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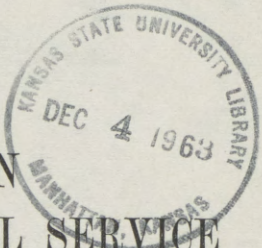
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PERSONNEL POLICIES OF THE ALASKA RAILROAD



HEARING BEFORE THE COMMITTEE ON OFFICE AND CIVIL SERVICE USE OF REPRESENTATIVES EIGHTY-EIGHTH CONGRESS



FIRST SESSION

ON

S. 622

AN ACT TO IMPROVE AND ENCOURAGE COLLECTIVE BARGAINING BETWEEN THE MANAGEMENT OF THE ALASKA RAILROAD AND REPRESENTATIVES OF ITS EMPLOYEES, AND TO PERMIT TO THE EXTENT PRACTICABLE THE ADOPTION BY THE ALASKA RAILROAD OF THE PERSONNEL POLICIES AND PRACTICES OF THE RAILROAD INDUSTRY

AUGUST 8, 1963

Printed for the use of the
Committee on Post Office and Civil Service



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SUBCOMMITTEE APPOINTED TO CONSIDER S. 622

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PERSONNEL POLICIES OF THE ALASKA RAILROAD

THURSDAY, AUGUST 8, 1963

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:15 a.m., room 215, Cannon House Office Building, Hon. Arnold Olsen of Montana (chairman of the subcommittee) presiding.

Mr. OLSEN. The subcommittee will come to order.

This subcommittee was appointed to consider S. 622, an act to improve and encourage collective bargaining between the management of the Alaska Railroad and representatives of its employees, and to permit to the extent practicable the adoption by the Alaska Railroad of the personnel policies and practices of the railroad industry. Members of the subcommittee are Mr. Daniels, Mr. Beckworth, Mr. Broyhill, and Mr. Abele, and I was appointed chairman.

The purpose of this legislation is to provide authority of law for continuance of employee-management policies and procedures which have constituted a basic part of the operations of the Alaska Railroad, under administrative authorizations, since shortly after the railroad was established in 1914.

These policies and procedures in general may be said to be those which adapt, for the Alaska Railroad operations, the personnel management practices long recognized and followed in the private enterprise railway industry of the United States.

In brief, the need for consideration of this legislation arises by reason of variances between the Alaska Railroad's customary railroad industry personnel practices and certain provisions of the Veterans' Preference Act of 1944, as amended. No serious problem is understood to have been encountered because of such variances until approximately 4 years ago, when the issue was raised in the case of an individual employee who appealed a personnel action on the ground that such action had denied him protection of the Veterans' Preference Act. It is reported that several similar cases have occurred during the last 4 years, but that 95 percent of the Alaska Railroad employees—about half of whom are veterans—prefer the railroad's industry-type policies to Veterans' Preference Act procedures.

[S. 622, 88th Cong., 1st sess.]

AN ACT To improve and encourage collective bargaining between the management of the Alaska Railroad and representatives of its employees, and to permit to the extent practicable the adoption by the Alaska Railroad of the personnel policies and practices of the railroad industry

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That with respect to the Alaska Railroad the President, or his designee or designees, is authorized—

(a) without regard to the provisions of the civil service laws, except for the Veterans' Preference Act of 1944, as amended, to appoint or hire such officers, agents, attorneys, and employees as may be necessary for the operation of the Alaska Railroad, and to establish rules governing such hiring and appointment;

(b) to delegate to them such powers and to prescribe for them such duties as may be deemed appropriate to the effective operation of the Alaska Railroad;

(c) to fix and determine the wage and salary rates of all employees, including officials, supervisory and professional personnel, and personnel employed outside of Alaska: *Provided*, That officials and supervisory and professional personnel shall be compensated on a monthly and annual basis, constituting pay for all services rendered, and neither section 23 of the Act of March 28, 1934, as amended (5 U.S.C. 673c), nor section 205 of the Federal Employees Pay Act of 1945, as amended (5 U.S.C. 913), shall apply to them;

(d) to establish rules governing promotion, demotion, retention, discharge, layoff, recall, and seniority of employees, the settlement of grievances and disputes, and related personnel policies;

(e) to make wage payments to train and engine service employees in accordance with the commonly accepted pay practices of private railroads applicable to train and engine service employees, which payments shall be deemed to comply with the overtime requirements of section 23 of the Act of March 28, 1934, as amended (5 U.S.C. 673c);

(f) to establish performance rating systems without regard to the requirements of the Performance Rating Act of 1950 (5 U.S.C. 2001); and

(g) to negotiate and enter into written agreements with duly authorized union representatives, which agreements may, without regard to the provisions of the Veterans' Preference Act of 1944, relate to, but shall not be restricted to, wage rates and rules, promotion, demotion, retention, discharge, layoff, recall, and seniority of employees, and the settlements of grievances and disputes.

