 years old this year, started under the presidency of Sidney Hillman to go beyond what were in those days the traditional activities of labor unions, that is, the so-called bread and butter unionism.

Starting in the 1920's, we set up the Nation's first unemployment insurance plan for our members, long before social security, and we began to build low-cost housing developments in the 1920's, and a number of other activities.

This still characterizes, I am glad to say, the union today, so that in one area, the Pennsylvania, Maryland, and Virginia area, one of our affiliates has been able to raise funds to set up day care centers.

Unfortunately, because of the Labor-Management Relations Act, undertaking this kind of activity directly would be impossible, so we

have been forced to set up health care centers with a doctor in attendance.

However, it would be easier and better if we could do it directly as day care centers.

Senator WILLIAMS. What is the prohibition in the law?

Mr. SAMUELS. The law permits, and I am not a lawyer, certain areas for purposes of bargaining between labor and management.

Included among the areas are health care plans, insurance plans, and retirement, but not included are things such as day care centers and scholarships.

Senator WILLIAMS. Was that an oversight, or was there a theory to support that at that time?

Mr. SAMUEL. I doubt, Mr. Chairman, that this was given raised. I guess at the time the Taft-Hartley law was passed that there were certain problems in handling welfare funds, and the aim of the Congress was to restrict welfare funds and the ability of labor and management to act in this area to prevent certain unfavorable activities at that time.

Senator WILLIAMS. What were the unfavorable activities?

Mr. SAMUEL. There was unfortunate activity in connection with the management of welfare funds, dishonesty and misappropriation of moneys, and so forth and so on.

Senator WILLIAMS. So, then, this lack of inclusion was in an effort to prohibit payments by employers to unions which, even though for worthy purposes, might nevertheless get diverted.

Mr. SAMUEL. This I don't know, Mr. Chairman. I am not aware of what the legislative history is on that.

Mr. MITTELMAN. Mr. Chairman, the statute was drafted, and section 302 of the Taft-Hartley Act was involved, and it was drafted to prevent employers from bribing union officials by making payments to them. There was also agitation at the time concerning union demands that employers pay money to the union for solely union-administered welfare funds.

As a result, the statute prohibits all payments by employers to unions, with certain narrowly defined exceptions.

Among those exceptions are pension funds, health and welfare funds, and apprentice funds, all of which can be jointly administered.

As I understand the problem, the exceptions do not include a jointly administered fund which could be used for educational scholarships and day care centers.

That is why Mr. Samuel is here, and that is why the union needs an amendment to the law, because the exceptions do not cover the worthy purpose for which the Amalgamated would like to set up this fund.

Mr. SAMUEL. That is right. I don't think, Mr. Chairman, that I have to emphasize to you the importance and need for day care centers, particularly in our industry, and others like it, many of the soft goods industries.

We have as high as 80 percent women. Many of them, of course, do have young children, and I think both as mothers and as working people, they will be considerably benefited if they know that they have adequate facilities to take care of their children while they are at work.

At the present time, all they can do is bring their children to relatives, or grandparents, and in many cases they get ineffective and insufficient care.

Insofar as scholarships are concerned, at the present time many unions, including our own, have scholarship programs, but they are all based on merit. The funds allowed to us are very small, so what happens is that the average local or region will provide two scholarships, or five to 10 scholarships, which are based on merit.

Senator WILLIAMS. This is not a joint contribution to the fund?

Mr. SAMUEL. No, it is not.

Senator WILLIAMS. It is a union-raised and union-run scholarship program?

Mr. SAMUEL. That is correct. In Chicago, we were able to escape running afoul of the law because there were funds from prior years. The program started in 1914.

This law, we hope, will allow us to put it on a nationwide basis.

In Chicago, our joint board there provides \$600 automatically for every high school graduate child of a member of Amalgamated, a member with seniority, which at the present time is 13 years. That means there is no choosing process between one child and another.

It means boys and girls may go to an accredited technical school for training with this scholarship subsidy, as well as a person going to the liberal arts school.

We have negotiated already with our industry an agreement that funds will be available through our existing trust funds to provide for this kind of a program on a nationwide basis for children of Amalgamated members from coast to coast, and we simply await, actually, the passage of this law to put this into effect.

Mr. MITTELMAN. This has been negotiated?

Mr. SAMUEL. Yes, last year.

Mr. MITTELMAN. Subject to our passing enabling legislation?

Mr. SAMUEL. That is right.

Mr. MITTELMAN. Mr. Chairman, Senator Javits cannot be here today, but he did ask me to extend a welcome to Mr. Samuel on his behalf and to indicate how much in favor he is of this particular piece of legislation. He is a cosponsor of the bill. He thinks this is one of the most worthwhile pieces of legislation ever to come before Congress.

Mr. SAMUEL. I would indicate, Senator, that the bill was passed without objection in the House in the last Congress, and I think it would have passed the Senate except that in the pressure of the last minute business it was not able to reach the floor.

We had hearings in the House yesterday, and we are hopeful that it will pass the House without delay, and that it will pass in the Senate, too, and we appreciate the opportunity to have this hearing today.

Senator WILLIAMS. What subcommittee handles this in the House?

Mr. SAMUEL. Congressman Thompson's Subcommittee on Labor.

Senator WILLIAMS. What will be the administration of this fund?

Mr. SAMUEL. They will be jointly administered. The fund is already in existence, and as I indicated before, the employers have already agreed to contribute additional funds for the purposes of scholarships as soon as the bill allows us to put the program into effect.

Senator WILLIAMS. We don't have to lay down guidelines here for the number of trustees, and so forth?

Mr. SAMUEL. There is considerable law in this field already.

Senator WILLIAMS. But the bill itself does not spell out the detail.

Mr. SAMUEL. No, the funds would be substantially the same as those that already exist for other purposes.

Senator WILLIAMS. That is the same for the scholarships?

Mr. SAMUEL. Yes, for both purposes; that is correct.

Senator WILLIAMS. But it all derives out of agreements reached by collective bargaining?

Mr. SAMUEL. Yes, there must be bargaining between the two parties.

Senator WILLIAMS. Off the record.

(Discussion off the record.)

Senator WILLIAMS. I don't have anything further, except to thank you.

Mr. Nagle?

Mr. NAGLE. No questions, Mr. Chairman.

Senator WILLIAMS. Mr. Mittelman?

Mr. MITTELMAN. I recall last year when Mr. Potofsky was here, I think he testified in response to Senator Javits' question on what the employer's position was. I think Mr. Potofsky said they were in favor of the bill, but they weren't exactly standing in line to make contributions.

