

March 27, 2009

Representative Bill Stoltze
Co-Chair, House Finance Committee
Juneau, Alaska

Re: Opposition to HB 127

Dear Representative Stoltze:

My name is Jack Burton and I have worked for the Alaska Railroad for the past 45 years. For 14 of those years, I was the president of the American Federation of Government Employees, AFL-CIO Local 183 (AFGE), the ARRC's largest union, representing over 330 ARRC employees. For the past 19 years, I have also served as the labor representative on the Alaska Railroad Corporation's (ARRC) Board of Directors. I am writing on behalf of myself and the approximately 620 ARRC union employees to express our opposition to HB 127, which seeks to put ARRC under the Executive Budget Act (EBA).

First and foremost, I speak on behalf of all union employees of the ARRC when I say that we are fiercely opposed to the ARRC's being placed under the EBA because it is a direct impairment of a contractual relationship that our unions have had with the ARRC for decades, and one under which we operate now and will operate for years to come under current collective bargaining agreements. When the state bought the railroad and created the corporation to operate it, the state explicitly mandated that the employees of the railroad were to be employees of the corporation, not employees of the state. The unions were explicitly exempted from coverage by the Public Employee Relations Act (which governs the relationship between the state and its unions), and separate, independent labor laws governing the railroad's unions contracts and its bargaining with the railroad were created solely for the railroad and its unions.

Over the years, the railroad's unions have bargained in good faith with the railroad for all terms and conditions of employment, and have successfully entered into binding contracts with the railroad on each occasion, contracts that contain mutually agreed-upon wages, hours, and working conditions for union members. In doing so, the unions relied on the labor relations provisions of the corporation's statute, the railroad's financial independence from the state, and the railroad's self-sustaining ability to fulfill the promises that it made in those collective bargaining agreements.

Placing the ARRC under the EBA will drastically undermine the very foundation upon which the railroad and its unions have established their relationship and negotiated their collective bargaining agreements. None of the unions' bargaining agreements was negotiated with the understanding that their terms would be "subject to appropriation," nor did the unions ever intend any such restrictions. Instead, the unions bargained for wages that were contractually ensured by railroad-generated revenues, revenues that the unions knew they contributed to by expending their hard efforts. Placing ARRC under the EBA not only improperly subjects the wages and other terms and conditions of my members' employment to the vagaries and uncertainties of the political process, but also directly impairs the rights for which they have already bargained with the ARRC. We steadfastly oppose such an impairment of our current and future employment rights with ARRC.

In addition to the foregoing, my union members also believe that the enactment of HB 127 will violate the mandate in the federal transfer act that requires the revenues generated by ARRC to be retained and managed by ARRC for railroad and related purposes only. Subjecting ARRC to the EBA may generate litigation from employees who feel their contract rights have been violated or that railroad jobs may be lost if the Legislature has the power to divert ARRC's revenues and federal appropriations to non-railroad purposes.

As an employee of the railroad under both governmental financial control and corporate financial independence, I speak from hard-earned experience when I say that the operation of the railroad under political control was a colossal failure. I worked for the Alaska Railroad for 20 years before it was sold to the state and can tell you that a major reason that the railroad lost money every year was its inability to obtain adequate operating and capital funds under the politically charged federal budget appropriation process. The perpetual lack of funds resulted in deterioration of the railroad's track and equipment which in turn increased operating costs which led to the loss of existing business and the inability to obtain new business. It seems we were always operating in a survival mode because the politicians in congress always found better things to do with our tax dollars. We could never count on receiving sufficient funds and as a result could never plan for more than a year in advance. You will risk the same thing happening to ARRC if you put it under the EBA where funding decisions will be based upon political reasons rather good business judgment and management.

I also participated in the transfer process when the railroad was sold to the state and I testified before the Legislature on several occasions with regard to labor issues. Although there were two or three competing bills concerning the structure of the state entity that would own and operate the Alaska Railroad, every one of them required the railroad to be operated as a business as opposed to a government agency and every one of them exempted the railroad from the EBA. The Legislature was very clear that they wanted the railroad to be operated on a self sustaining basis and not require yearly infusions of tax dollars like the federally owned railroad did. Based on the experience of the federally owned railroad, they knew that injecting politics into a business operation was a recipe for disaster. The ARRC business model has worked very successfully for the past 24 years so why risk messing it up now?

Lastly, I am surprised that this bill is being seriously considered by a private sector oriented legislature. In the recent past, the Legislature has looked for ways to reduce government inefficiencies by privatizing prisons, schools, the state ferry system, motor vehicle and driver licensing, etc. etc. The enactment of HB 127 will actually increase government inefficiency by taking what is currently a profitable and self-sustaining public asset and turning it into an inefficient government bureaucracy which is exactly what the Alaska Railroad was before it was sold to the state. It makes no sense to make such a sweeping change in the absence of any concrete evidence that the ARRC business model is some how broken and needs repair.

Representative Stoltze, I am charged with representing the best interests of all of my union brothers and sisters at the ARRC. In that capacity, I cannot emphasize enough the opposition your bill faces from ARRC organized labor. We have an established, successful bargaining relationship with the ARRC under its current status, and we have no interest in being subject to the well-known political whims of the legislative appropriation process. We appreciate your bearing our opposition in mind as you consider this bill.

Sincerely,

A handwritten signature in black ink that reads "Jack F. Burton". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Jack Burton