Passed the Senate June 24, 1963.

Attest:

FELTON M. JOHNSTON, *Secretary*.

MR. OLSEN. A number of witnesses have officially requested an opportunity to testify on this legislation, and it is my hope that we can proceed expeditiously so as to accommodate particularly those witnesses who are here from distant points.

Our first witness is our distinguished colleague, the Representative in Congress from the State of Alaska, Mr. Rivers.

Mr. Rivers, we will be glad to hear your testimony at this time.

STATEMENT OF HON. RALPH J. RIVERS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALASKA

MR. RIVERS. Mr. Chairman, I understand the House will convene at 11 o'clock and I have about a 3-minute statement which I think I can condense into about 2 minutes.

I want to conserve time so the men from Alaska who are authorities on the technical aspects of operating a railroad may have more time to testify.

Mr. Chairman, I appreciate the opportunity to be heard in behalf of S. 622, a bill by Senator E. L. Bartlett, which is designed to give the Alaska Railroad statutory sanction of its longstanding adherence to the same seniority system as pertains to privately operated railroads. It would vest in the President, or his designees, the authority to set wages, establish rules and performance ratings, and bargain collectively with duly designated representatives of the employees without regard to the Civil Service Act or the Veterans' Preference

Act. The bill does not, however, affect any Federal laws dealing with such matters as sick and annual leave, retirement, health and welfare, life insurance, or the reemployment provisions of the Universal Military Training and Service Act. Finally, the legislation would not in any way affect the application of the Veterans' Preference Act in the initial hiring of personnel by the railroad.

The need for this legislation arose in 1959, 15 years after the enactment of the Veterans' Preference Act, when a veteran employed by the Alaska Railroad raised the question as to whether all phases of veterans preferences applied with regard to the federally owned and operated Alaska Railroad. The U.S. Civil Service Commission held that the act applied as far as legality was concerned, and in subsequent cases announced that, unless congressional relief was forthcoming, it would require the railroad to enforce the Veterans' Preference Act.

Since the 1959 case was decided, I have, along with the two Alaska Senators, received numerous pleas from employees of the Alaska Railroad for the enactment of legislation such as S. 622. They have pointed out, and correctly so, that enforcement of the Veterans' Preference Act would drastically revise their seniority rights—rights which have been established according to commonly accepted practices of the railroad industry over a 40-year period. Indeed, as testimony to be offered by subsequent witnesses will indicate, an overwhelming number of the employees of the Alaska Railroad—more than half of whom are veterans—support the collective bargaining agreements which are now in operation and do not wish to have the Veterans' Preference Act supplant the conventional railroad seniority system because it offers them more job security. Additionally, it is my understanding that if a civil service register is adopted, the seniority system would be upset to such an extent that the Railroad's employee with most seniority would drop 55 places on the seniority scale. Such a development would be, to say the least, demoralizing, and would have a detrimental effect on the operation of the Alaska Railroad.

Other witnesses well qualified in regard to Railroad operations and employee factors are here from Alaska to testify and answer all questions propounded by members of the committee.

In closing, I urge that this bill be approved.

Thank you, Mr. Chairman, and members of the committee.

Mr. OLSEN. As a matter of law, you think these people ought to get some kind of grandfather rights?

Mr. RIVERS. We might call it that. I will say that since this railroad was first started, when full operations began in 1923, both the management and employees agreed upon the same seniority system as was being used in the operation of privately owned railroads. This railroad is unique in that it is the only one operated by the Federal Government. Veterans' preferences came along in the course of events, but the railroad in Alaska continued to operate under the same old seniority system as private railroads have used all of these years.

Finally, a case arose that raised the question.

Whether or not this is a grandfather rights proposition, I submit that Department of Interior and the employees of the Alaska Railroad should be permitted to run the railroad by the regular seniority system which they all strongly prefer. This then is a waiver of total application of veterans' preferences.

Mr. OLSEN. I see.

Thank you, Mr. Rivers.

Mr. RIVERS. I certainly appreciate my colleague's perception and I hope we can make as much of a record as possible, especially as concerns the witnesses from Alaska, before we have to adjourn.

Mr. OLSEN. I might say that if we have to—I do not know that we have to adjourn—but we are going to finish today if I have to come back this afternoon.

Mr. RIVERS. Heartening news.

Thank you, Mr. Chairman.