But I am glad to hear that an agreement has been reached.

Mr. SAMUEL. We have a new 3-year agreement negotiated last year. It covers 125,000 people coast to coast, and the employers agreed they would contribute one-half of 1 percent of payroll. We are ready to go, and they are ready to go.

Senator WILLIAMS. Well, no one has approached us to come in and testify in opposition to this bill. We have solicited those who generally disagree with changes in this phase of the statute, but no one has expressed objection.

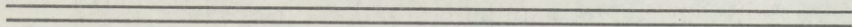
Mr. MITTELMAN. Mr. Samuel, would it be possible for you to submit a copy of the provisions relating to the scholarship program?

Mr. SAMUEL. I certainly will.

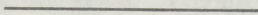
(The document referred to follows:)

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AGREEMENT AND DECLARATION OF TRUST



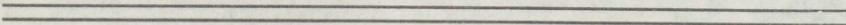
THE AMALGAMATED INSURANCE FUND



As Amended

as of

June 1, 1968



AGREEMENT AND DECLARATION OF TRUST dated as of December 10, 1945, as amended as of June 1, 1968, by JACOB S. POTOFSKY, HYMAN BLUMBERG, ABRAHAM CHATMAN, ANTHONY CORTIGENE, CHARLES ENGLISH, MURRAY FINLEY, LOUIS HOLLANDER, VINCENT LACAPRIA, FRANK ROSENBLUM, JOSEPH SALERNO, SANDER GENIS and SAM NOCELLA (who with their successors designated in the manner herein provided are herein called the "Trustees"), and WILFRED P. COHEN, ISIDORE GROSSMAN, JOEL STERNBERG, PATSY PICARIELLO, DAVID SCHAPS, JAMES D. MCCLIMANS, EMANUEL WEINSTEIN, LESTER E. FRANKENSTEIN, SIDNEY OSTEN, ISRAEL NOVEMBER and JOSEPH SEITCHIK (who with their successors designated in the manner herein provided are herein called the "Advisory Committee").

WITNESSETH:

WHEREAS, the Amalgamated Clothing Workers of America (herein called the "Union") and/or affiliates of the Union (herein called "Locals") have executed or will from time to time hereafter execute agreements with manufacturers and contractors in the men's and boys' clothing industry (herein called the "Employers"), and

WHEREAS, the Union has executed or will from time to time execute agreements with Locals, and

WHEREAS, the agreements executed by Employers herein collectively called the "General Group" and the agreements executed by the Locals all provide that said Employers and Locals shall pay stated sums of money (all of said sums being herein called Employer Contributions) to the Trustees periodically for the purpose of providing for their employees for whom Employer Contributions are made, retirement benefits and life, medical care, accident and health, hospitalization insurance and other insurance benefits, and to provide medical care and hospitalization insurance for the families of said employees, and to provide educational assistance for eligible children of said employees, and

WHEREAS, certain of said collective bargaining agreements or supplements thereto, executed by Employers herein collectively called the "Chicago Group" provide that such Employers shall pay stated sums of money (herein likewise called "Employer Contributions") to the Trustees periodically for the purpose of providing for their employees for whom Employer Contributions are made, the retirement benefits mentioned above, and also providing

for the eligible children of said employees benefits under the educational assistance program, and

WHEREAS, the employees of the Employers in the General Group, the employees of the Locals and the employees of the Employers in the Chicago Group will herein collectively be called the "Employees".

NOW, THEREFORE, in consideration of the premises the Trustees declare that they have received and shall receive the Employer Contributions with the following duties and powers and for the following uses and purposes and none other, to wit:

THE RETIREMENT FUND, THE SOCIAL INSURANCE FUND,
AND THE EDUCATIONAL ASSISTANCE FUND

1A. Employer Contributions received by the Trustees shall be allocated and apportioned between the Retirement Fund and the Social Insurance Fund, and the Educational Assistance Fund, all as provided in the respective agreements referred to above and also as provided in Paragraph 1D of this Agreement and Declaration of Trust.

B. The Trustees shall credit to the Retirement Fund and to the Educational Assistance Fund all Employer Contributions received by them from members of the Chicago Group all as provided in the agreements executed by the members of the said Chicago Group.

C. The Trustees, acting with the consent of the Advisory Committee may at any time and from time to time determine that as of an effective date thereafter the income (including Employer Contributions) payable by members of the General Group and by the Locals paid or payable to them shall be credited to the Retirement Fund and to the Social Insurance Fund, respectively in such proportions and amounts as they determine. Such income paid or payable from the effective date of each such determination until the effective date of the subsequent determination shall be credited to the Retirement Fund and/or the Social Insurance Fund in accordance with such determination.

D. In order to effectuate said agreement, subject to the law permitting the establishment of an Educational Assistance Fund,

and the receipt of ruling from the Internal Revenue Service that such Fund will be exempt from income taxes, the Trustees, acting with the consent of the Advisory Committee, may provide for an Educational Assistance Fund by allocating thereto as of a later effective date, a part of the Employer Contributions received by the Trustees amounting to a sum not to exceed \$500,000 per year. From and after the aforesaid effective date all Employers, including the General Group, the Locals and the Chicago Group, shall pay to the Trustees the percentage of gross wages allocated to the Educational Assistance Fund, as aforesaid, and the percentage of payroll payable by the General Group and the Locals to the Social Insurance Fund shall be decreased a like amount.

E. Such income (including Employer Contributions) paid or payable for the period prior to June 1, 1968 to the Trustees mentioned and described in prior agreements and declarations of trust shall be credited to the Social Insurance Fund and to the Retirement Fund as provided in said prior agreements and declarations of trust.

THE TRUSTEES

2. The Trustees shall have the power to demand, collect and receive Employer Contributions. The Trustees shall apply the Retirement Fund to the ultimate purposes provided in Paragraph 4 hereof and they shall apply the Social Insurance Fund to the ultimate purposes provided in Paragraph 5 hereof and they shall apply the Educational Assistance Fund to the ultimate purposes provided in Paragraph 6 hereof. The Trustees may take whatever steps including the institution and prosecution of, or the intervention in, any proceeding at law, in equity, in bankruptcy, or arbitration proceedings as they deem desirable to effectuate the collection of Employer Contributions.

3. The Trustees shall keep separate and apart the money and property of the Retirement Fund, the Social Insurance Fund and the Educational Assistance Fund. They shall keep separate books of accounts and records of the assets, liabilities and transactions of these three Funds. The Trustees shall deposit all moneys received by them in such bank or banks as they may designate. Pending disposition of the Retirement Fund, the Social Insurance Fund and the Educational Assistance Fund for their respective purposes, the Trustees, subject to the provisions

of Paragraph 15 hereof, may temporarily invest and reinvest those parts of such funds as are not required for current expenditures, in such securities as are legal for the investment of trust funds under the laws of the State of New York. The Trustees may maintain special interest accounts in any bank (including commercial banks) located in the City and State of New York without any limit on the balance of the said account. Any investments heretofore made by the Trustees and remaining in their hands as of the date of this Agreement and Declaration of Trust, pursuant to any prior supplemental agreement or agreement and declaration of trust, are hereby ratified and approved and may be held by them until applied to the ultimate purposes of the applicable Funds.

4. The Trustees with all reasonable dispatch shall use and apply the Retirement Fund as and when received by them for the following purposes:

- A. To pay or provide for the payment of all the reasonable and necessary expenses of collecting the Employer Contributions credited or to be credited to the Retirement Fund and administering the affairs of the Retirement Fund.
- B. To pay the costs of the operation of a plan to be adopted by the Trustees (subject to the provisions of Paragraph 17 hereof) providing cash benefits to Employees upon their retirement from the Industry, subject to such conditions as the Trustees may reasonably determine with reference to age of retirement, length of service in the Industry and length of payment by the Employers and/or the Locals of Employer Contributions credited to the Retirement Fund. The Trustees (subject to the provisions of Paragraph 17 hereof) shall have the right at any time and from time to time to modify, change, amend or terminate to any extent any or all of the terms and provisions of such Plan, and to make rules and regulations to carry out the provisions thereof.
- C. In order to prevent a temporary breakdown of the aforesaid retirement plan the Trustees may establish and temporarily hold such reasonable reserve funds as they in their discretion may deem reasonably necessary or desirable for the efficient performance of the ultimate purposes

of the plan, such reserve funds to be applied as and when necessary to the ultimate purpose thereof or to administrative expenses as provided in Sub-paragraph A of this Paragraph 4.

5. The Trustees with all reasonable dispatch shall use and apply the Social Insurance Fund as and when received by them for the following purposes:

- A. To pay or provide for the payment of all the reasonable and necessary expenses of collecting the Employer Contributions credited or to be credited to the Social Insurance Fund and administering the affairs of the Social Insurance Fund.
- B. To pay or provide for the payment of premiums on policies of group life insurance, group accident and health insurance and such other forms of group insurance for medical care and hospitalization insuring Employees as the Trustees may determine (subject to the provisions of Paragraph 17 hereof), and to pay or provide for the payment of premiums on policies of group insurance for medical care and hospitalization insuring the families of the aforesaid Employees, as the Trustees (subject to the provisions of Paragraph 16 hereof) may determine. The Trustees may reasonably determine the eligibility requirements with reference to length of service in the Industry, and length of payment by the Employer and/or the Locals of Employer Contributions credited to the Social Insurance Fund. The Trustees (subject to the provisions of Paragraph 17 hereof) shall have the right at any time and from time to time to modify, change, amend or terminate to any extent any or all of the terms and provisions of such group insurance policies, and to make rules and regulations to carry out the provisions thereof.
- C. In order to prevent a temporary breakdown of the aforesaid social insurance plan the Trustees may establish and temporarily hold such reasonable reserve funds as they in their discretion may deem reasonably necessary or desirable for the efficient performance of the ultimate purposes of the plan, such reserve funds to be applied as and when necessary to the ultimate purposes thereof or

to administrative expenses as provided in Sub-paragraph A of this Paragraph 5.

6. The Trustees with all reasonable dispatch shall use and apply the Educational Assistance Fund as and when received by them for the following purposes:

- A. To pay or provide for the payment of all the reasonable and necessary expenses of collecting the Employer Contributions credited or to be credited to the Educational Assistance Fund and administering the affairs of the Educational Assistance Fund.
 - B. To pay the costs of the operation of a plan to be adopted by the Trustees (subject to the provisions of Paragraph 17 hereof) providing cash benefits to Employees whose children attend an accredited institution of higher learning or a technical institution, subject to such conditions as the Trustees may reasonably determine. The Trustees (subject to the provisions of Paragraph 17 hereof) shall have the right at any time and from time to time to modify, change, amend or terminate to any extent any or all of the terms and provisions of such plan, and to make rules and regulations to carry out the provisions thereof.
 - C. In order to prevent a temporary breakdown of the afore-said educational assistance plan the Trustees may establish and temporarily hold such reasonable reserve funds as they in their discretion may deem reasonably necessary or desirable for the efficient performance of the ultimate purposes of the plan, such reserve funds to be applied as and when necessary to the ultimate purpose thereof or to administrative expenses as provided in Sub-paragraph A of this Paragraph 6.
7. Expenses incurred by the Trustees pursuant to Paragraphs 4A, 5A, and 6A respectively may include, without limitation the employment of such administrative, legal, expert and clerical assistance, the leasing of such premises and the purchase or lease of such materials, supplies and equipment as the Trustees, in their discretion, find necessary or appropriate to the performance of their duties. Expenses which are attributable exclus-

ively to the administration of the affairs of the Social Insurance Fund shall be charged to and paid by it. Expenses which are attributable exclusively to the administration of the Retirement Fund shall be charged to and paid by it. Expenses which are attributable exclusively to the administration of the Educational Assistance Fund shall be charged to and paid by it. Expenses which are attributable to the administration of the Social Insurance Fund and/or the Retirement Fund and/or the Educational Assistance Fund shall be apportioned between the said Funds in such manner and on such basis as the Trustees may reasonably determine to be fair and equitable. Insofar as practical, the Trustees shall utilize all facilities offered to them by the Union to collect Employer Contributions. The Union has agreed to make no charge for expenses incurred or services rendered in making such collections.

8. Policies of group insurance purchased pursuant to Paragraph 5B may be purchased from such insurance companies and may contain such provisions and be subject to such limitations and conditions as the Trustees in their discretion reasonably determine, subject to the provisions of Paragraph 17 hereof.