Mr. OLSEN. I do want to hear from Mr. Macy and then we will go right into the Alaska witnesses.

The Honorable John W. Macy, Jr., Chairman of the Civil Service Commission.

STATEMENT OF HON. JOHN W. MACY, JR., CHAIRMAN, CIVIL SERVICE COMMISSION

Mr. MACY. Thank you, Mr. Chairman. I have a brief statement I would like to present to you respecting the legislation before you, S. 622.

I am pleased to have this opportunity to present to you the views of the Civil Service Commission on S. 622.

As stated in the Commission's written report dated July 10, 1963 (which you may wish to have incorporated in the hearing record), there is no objection to the provision S. 622. This is the same position taken by my predecessor on a similar bill, S. 2514, introduced in the 86th Congress. This is also the position the Commission took on S. 2593, a similar bill introduced in the 87th Congress.

Mr. OLSEN. Thank you. Without objection it is so ordered.

Mr. MACY. The primary object of this bill is to enable the Alaska Railroad to adopt personnel policies and practices generally followed by the railroad industry. As we understand the situation from our dealings over the years with the Department of Interior relating to this railroad, employees of the railroad are generally drawn from the railroad industry, are accustomed to the special personnel practices of the industry and both management and employees prefer to be governed by these practices. The railroad has operated under various agreements with railroad unions representing employees since 1920. In 1961 it concluded a new basic agreement relating to wages and working conditions. Under current Federal law the railroad is prevented from engaging in certain practices commonly followed in the railroad industry. For example, subsections (c), and (e), of S. 622 are necessary to enable the railroad to pay overtime according to railroad practice.

There is no objection to the proposed changes affecting pay. Employees of the railroad are now specifically exempted from coverage under the Classification Act of 1949, as amended.

Employees of the railroad are also excepted from the competitive service through temporary authority granted by the Civil Service Commission to appoint personnel under the excepted schedule A. This has been the case since 1955 when the Commission extended the competitive service to all other civilian employees in Alaska. Before that,

appointments of railroad employes were excepted under other authority relating to employees in U.S. territories. Subsection (a) of S. 622 would grant a statutory exception to the Civil Service Act. However, the employment of personnel would still be subject to the preference requirements of the Veterans' Preference Act.

On the other hand, subsection (g) of the bill would enable the railroad to make agreements with unions on such matters as demotion, retention, layoff, and recall without regard to the Veterans' Preference Act. Such authority would be necessary to introduce fully the common seniority practices of railroading which do not give the same weight to service in the Armed Forces as do the current civil service regulations, which are based on the retention preference for veterans prescribed by the Veterans' Preference Act.

As for the general authority of subsection (g) to enter into written agreement with unions on various matters, the agency already has this, of course, and has made such agreements for many years. Also, as we pointed out in our report, Executive Order 10988 of January 17, 1962, encourages employee-management cooperation in the Federal service, so that one of the purposes of this bill as reflected in this subsection, is consonant with the President's program for employee-management relations.

The provision of subsection (f) to permit the adoption of a performance rating system without regard to the Performance Rating Act of 1950 is also intended to allow the Railroad to conform to the practices of the industry. We support the idea of tailoring performance rating systems to meet particular agency needs.

May I call your attention to one cautionary comment in our report. We said, "Certain practices of the railroad industry such as seniority in promotions, would probably also be inconsistent with various aspects of the merit system, as for example the Federal merit promotion program. Such conflicts might prevent interchange of Railroad personnel with the competitive service should this be sought at some future time."

This does not mean that there would necessarily be insurmountable obstacles to interchange between the Railroad personnel system and the merit system—we now have interchange agreements with merit systems outside the competitive service, such as AEC and TVA—but any system with which we make agreements must abide by basic merit principles, and if railroad practices adopted by the Alaska Railroad should come to be basically at variance with these, there could be difficulties in moving between systems.

In summary, Mr. Chairman, the Commission has no objection to the enactment of S. 622 and believes that the recommendation of the Department of Interior and the Alaska Railroad, the agencies responsible for this unique operation, should be respected and that the pattern of railroad personnel conditions should be permitted to apply in the operation of the Alaska Railroad.

Mr. BECKWORTH. How much discussion, Mr. Chairman, has taken place about the possibility of the kind of conflict you have referred to at the end of your statement?

Mr. MACY. There has been discussion with the Department and with the Railroad about this. It is our understanding that they will continue to follow a merit selection program which will be necessary

in order to apply the veterans' preference points in making selection. I think it should be recognized, however, that most of the positions on the Alaska Railroad are unique to railroad operations and the likelihood of interchange with regular civil service is very limited.