9A. Each applicant for retirement benefits shall furnish to the Trustees such facts and information as the Trustees may reasonably require with respect to the applicant's meeting the eligibility requirements of the retirement plan. The Trustees shall have the right and power to investigate and look into such facts and information, including the evidence submitted in support thereof. This investigation may be made by the Trustees or by their agents or employees as provided in Paragraph 11J hereof. The Trustees shall have the sole and exclusive right to interpret and apply the terms and provisions of the retirement plan, to determine whether or not the applicant has met the eligibility requirements of the retirement plan and qualifies for retirement benefits; and the decision of the Trustees shall be final and binding on the said applicant.

B. Each applicant for educational assistance benefits shall furnish to the Trustees such facts and information as the Trustees may reasonably require with respect to the applicant's meeting the eligibility requirements of the educational assistance plan. The Trustees shall have the right and power to investigate and look into such facts and information, including the evidence

submitted in support thereof. This investigation may be made by the Trustees or by their agents or employees as provided in Paragraph 11J hereof. The Trustees shall have the sole and exclusive right to interpret and apply the terms and provisions of the educational assistance plan, to determine whether or not the applicant has met the eligibility requirements of the educational assistance plan and qualifies for educational assistance benefits; and the decision of the Trustees shall be final and binding on the said applicant.

10. No Employee, nor any person claiming by, through or under any such Employee or member of his family, shall have any right, title or interest in or to any of the Funds or any part thereof; provided, however, that any Employee or member of his family who shall be actually covered by a policy of group insurance or a retirement plan or an educational assistance plan or is a beneficiary under such policy or plan shall be entitled to insurance or benefits in the amount and subject to the terms and conditions of such policy or plan. No Employee or member of his family shall have the option to receive any part of the Employer Contributions instead of insurance, retirement or other benefits. No Employee or member of his family shall have the right to assign his insurance, retirement or other benefits or to receive a cash consideration in lieu thereof, either upon the termination of the trust or his withdrawal through severance of employment or otherwise.

11A. Each of the Trustees has been designated as a Trustee by the General Executive Board of the Union. Any Trustee may continue to serve as a Trustee only so long as he or she remains a member of the General Executive Board of the Union.

B. The Trustees shall select one of their number to act as Chairman of the Trustees.

C. The vote of the Trustees may be cast by them in person at a meeting or, after written notice to all of the Trustees of the question to be decided, may be evidenced by written instruments signed by or telegrams from the requisite number of Trustees. The Chairman or any two Trustees may call a meeting of the Trustees at any time by giving at least 5 days' written notice of the time and place thereof to each Trustee. Meetings of the Trustees may also be held at any time without notice if all the Trustees

consent thereto. A majority of the Trustees present in person at any meeting shall constitute a quorum for the transaction of business.

D. Decisions of the Trustees shall be made by a concurring vote of a majority of all the Trustees.

E. Any Trustee may resign by instrument in writing executed for that purpose and delivered to the Chairman of the Trustees.

F. In the event of the resignation, death, disqualification, disability or refusal to act of any Trustee or a successor to any of them, a successor Trustee shall be designated by a resolution of the General Executive Board of the Union which shall be filed with the Chairman of the Trustees.

G. The General Executive Board of the Union shall have the right to appoint additional Trustees. Such additional Trustee or Trustees shall be designated by a resolution of the said Executive Board which shall be filed with the Chairman of the Trustees.

H. Any Trustee appointed as hereinabove provided shall upon the acceptance in writing of the terms of this Trust be vested with all of the rights, powers and duties of a Trustee.

I. No vacancy or vacancies shall impair the power of the remaining Trustees, acting in the manner herein provided, to administer the affairs of this Trust.

J. The Trustees may delegate any of their ministerial powers or duties hereunder to any of their agents or employees, including one or more of the Trustees.

12. The Trustees shall not receive compensation for the performance of their duties as Trustees, but shall be reimbursed for all reasonable or necessary expenses which they incur in the performance of such duties. The costs and expenses of any suit or proceeding against the Trustees (including counsel fees) shall be paid from the Social Insurance Fund or from the Retirement Fund or the Educational Assistance Fund pursuant to the provisions of Paragraph 7 hereof.

13. The Trustees shall keep true and accurate books of account and records of all their transactions as Trustees, which shall be audited not less than annually by a certified public accountant.

14A. Each of the Trustees shall be protected in acting upon any paper or document believed by him to be genuine and to be made, executed or delivered by the proper party purporting to have made, executed or delivered the same and shall be protected in relying and acting upon the opinion of legal counsel in connection with any matter pertaining to the execution or administration of this Trust. The Trustees may rely upon any instrument in writing purporting to have been signed by or upon telegrams purporting to have been transmitted by a majority of the members of the Advisory Committee as conclusive evidence of the fact that a majority of the members of the Advisory Committee have duly taken action stated to have been taken in such instrument or telegrams.

B. No Trustee shall be liable for any action taken or omitted by him in good faith, nor for the acts of any agent, employee or attorney selected by the Trustees with reasonable care, nor for any act or omission by any other Trustee.

15A. No party dealing with the Trustees in relation to this Trust shall be obliged to see to the application of any money or property thereof, or to see that the terms of this Trust have been complied with, or be obliged to inquire into the necessity or expediency of any act of the Trustees and every instrument executed by the Trustees shall be conclusive in favor of every person relying thereon (1) that at the time of the delivery of said instrument the Trust hereby created was in full force and effect, (2) that said instrument was executed in accordance with the terms and conditions contained in this Trust Agreement, (3) that the Trustees were duly authorized and empowered to execute such instrument, and (4) that, where required, the prior approval of the Advisory Committee was duly obtained.

B. The receipt given by the Trustees for any money or other properties received by them shall discharge the person or persons paying or transferring the same, and such person or persons shall not be bound to see to the application, or be answerable for the loss or misapplication thereof.

THE ADVISORY COMMITTEE

16. The Trustees before making any sale, exchange or disposition of any property forming part of the principal of the Social Insurance Fund or the Retirement Fund or the Educational Assistance Fund and before making any investment or reinvestment of any of the funds of said Funds, shall report in writing the nature of such proposed sale, exchange or other disposition or investment to the members of the Advisory Committee. The Trustees shall not make such proposed sale, exchange or other disposition or investment without the consent of the Advisory Committee. The provisions of this Paragraph shall not apply to the payment of administrative expenses, the payment of retirement benefits, educational assistance benefits and premiums on insurance policies, or to investments in securities of the United States Government. The Trustees may pay such administrative expenses and benefits and premiums and may purchase, sell or exchange such Government securities without obtaining the consent of the Advisory Committee. The Trustees shall not borrow any money or mortgage or pledge any of the property of the Social Insurance Fund or the Retirement Fund or the Educational Assistance Fund, except upon the consent of the Advisory Committee in each instance first had and obtained.