It would only exist in some of the clerical positions and perhaps some of the mechanical positions where there is similarity with work performed in the military services and there might be some interchange of supervisors. I do not feel that this constitutes an irritant or a hurdle in the operation of the system under S. 622.

Mr. BECKWORTH (acting chairman). Thank you, Mr. Chairman.

Mr. MACY. Thank you, sir.

Mr. BECKWORTH. We are always glad to have you for your great contribution.

Mr. MACY. Thank you.

Mr. BECKWORTH. Without objection, the Chair will include at this point in the record certain official communications from the departments about this legislation.

(The documents referred to follows:)

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., July 10, 1963.

Hon. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives, Cannon House Office Building.*

DEAR MR. CHAIRMAN: This is in further reply to your request of June 28, 1963, for a report on S. 622, a bill to improve and encourage collective bargaining between the management of the Alaska Railroad and representatives of its employees, and to permit, to the extent practicable, the adoption by the Alaska Railroad of the personnel policies and practices of the railroad industry.

The Commission has no objection to enactment of the proposed legislation. We have the following observations on provisions of the bill:

Section 1(a) authorizes the President or his designee or designees to appoint officers and employees of the Railroad without regard to the civil service laws but specifically provides that the provisions of the Veterans' Preference Act shall apply. The terms of this section do not except the Alaska Railroad from laws administered by the Civil Service Commission other than the Civil Service Act.

Section 1(c) authorizes the President or his designee or designees to fix the pay of all officers and employees of the Alaska Railroad. It provides, also, that officials and supervisory and professional personnel shall be compensated on a monthly and annual basis, constituting pay for all services rendered, and that neither section 23 of the act of March 28, 1934, as amended, nor section 205 of the Federal Employees Pay Act of 1945, as amended, shall apply to them.

The Alaska Railroad is excluded from coverage of the Classification Act of 1949, as amended, by section 202(14) of the act. Because of the manner of fixing rates for employees of the Railroad, even the General Manager has been held to be entitled to overtime under the act of March 28, 1934. We understand that section 1(c) is intended to exempt from the 1934 act the classes of personnel whose counterparts in the railroad industry are not paid overtime. We have no objection to section 1(c).

Section 1(d) authorizes the President or his designee or designees to establish rules governing promotion, demotion, retention, discharge, layoff, recall, and seniority of employees. This section does not provide an exemption from applicable provisions of the Veterans' Preference Act, but section 1(g), discussed below, does provide such an exemption for personnel matters mentioned in section 1(d).

Section 1(e) authorizes the President or his designee or designees to fix the wages of train and engine service employees in accordance with the commonly accepted pay practices of private railroads applicable to train and engine service employees, such payments to be deemed to comply with the overtime requirements of section 23 of the act of March 28, 1934, as amended. This section would permit the Alaska Railroad to follow industry practice and would eliminate the need to compute overtime in two ways to see which is the greater. We see no objection to this section.

Section 1(g) authorizes negotiation of written agreements with union representatives on wage rates and rules and on the personnel matters mentioned in section 1(d), and other personnel matters, without regard to the provisions of the Veterans' Preference Act. The provisions of this section are not required to authorize written agreements as such, or, in view of Executive Order 10988 of January 17, 1962, as a means of accomplishing the first of the two stated purposes in the bill. The section is required, however, in order to carry out the second purpose of the bill, that is, to adopt personnel policies and practices of the railroad industry. For example, seniority practices in railroading would not be consistent with the requirements of the Veterans' Preference Act with respect to retention of veterans in reductions in force. Certain practices of the railroad industry, such as seniority in promotions, would probably also be inconsistent with various aspects of the merit system, as for example the Federal merit promotion program. Such conflicts might prevent interchange of railroad personnel with the competitive service should this be sought at some future time.

The Bureau of the Budget advises that from the standpoint of the administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

JOHN W. MACY, Jr., *Chairman.*

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., July 10, 1963.

HON. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives, Washington, D.C.*

DEAR MR. MURRAY: This responds to your request for a report on S. 622, a bill to improve and encourage collective bargaining between the management of the Alaska Railroad and representatives of its employees, and to permit to the extent practicable the adoption by the Alaska Railroad of the personnel policies and practices of the railroad industry.

The Department reported favorably on the bill while it was pending before the Senate Committee on Post Office and Civil Service. The amendment made by the Senate is acceptable to the Department, and we recommend the enactment of the bill in its present form.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

D. OTIS BEASLEY,
Administrative Assistant Secretary of the Interior.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., August 7, 1963.