17. The Trustees shall not enter into any insurance contract, purchase any insurance policy or added coverage under an existing policy, enter into any plan for the payment of educational assistance benefits, or enter into any plan for the payment of retirement benefits or make any change in any insurance policy or retirement plan or educational assistance plan except upon the consent of the Advisory Committee in each case first had and obtained.

18A. Each member of the Advisory Committee has been designated as a member of the Advisory Committee by the Clothing Manufacturers Association of the United States of America. Any Advisory Committee member may continue to serve as an Advisory Committee member only so long as he or the firm of which he is a member, officer or director remains a member of the Clothing Manufacturers Association of the United States of America and a party to a Collective Bargaining Agreement with the Union.

B. The members of the Advisory Committee shall select one of their number to act as Chairman of the Advisory Committee.

C. Any member of the Advisory Committee may resign by instrument in writing executed for that purpose and delivered to the Chairman of the Advisory Committee.

D. In the event of the resignation, death, disqualification, disability or refusal to act as a member of the Advisory Committee or a successor to any of them, a successor member of the Advisory Committee shall be designated by a resolution by the Board of Directors of the Clothing Manufacturers Association of the United States of America which shall be filed with the Chairman of the Advisory Committee.

E. The Board of Directors of the Clothing Manufacturers Association of the United States of America shall have the right to appoint additional members of the Advisory Committee. Such additional member or members shall be designated by a resolution of the said Board of Directors which shall be filed with the Chairman of the Advisory Committee.

F. Any Advisory Committee member appointed as hereinabove provided, upon the acceptance in writing of his appointment, shall be vested with all the rights and powers of an Advisory Committee member.

G. No member of the Advisory Committee shall be liable for any advice given or action taken or omitted by him in good faith nor for any act or omission of any other Advisory Committee member.

H. Decisions of the Advisory Committee shall be made by the concurring vote of a majority of all of the members of the Committee. The vote of the Advisory Committee members may be cast by them in person at a meeting or, after written notice to all of the members of the question to be decided, may be evidenced by written instruments signed by or telegrams from the requisite number of members. The Chairman or any two members may call a meeting of the Advisory Committee at any time by giving at least 5 days' written notice of the time and place thereof to each member. Meetings of the Advisory Committee may also be held at any time without notice if all of the members

consent thereto. A majority of the Advisory Committee present in person at any meeting shall constitute a quorum for the transaction of business.

I. No vacancy or vacancies in the Advisory Committee shall impair the right of the remaining members of the Advisory Committee acting in the manner herein provided to exercise all of the powers of the Advisory Committee.

J. The members of the Advisory Committee shall not receive compensation for the performance of their duties, but they shall be reimbursed for all reasonable expenses which they incur in the performance of such duties. The costs and expenses of any suit or proceeding brought against the Advisory Committee (including counsel fees) shall be paid from the Social Insurance Fund or from the Retirement Fund or from the Educational Assistance Fund pursuant to the provisions of Paragraph 7 hereof.

AMENDMENTS

19. The provisions of this Agreement may be amended to any extent, at any time and from time to time, by an instrument in writing executed by the Clothing Manufacturers Association of the United States of America and the Union, and approved by the Board of Directors of the Clothing Manufacturers Association of the United States of America and the General Executive Board of the Union, provided, however, that no amendment shall

- (a) divert any of the Social Insurance Fund paid in or payable by Employers and by Locals to the Trustees for any period prior to the effective date of such amendment from the purposes of said Social Insurance Fund as set forth in Paragraph 5 hereof,
- (b) divert any of the Retirement Fund paid in or payable by Employers and by Locals to the Trustees for any period prior to the effective date of such amendment from the purposes of said Retirement Fund as set forth in Paragraph 4 hereof,
- (c) divert any of the Educational Assistance Fund paid in or payable by Employers and by Locals to the Trustees

for any period prior to the effective date of such amendment from the purposes of said Educational Assistance Fund as set forth in Paragraph 6 hereof,

- (d) permit any return or payment over of any part of the Fund to any Employer or Local or Employee or member of his family,
- (e) permit any part of any Fund payable to the Trustees after the effective date of any such amendment to be diverted to any purpose other than the payment of administration expenses and/or to purchase or pay for benefits (in addition to or different from those described in Paragraphs 4, 5 and 6 of this Agreement) for Employees and members of their families.

LIQUIDATION

20A. Upon termination of the obligation of all of the Employers in the General Group and all of the Employers in the Chicago Group to make Employer Contributions to the Retirement Fund or upon liquidation of the Retirement Fund, the Trustees and the Advisory Committee jointly shall apply any and all theretofore unapplied assets of the Retirement Fund to the purposes specified in Sub-paragraphs 4A and 4B hereof.

B. In the event that the obligation of all of the Employers in the General Group to make Employer Contributions to the Social Insurance Fund shall terminate, or upon any liquidation of the Social Insurance Fund, the Trustees and the Advisory Committee jointly shall apply any and all theretofore unapplied assets of the Social Insurance Fund to the purposes specified in Sub-paragraphs 5A and 5B hereof.

C. Upon termination of the obligation of all of the Employers in the General Group and all of the Employers in the Chicago Group to make Employer Contributions to the Educational Assistance Fund or upon liquidation of the Educational Assistance Fund, the Trustees and the Advisory Committee jointly shall apply any and all theretofore unapplied assets of the Educational Assistance Fund to the purposes specified in Sub-paragraphs 6A and 6B hereof.

D. Whenever the Trustees and Advisory Committee are required to act jointly pursuant to Sub-paragraphs A or B or C of this Paragraph, decisions shall be made by the concurring vote of a majority of the Trustees designated by the Union and a majority of the members of the Advisory Committee designated by the Clothing Manufacturers Association of the United States of America. In the event of a deadlock between the Trustees and the Advisory Committee the question shall be decided by the vote of Jacob S. Potofsky so long as he shall be Chairman of the Board of Trustees. In the event of the resignation, death, disability or refusal to act of Jacob S. Potofsky the question shall be decided by a person designated by the President of Columbia University.