HON. ARNOLD OLSEN,
*House of Representatives,
Washington, D.C.*

DEAR MR. OLSEN: Senator Bartlett has requested me to write you in regard to the meaning and intent of subsection (e) of S. 622, a bill to improve and encourage collective bargaining between the management of the Alaska Railroad and representatives of its employees, and to permit to the extent practicable the adoption by the Alaska Railroad of the personnel policies and practices of the railroad industry. We understand that this bill will shortly be a subject for hearing before a subcommittee, of which you are chairman, of the House Committee on Post Office and Civil Service.

Subsection (e) of S. 622 reads as follows:

"[the Secretary of the Interior is authorized] to make wage payments to train and engine service employees in accordance with the commonly accepted pay practices of private railroads applicable to train and engine service employees, which payments shall be deemed to comply with the overtime requirements of section 23 of the Act of March 28, 1934, as amended (5 U.S.C. 673c)."

This subsection refers only to train and engine service employees of the Alaska Railroad, and only to the overtime requirements of section 23 of the act of March 28, 1934, as cited in the subsection. This subsection does not even require train and engine service employees to adopt the "commonly accepted pay practices of private railroads." It provides that if such pay practices are adopted for train and enginemen of the Alaska Railroad, the resulting wage payments shall be deemed to satisfy the overtime requirements of law applicable to wage-board employees of the Federal Government.

Sincerely yours,

KENNETH HOLUM,
Assistant Secretary of the Interior.

Mr. BECKWORTH. Mr. Rivers, I understand you wish to present some other people at this point?

Mr. RIVERS. Mr. Chairman, I decided in the interests of time to have each one of these very fine witnesses who are capable of answering your questions on technical matters be called in turn according to your list. They will identify themselves.

Mr. BECKWORTH. Do you want Mr. Fitch to appear at this time?

Mr. RIVERS. I have three witnesses from Alaska and Mr. Fitch is stationed in Washington, D.C. Perhaps you had better take the witnesses from Alaska first or in whatever turn the committee calls them.

Mr. BECKWORTH. The Chair will call at this time Mr. R. L. Shake, chairman of the Brotherhood of Railroad Trainmen, Grievance Committee on Alaska Railroad, Anchorage, Alaska.

**STATEMENT OF R. L. SHAKE, CHAIRMAN OF THE BROTHERHOOD
OF RAILROAD TRAINMEN, GRIEVANCE COMMITTEE ON ALASKA
RAILROAD, ANCHORAGE, ALASKA**

Mr. SHAKE. Mr. Chairman and members of the committee, my name is Robert L. Shake. My home address is 321 West Manor Avenue, Anchorage, Alaska.

I am employed by the Alaska Railroad as a trainman, which entitles me to hold positions as conductor, brakeman, or baggageman, whichever my seniority permits. In conjunction with this I am the chairman of the General Grievance Committee, Brotherhood of Railroad Trainmen of the Alaska Railroad, an elective union office. I have authority to say that the Order of Railroad Telegraphers and the employees they represent concur in these statements. These two groups, the Telegraphers and Trainmen, represent approximately 140 of the total of approximately 800 employees of the Railroad, under union agreements.

I am here today to speak in favor of Senate bill 622, commonly referred to as the Alaska Railroad personnel bill. I am extremely grateful to have this opportunity to bring forth our reasons for favoring this bill. However, I would first like to state that I am a veteran of the U.S. Navy of World War II, serial No. USNR 619-47-90, and I ask that this fact be remembered as I present my testimony.

First, the Alaska Railroad is a unique bureau in the Federal Government, in that it has entered into bona fide labor contracts or agreements with nationally known and duly authorized unions for the past 40 years. These agreements have been patterned as near as possible upon agreements or contracts in effect on private railroads. This results in better working conditions and generally higher morale among the Alaska Railroad employees, in every branch of service, and

since any employer profits by having contented and efficient employees, the Federal Government has gained much through this system.

Under the authority of the act of March 12, 1914 (48 Stat. 305; 48 U.S.C. 301), and with the active encouragement of Department of the Interior officials, the Alaska Railroad has bargained collectively with employees in regard to hours, wages, and working conditions and has signed written agreements with union representatives of its employees since 1920.

The latest Interior Department expression of this labor-relations philosophy is the section of the departmental manual, issued January 1, 1959, under the title, "Labor Relations Policy." In addition, the President last year issued Executive Order 10988 which sets procedures for the kind of collective bargaining the Alaska Railroad has followed for some 40 years.

The unions of the Alaska Railroad are proud of this history of successful collective bargaining and desire its continuance. Such bargaining has had affirmative and worthwhile results both for employees and for management. It is in keeping with the encouragement of collective bargaining which has been given by Federal law to private employers and employees.