MISCELLANEOUS

21. Any Trustee or any member of the Advisory Committee may serve as an officer or director of any insurance company or a trustee of any college, university, or technical institute, regardless of the fact that he may be a Trustee or member of the Advisory Committee. Insurance policies may be contracted for by the Trustees, with the approval of the Advisory Committee, in any insurance company or companies, even though one or more of the Trustees or one or more of the members of the Advisory Committee may be directors or officers in such insurance company or companies, and regardless of how any of the stock thereof may be held.

22. This Agreement and Declaration of Trust is created and accepted in the State of New York and all questions pertaining to the validity or construction hereof and of the acts of the parties hereto shall be determined in accordance with the laws of the State of New York.

23. The Trustees in their collective capacity shall be known as the Amalgamated Insurance Fund and may conduct the business hereof and execute all instruments in that name.

24. Since the principal end and purpose of this Agreement and Declaration of Trust is to provide a practical plan for retirement and social insurance and other benefits for Employees and members of their families as hereinabove stated, it is understood

and agreed that in accomplishing the principal end and purpose, form may be disregarded where necessary or practical. The form of this Agreement and Declaration of Trust and of the aforesaid collective agreements shall not give rise to a literal or formal interpretation or construction of any provision herein or therein contained insofar as such provisions affect this Trust. Regardless of form, the provisions of this Agreement and Declaration of Trust shall be interpreted and construed to assist in the functioning of the plan.

25. Income on either of the Funds, if earned, is incidental only. The plan is not intended to produce income other than as may be collateral or incidental to its general operation and to avoid waste.

26. Should any provision contained in this Agreement and Declaration of Trust or in the collective agreement be held unlawful, such holding shall not adversely affect the other provisions herein or therein contained unless such illegality shall make impossible or impractical the functioning of the entire plan. No Trustee, or member of the Advisory Committee or party to a collective agreement shall be held liable for any act done or performed in pursuance of any provision herein or therein contained prior to the time when such provision shall in fact be held to be unlawful by a court of competent jurisdiction.

27. This Agreement and Declaration of Trust and the collective agreements shall be deemed exclusively to define the powers, rights and obligations of all persons in relation to the administration of the Social Insurance Fund and the Retirement Fund and the Educational Assistance Fund regardless of any provision or provisions contained in any prior agreement.

IN WITNESS WHEREOF, the Trustees have executed this instrument to evidence their acceptance of the Trust hereby created and their agreement to be bound hereby and the members of the Advisory Committee have executed this instrument to evidence their acceptance of their duties hereunder as of June 1, 1968.

The foregoing Agreement and Declaration of Trust, amended as of June 1, 1968, has been approved and is executed by:

CLOTHING MANUFACTURERS ASSOCIATION OF THE UNITED STATES OF AMERICA

By
JOHN D. GRAY,
President.

Attest:
ROBERT A. KAPLAN,
Executive Secretary.

AMALGAMATED CLOTHING WORKERS OF AMERICA

By
JACOB S. POTOFKY,
General President.

Attest:
FRANK ROSENBLUM,
General Secretary-Treasurer.

Amalgamated Insurance Fund
Insurance & Retirement

SUPPLEMENTAL AGREEMENT dated as of June 1, 1968,
between
(herein called the "Employer") and
of the AMALGAMATED CLOTHING WORKERS OF
AMERICA (herein called the "Union").

WITNESSETH:

WHEREAS, the Employer and the Union have executed a Collective Bargaining Agreement (herein called the "Collective Bargaining Agreement") which is now in full force and effect, and

WHEREAS, the Employer has agreed to contribute sums of money equal to a stated percentage of its payroll to a fund or funds to be used to provide pensions or other retirement benefits, life, medical care, hospitalization, accident and health insurance, and other insurance benefits, to employees employed in the men's and boys' clothing industry, including medical care and hospitalization for the families of such employees and an educational assistance program for eligible children of such employees, and to execute a supplemental agreement in the form of this Supplemental Agreement providing for such contributions, and the application thereof, and

WHEREAS, the Employer has heretofore entered into one or more prior supplemental agreements with the Union for the purpose of providing funds for certain of the above described benefits, and

WHEREAS, it is the intention that this Supplemental Agreement shall supersede all prior supplemental agreements from and after September 30, 1968;

NOW, THEREFORE, in consideration of the premises the Union and the Employer agree that the Collective Bargaining Agreement shall be supplemented as follows:

1. Definitions:

(a) The term "employees of the Employer" as used in this Supplemental Agreement means all of the employees of the Employer within the collective bargaining unit fixed by the Collective Bargaining Agreement, including employees during their trial period.

(b) The term "gross wages" as used in this Supplemental Agreement means all of the wages of the employees (as defined in subparagraph (a) hereof) including cost of living bonuses, and vacation and holiday pay.

2. This Supplemental Agreement shall supersede all prior supplemental agreements from and after September 30, 1968; provided, however, that all sums of money paid or payable by the Employer under any prior supplemental agreement to the Trustees designated in one or more Agreements and Declarations of Trust which accompanied, and were made part of, said prior supplemental agreements (insofar as any part of such sums of money so paid to said Trustees have not been expended or applied by said Trustees in accordance with the provisions of said prior supplemental agreements and prior agreements and declarations of trust) shall be applied by the said Trustees to the purposes set forth and provided for in said prior supplemental agreements and agreements and declarations of trust, and subject to the provisions therein contained.

3. Commencing on the pay day for the week of September 30, 1968, and weekly thereafter, the Employer shall pay to the Trustees (hereinafter called "Trustees") designated under an Agreement and Declaration of Trust, as most recently amended as of June 1, 1968, the terms and provisions of which Agreement and Declaration of Trust are herein specifically incorporated by reference, eight and seven-tenths per cent (8.7%) of the gross wages payable for each pay period to all the employees of the Employer. Except as provided in and subject to the provisions of Paragraphs 1C and 1D of the said Agreement and Declaration of Trust, the said 8.7% of gross wages shall be credited to the Retirement Fund and to the Social Insurance Fund as follows:

(a) 4.5% of gross wages shall be credited to the Retirement Fund,

(b) 4.2% of gross wages shall be credited to the Social Insurance Fund.

All of the foregoing sums shall be administered and expended by the Trustees pursuant to the provisions of the said Agreement and Declaration of Trust as amended as of June 1, 1968, for the purpose of providing benefits upon their retirement, and life, accident and health insurance, and such other forms of group insurance for medical care and hospitalization as the Trustees may reasonably determine, to employees employed by the Employer, and employees employed by other Employers, including affiliates of the Amalgamated Clothing Workers of America (herein called the "Amalgamated"), for whom contributions are made to the Amalgamated Insurance Fund in the amounts set forth in this Paragraph, all of whom are members of the group embraced within the general plan in the men's and boys' clothing industry, and also to provide medical care and hospitalization for the families of such employees, and educational assistance for the eligible children of such employees.