The enactment into law of S. 622 will give congressional sanction to collective bargaining as the basis for labor relations on the Alaska Railroad. Unless it is passed, the heart of the labor agreements now in effect on the railroad will be destroyed, and basic labor-management practices taken over from private railroads during the past 40 years will cease to exist.

Now, the reason that we favor S. 622 is that a literal application of the Veterans' Preference Act would destroy our collective bargaining rights. It would destroy our seniority system upon which 51 sections of our agreement are based. I offer as an exhibit to support this statement a document entitled "Further Comments—S. 622" and request the committee to insert this document in the record.

Mr. BECKWORTH. Without objection, it will be inserted in the record.

Mr. SHAKE. Thank you.

(The document follows:)

FURTHER COMMENTS

Much has been said concerning the conflict between current union agreements now in effect on the Alaska Railroad between the various unions and the procedures that will be required under civil service rules and regulations should S. 622 not be enacted into law.

In order to provide a more detailed explanation as to the conflict between these two systems, the train and engine agreement between the Brotherhood of Railroad Trainmen, Brotherhood of Locomotive Firemen & Enginemen, and the Alaska Railroad, is used to illustrate some of the difficulties to be encountered in abandoning our current union agreements, which provide in detail the rules and regulations under which these employees work.

In general, as in the train and engine agreement, all new jobs of 30 days or more are put up for bid. The oldest qualified bidder in terms of railroad seniority is awarded the position. When jobs are abolished or changed, incumbents of such positions exercise their railroad seniority and bump or displace other employees with lesser railroad seniority and thus are afforded a choice commensurate with their seniority. Other rules provide that when no bids are received on certain positions, the youngest man in railroad seniority may be forced assigned to such positions. Reductions in force are made in accordance with current rules on 5 days' notice and employees must exercise their seniority. If no junior men are working, they are furloughed. Men returning from more

than 5 days' leave are not required to return to their former position but may exercise seniority on junior employees. Throughout all these seniority rules, seniority based on Alaska Railroad service permits these employees to take jobs based on their own personal choice. Additionally, union rules for discipline require that hearings be held on charges and, in instances where justifiable, employees are separated for cause in accordance with terms of the agreement, generally not to exceed 10 days of the date of hearing. Civil service rules and regulations applied to these situations are in conflict with current union rules.

A more detailed examination of these conflicts is illustrated in the following examples. In the operation of a railroad, it is necessary that we establish extra boards for conductors, brakemen, engineers, firemen at Fairbanks, Anchorage, Seward. These extra boards are used to supply men on regular assignments where regular men are laying off sick or on annual leave and to provide extra men for extra trains or service, when needed. These rules in the current agreement begin with rules 9(a) through 9(c)-2. All extra board positions are considered regular assignments and men must be available for use 7 days per week. These jobs are bid jobs, which means that any trainman or engineman may bid on these jobs or bump on these jobs, in accordance with their railroad seniority. The boards are regulated by management on a biweekly pay period basis when men are added or subtracted from the board. Employees cut off these boards must declare their intentions under seniority rules, may take leave, or, in some cases, may be furloughed. All these current union procedures are contrary to civil service rules and regulations, which would require management to make assignment to the boards, and, in the event of furloughs, civil service regulations requiring not less than 30 days' notice of reduction in force. Since the characteristics of the operation of railroads require, for practical operation, the flexibility indicated in our current rules, this would pose an extremely difficult problem under civil service rules.

Detailed examination of rules 9(a) through 9(c)-3 will indicate the complexities of the dual pay system under which train and enginemen work, and to revise such rules under civil service regulations would not only result in general conflict but would be extremely difficult to accomplish. Rule 9(c)-1 provides that train and enginemen bumping on the conductor's or engineer's extra board will displace the youngest men and will stand last out on the extra board. Rule 9(c)-2 provides that when it is necessary to run a work train or snow fleet on their day or days of rest, preference will be given to the regular crew except at Anchorage where extra boards are maintained. Rule 9(c)-3 provides that engineer-hostlers at outlying terminals where no extra board is maintained will be called for extra work originating at their home terminal unless a regular assigned crew has been called as a unit to perform service. Rule 9(c)-4 provides the priority when two or more jobs are called at the same time. Rule 9(c)-6 provides that when it becomes necessary to call an engineer or conductor from the board for a firing or braking job, the man first out on his respective board will be called. Rule 9(c)-9 provides that train and enginemen who have been laying off and who mark up for duty on extra board will not be used ahead of men who are on rest and whose rest is up prior to a call being placed. Rule 9(c)-10 provides that new assignments not already protected by regularly assigned men will be protected from men off the respective extra boards and no regularly assigned men will be permitted to bump such extra men protecting such assignments. Rule 9(c)-12 provides that when conductor's or engineer's extra board is exhausted, the brakeman or fireman on the brakeman's or fireman's extra board holding conductor's or engineer's seniority, who is first out and rested at the time of call, will be used.