4. The Employer shall furnish to the Trustees, upon request, such information and reports as they may require in the performance of their duties under any of the agreements and declarations of trust. The Trustees, or any authorized agent or representative of the Trustees, shall have the right at all reasonable times during business hours to enter upon the premises of the Employer and to examine and copy such of the books, records, papers and reports of the Employer as may be necessary to permit the Trustees to determine whether the Employer is fully complying with the provisions of Paragraph 3 hereof.

5. No employee or member of his family shall have the option to receive instead of the benefits provided for by any of the agreements and declarations of trust any part of the contributions of the Employer. No employee or member of his family shall have the right to assign any benefits to which he may be or become entitled under any of the agreements and declarations of trust or to receive a cash consideration in lieu of such benefits either upon termination of the trust therein created, or through severance of employment or otherwise.

6. (A) This Supplemental Agreement and the Collective Bargaining Agreement and the Agreement and Declaration of Trust shall be construed as a single document, and all of the provisions of the Collective Bargaining Agreement relating to the administration and enforcement thereof shall apply to the administration and enforcement of this Supplemental Agreement, provided however that any controversy, claim, complaint, grievance or dispute between the parties hereto arising out of or relating to the provisions of this Supplemental Agreement or the interpretation, breach, application or performance thereof, shall be referred by the Union, the

Trustees or the Employer for arbitration and determination as hereinafter provided:

(1) If, by the terms of the Collective Bargaining Agreement, a named individual, or his designee, is designated as the Arbitrator thereunder, such named individual or his designee is hereby designated as the Arbitrator under this Supplemental Agreement.

(2) In the event the Collective Bargaining Agreement does not designate a named individual as the Arbitrator, then the Arbitrator shall be designated in writing by the Employer and the Union. If the Employer and Union cannot agree on the Arbitrator, he shall be appointed forthwith by the American Arbitration Association on the application of the Union or the Employer or the Trustees.

(3) The powers of the Arbitrator and the procedures for Arbitration hereunder shall be as hereinafter provided. The decision, order, direction, award or action of the Arbitrator shall be final, conclusive, binding and enforceable in a court of competent jurisdiction.

In addition to the power which the Arbitrator may possess pursuant to the within Supplemental Agreement or by operation of law, in the event of any breach or threatened breach of this Supplemental Agreement, the Arbitrator, after a hearing, may issue an award providing for a mandatory direction or prohibition.

The parties consent that any papers, notices or processes, including subpoenas, necessary or appropriate to initiate or continue an arbitration hereunder to enforce, confirm, vacate or modify an award, may be served by certified mail directed to the last known address of the Employer, the Union and the Trustees.

The Union or the Employer or the Trustees may call such arbitration hearing by giving (5) days notice by certified mail or two (2) days notice by telegram to the other parties. The Arbitrator, however, if he deems it appropriate, may call a hearing on shorter notice. The parties consent that arbitration hearings shall be heard at such place as the Arbitrator may designate.

The parties agree that the oath of the Arbitrator is waived and consent that he may proceed with the hearing on this submission. In the event a party to arbitration should default in appearing before the Arbitrator, the Arbitrator is hereby empowered to take the proof of the party or parties appearing and render an award thereon.

The Employer's pertinent books, vouchers, papers and records shall be available for examination by duly authorized representatives of the Arbitrator to determine whether there is full compliance with the terms of this Supplemental Agreement.

(B) In the event that the Union receives written notice from one or more of the Trustees designated by the Trustees for that purpose, that the Employer has failed to pay in full any sum due the Trustees under paragraph 3 hereof and that such failure has continued for five (5) days, the Union may direct its members to discontinue work in the plant of the Employer and to discontinue work upon clothing being manufactured for the Employer by contractors until all sums due from the Employer under paragraph 3 hereof have been paid in full. The remedy provided for in this subparagraph shall be in addition to all other remedies available to the Union and to the Trustees and may be exercised by the Union, anything in the Collective Bargaining Agreement to the contrary notwithstanding. Payment by the Employer under protest shall be without prejudice to his right to contest the correctness of the Trustees' demand.

(C) The Trustees, in their own names as Trustees, may also institute or intervene in any proceeding at law, in equity or in bankruptcy for the purpose of effectuating the collection of any sums due to them from the Employer under the provisions of paragraph 3 hereof.

7. In the event that legislation is enacted by the Federal Government levying a tax or other exaction upon the Employer for the purpose of establishing a federally administered system of life, health, accident, medical care or hospitalization insurance under which the employees of the Employer are insured, the Employer shall be credited against the sums payable under paragraph 3 hereof for each pay period, with the amount of such tax or exaction, payable by him for such pay period, provided that the amount of such credit shall in no event exceed the amount required to be paid at that time to provide the benefits other than retirement.

The Health Insurance for the Aged Act (known as Medicare) as enacted on July 30, 1965, is not legislation within the scope of this paragraph, and the Employer is not entitled to any credit against the sums payable under paragraph 3 hereof for any payments made to support the programs and/or benefits provided for in the said Act.

8. The provisions of this Supplemental Agreement shall remain in full force and effect for the full term of the Collective Bargaining Agreement and of any extensions or renewals thereof, but shall terminate and

come to an end with the Collective Bargaining Agreement or any extension or renewal thereof, or prior thereto by an instrument in writing executed by the Clothing Manufacturers Association of the United States of America and the Amalgamated and approved by the Board of Directors of the Clothing Manufacturers Association of the United States of America and the General Executive Board of the Amalgamated.

9. The primary purpose of this Supplemental Agreement and the said Agreement and Declaration of Trust being to provide a practical plan for benefits upon their retirement, and life, accident and health insurance, and other benefits for employees and their families as herein and therein provided, it is understood that the form of the plan, and of this Supplemental Agreement and of the Agreement and Declaration of Trust, shall not give rise to a literal or formal interpretation or construction; such interpretation or construction shall be placed on this Supplemental Agreement, and the Agreement and Declaration of Trust as will assist in the functioning of the plan, for the benefit of employees, and their families, regardless of form.

10. In no event will the Employer be entitled to the return of any part of any contribution made hereunder.

11. Regardless of the date on which the within Supplemental Agreement shall be executed, the within Supplemental Agreement shall be effective as of September 30, 1968 with the same force and effect as if it had been actually executed on that date.