All of these illustrations indicate further complexities under the seniority system, which provides a flexible arrangement for the practical use of men under varying conditions.

Rule 11(a) provides that all assigned service in passenger, freight, mixed, work, snow, rotary, yard, helper, and pilot service be bulletined for seniority choice. This permits all train and enginemen to bid on these positions and assignments are made, based on their railroad seniority. This affords the opportunity for all train and enginemen to select jobs or runs in accordance with their personal preference on the basis of their railroad seniority. When these runs or jobs are abolished or changed, incumbents of such positions may exercise their railroad seniority on other jobs or runs of their choice, commensurate with their seniority. This rule is in direct conflict with civil service rules and regulations, particularly when runs are abolished or changed. Under civil service rules, reassignments under these conditions are made by management

strictly in accordance with a retention roster, which conflicts with seniority rules generally.

Retention points under civil service requirements originate from three different sources, including veterans' preference. These are (1) military service which provides retention points in years, months, and days for military service rendered, (2) other creditable Federal service, and (3) Alaska Railroad service, all combined, plus the separation between veterans and nonveterans. This conflict would nullify employees' rights to select jobs by railroad seniority and require management to make placements in accordance with the retention roster and civil service rules covering veterans' preference.

Our seniority and promotion rules, 28(a) through 28(h), establish railroad seniority dates for brakemen and firemen as the date they pass the required physical examination and are placed on the respective working lists, and the seniority date for conductors and engineers when the required examinations for promotion are passed. Rule 28(n) provides that system rights on the Alaska Railroad will prevail, which results in train and enginemen having seniority at all points from Seward to Fairbanks. This is analogous to competitive areas as described in civil service regulations. The difference between Alaska Railroad seniority and retention rosters as required under civil service is extreme, however. The revision of railroad seniority rosters to civil service requirements would change the relative standing of every employee on any current seniority roster on the railroad.

An example of such resulting radical change is the following: The oldest conductor in point of railroad service (Hugh C. Milroy), who has served as brakeman and conductor for 28 years, 3 months and who now stands first on our current seniority roster, would be No. 55 on a retention roster; 54 veterans, including one with 5 years 9 months 6 days combined military and Alaska Railroad service, would move ahead of Conductor Milroy. As previously pointed out, every employee on current seniority rosters would be similarly affected, in varying degree.

Disciplinary rules, beginning with 29(a), provide that train and enginemen charged with offenses involving suspension or discharge will be given a full hearing, including union representation as well as witnesses, by employees or management, and requires decision to be rendered in writing within 15 days. Suspension and separation are permitted under this rule, which is contrary to civil service rules and regulations for all employees and, particularly, those with veterans' preference. The basic labor agreement covering train and enginemen provides for boards of adjustment or arbitration boards to hear and decide these cases if it cannot be done on a local level. The application of civil service rules would, in general, require the Civil Service Commission to make decision on these cases, particularly on employees with veterans' preference, and would, by comparison, be an extremely cumbersome arrangement.

Rule 30(d) provides that a man voluntarily leaving the service of the railroad and who is reemployed, will rank as new man on the railroad seniority roster. Civil service regulations give rehired employees credit for military service, other creditable Federal service, together with previous Alaska Railroad service. Thus, a reemployed train or engineman, after passing his probationary period, would rank ahead of many employees currently employed for longer periods. This situation would apply to veterans as well as nonveterans and cause daily confusion as to each employee's status on the retention roster. Added confusion in retention standing is evident when civil service rules providing for efficiency ratings are considered. Employees rated "excellent" are given 4 retention points and employees rated "satisfactory" 2 retention points, which would continually change the status of all employees.

The practical operation of a railroad requires the kind of flexibility provided in our union agreements, which have been adapted from railroads in the United States and have been in effect for 40 years. Countless other comparisons can be made in the train and engine agreement as compared to civil service rules and regulations, particularly covering employees with veterans' preference, and these will be furnished if required.

Additionally, conferences with civil service representatives have indicated that nowhere has a railroad been operated under these kinds of rules and regulations and, further, the civil service representatives have indicated that there are no ready answers based on precedent or experience available. It is fully apparent that conversion to civil service rules and regulations would require careful consideration and could well result in instances of court decisions to clarify some of these issues.