12. Neither the execution of this Supplemental Agreement nor any provision herein contained, or contained in any other agreement affecting the same, shall be deemed to release the Employer from any contribution or contributions provided for in any prior supplemental agreement or agreements, and which have become due and payable to the Trustees referred to in any such supplemental agreement or agreements, and not yet paid to such Trustees.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Agreement to be executed by their duly authorized representatives as of the day and year first above written.

.....
Employer

By

.....
Title

..... of the
AMALGAMATED CLOTHING WORKERS OF AMERICA

By

.....
Title

Address of Employer:

.....
Street

.....
City and State

Senator WILLIAMS. We will conclude the hearing, but we will keep the record open until next week for other statements, which I understand will be submitted, and they will be included in the record. (The following communications were subsequently received:)

PREPARED STATEMENT OF WILLIE J. USERY, ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS, U.S. DEPARTMENT OF LABOR

The Department of Labor appreciates this opportunity to express its views on S. 2068, introduced by Senator Williams.

Under section 302(c) of the Labor Management Relations Act, as it presently exists, employer contributions to funds established for the benefit of employees and their families are prohibited except for specific purposes and under specified conditions. The proposed amendment would specifically enumerate two additional purposes for which such joint trust funds could be established.

Section 302 was enacted more than 20 years ago, in response to a growing concern about the large sums being accumulated in such funds which were largely under the control of unions. It was believed that the unusual power inherent in such arrangements would upset the labor-management balance in future years and be subject to possible abuse.

Section 302 was developed at a time when comparatively little information was available on the types of funds which might be appropriate and desirable. It was enacted on an experimental basis when no one foresaw the tremendous growth in welfare and pension funds and fringe benefits in general as well as the purposes for which they have been found desirable. As a result, standards were placed in the statute which in retrospect appear too rigid and narrow.

Section 302 prohibits payments to joint trust funds except for medical or hospital care, pensions on retirement or death of employees, compensation for injuries or illnesses resulting from occupational activity or insurance to provide any of the foregoing, or unemployment benefits or life insurance, disability or sickness insurance, or accident insurance.

The only changes made in section 302 since 1947 were in 1959 when payments to trust funds for pooled vacation, holiday, severance or similar benefits, and apprenticeship or other training programs were added to the list of exceptions. It seems fair to say that there are today many different kinds of funds prohibited by section 302, which could be beneficial to both labor and management and the public in general and to which contributions should be permitted.

S. 2068 would correct the situation as far as contributions to finance scholarships and child care centers are concerned.

The public is well aware of the education grants and scholarship awards made by numerous foundations and corporations. Fewer persons know that labor organizations also award scholarships and educational grants.

We are all aware of the rising costs of education at a time when further education is becoming more and more of a necessity. The simple truth is that as costs continue to rise many students with intelligence, ability and a desire for learning are financially unable to pursue an education beyond high school.

S. 2068 could help place education within the reach of more workers and their families. It could provide labor and management with the opportunity to deal with a problem, through cooperative efforts, that both have been concerned with for many years.

It should be noted that the intent of S. 2068 concerning scholarships is not entirely clear. The term "educational institutions" is not defined in the legislation, and it is uncertain whether the use of such funds would be limited to scholarships for college or university students; the legislative history should clarify this point.

The provision of S. 2068 relating to child care centers is likewise commendable. It is a recognition of the family needs of the working mother and will assist in bringing more women into the job market.

We know that while the number of day care facilities has grown in recent years, the gap between need and available facilities has continued. Thus, millions of mothers who must work to meet family needs are constantly concerned about the adequacy of the care which their young children are receiving.

Today there are about 10 million women in the labor force who have children under 18 years of age. In March 1965, the latest date for which detailed data are available, there were about 9.7 million working mothers with an estimated 17.3 million children under 18 years of age; of these children, 4.5 million were less than 6 years old and 6.4 million were between 6 and 11 years.

Child care arrangements made by too many mothers are inadequate if not poor. At the time of the 1965 study the percentage of children able to obtain group care was only two percent. It has been estimated that less than half a million day care spaces are available, including those in private homes. Labor-management sponsorship of day-care centers provided in this bill will encourage the development and expansion of these vital services.

For all of these reasons, we support the passage of S. 2068.

We would like to note that this bill deals on a piecemeal basis with a problem that perhaps the Congress may wish to consider resolving on a more general basis. We are really no better able now to anticipate the direction these funds may wish to take in the future than Congress was in 1947. The Congress therefore may wish to consider whether the law should permit responsible parties to make their own arrangements in this area with adequate safeguards for beneficiaries. In other words, the Government should not substitute its judgment for that of the parties as to which joint funds or projects are permissible so long as the rights and interests of beneficiaries and the public are protected.

I would like to express our appreciation for this chance to express our views. We will be happy to cooperate and provide any further information which you may require.

AMERICAN FEDERATION OF LABOR
AND CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., May 20, 1969.

HON. HARRISON A. WILLIAMS, Jr.,
Chairman, Subcommittee on Labor, Committee on Labor and Public Welfare, U.S. Senate, Washington, D.C.

DEAR SENATOR WILLIAMS: The AFL-CIO urges favorable consideration of S. 2068, sponsored by yourself, Mr. Case, Mr. Cranston, Mr. Eagleton, Mr. Hughes, Mr. Javits, Mr. Kennedy, Mr. Mondale, Mr. Nelson, Mr. Pell, Mr. Randolph, and Mr. Yarborough.

We appreciate your and your colleagues' concern with the interest of a number of our affiliates to use employer-employee trust fund financing of scholarship and day-care center programs.

It is unfortunate that section 302(c) of the Labor-Management Relations Act of 1947 placed such severely restrictive language on the use of employer-employee trust funds. The present language has been interpreted to prohibit the financing of such worthy projects as provided for in S. 2068. However, we believe the proposed legislation, if approved, will clear the way for the establishment by many of our affiliates of expanded scholarship and day-care center projects.

Your proposed legislation complements already established programs in those areas by permitting a segment of the private sector of our economy to carry out similar programs without cost to the taxpayer.

We appreciate the efforts of you and your colleagues to solve this dilemma.

Sincerely yours,

ANDREW J. BIEMILLER,
Director, Department of Legislation.

(Whereupon, at 10:30 a.m., the hearing in the above-entitled matter was concluded.)

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