Mr. SHAKE. You will recall that I asked that you remember the fact that I am a veteran. Well, here is where my being a veteran comes into play as an application of the Veterans' Preference Act would immediately move me from my present position of No. 45 on the trainmen's seniority list to No. 23.

This may seem ridiculous, but it is true. Twenty-two trainmen, some of whom have worked for the railroad twice as long as I, would be laid off or furloughed or have their pay or compensation reduced before mine could be. This is not fair even to me as a veteran.

True, I would have what might seem to be an advantage as a veteran, but the application of this act would destroy most of the other rules which have been negotiated over the years, particularly those affecting my seniority. And since the previously mentioned 51 sections pertain to seniority, in various ways, each of these sections would be null and void.

At the present time we take runs or assignments by bidding on these particular runs and we are assigned in seniority order. This is an incentive system whereby an employee realizes that he must, through several years of loyal, conscientious service, work his way up to the point where he can hold a passenger run instead of a freight run or a day run instead of a night one. This system is fair; it is tried and true; we desire no other.

Seniority on the Alaska Railroad, as is practiced on every other railroad in the United States, gives seniority earned for service performed on the Alaska Railroad only.

Civil service rules differ sharply with this practice since retention points are combined from three separate sources; namely, other creditable Federal service, military service, and service on the Alaska Railroad. As an example, civil service requirements for retention rosters applied to our current seniority roster on conductors as of January 1, 1962, results in the following:

Our oldest conductor (Hugh C. Milroy), who has served as brakeman and conductor on the Alaska Railroad for nearly 30 years and who now stands as No. 1 on our current seniority roster, would be No. 55 on the retention register.

Fifty-four veterans, including one with less than 7 years' service, representing combined military service and Alaska Railroad service, move ahead of Conductor Milroy.

There are similar examples, in varying degrees, throughout all our current seniority rosters as compared to retention rosters, which give retention points for military service and other creditable Federal service in addition to Alaska Railroad service.

Other rules in our current train and engine agreement which provide for the bulletining and assignment of runs based on Alaska Railroad seniority, displacements, and forced assignments by railroad seniority, are all contrary to civil service regulations. This is true of all other agreements now in effect. Reductions in force, furloughs, suspensions, and rules for discipline likewise are in conflict with civil service regulations and would result in all of these rules being abandoned.

Under such a system an Alaska Railroad brakeman with 1 year of service as a brakeman, but with 10 years of other Federal service in any occupation, is superior to an Alaska Railroad brakeman with 10

years of brakeman experience, but no other Government service. Safety is too important to a railroad to permit this kind of disregard of occupational experience.

It is most assuredly not our intention to deprive the veterans on the Alaska Railroad of their rights. Our only desire is that on the Alaska Railroad, that the employees themselves be allowed to decide when and if they desire to be placed under veterans' preference of civil service. This would be accomplished by the passage of S. 622 because the bill would give us the right to change from our union agreements to veterans' preference simply by a vote. Their veterans' rights would always be available should a democratic action, by the group, decide these rights were desired. We do not feel that this is taking anything away from the veteran.

There is one very important fact that we all must remember; that is that many of these men, who are nonveterans, were flatly denied the right to become a veteran in that they were frozen to the job and were refused the right to enlist in the military. This is a fact.

I am personally acquainted with these men and I know positively that they were held on the Alaska Railroad on account of the shortage of personnel. In fact, this shortage became so acute that an Army railroad operating battalion was finally dispatched to the Alaska Railroad.

Yes, these same men, who are now faced with a loss of seniority and even employment, kept the trains running over the, at that time, very rickety, rundown, and dangerous Alaska Railroad during those war years when the railroad was the only means of supplying the interior. We feel that, in the name of justice, these men should be protected.

Another very unfair situation arises with an application of veterans' preference; this concerns the nonveterans, who have hired out on the Alaska Railroad within the past 15 or 16 years, not knowing of the veterans' preference situation. These men felt they had security through their seniority, they have bought homes, they are educating their children, they have obligated themselves in many ways but now they are faced with disaster, many of them are too old to obtain other employment. What is to become of them?

Passage of S. 622 will not only preserve the existing Alaska Railroad agreements and seniority practices but will give Alaska Railroad management and employees a right to bargain collectively and provide greater freedom for the adoption of the best personnel practices of the railroad industry.

Unless S. 622 or some comparable legislation is enacted, the main structure of labor relations which have been built up on the Alaska Railroad will, in large part, disappear, not because either labor or management desires this result, but because civil service rules, for veterans and nonveterans alike, will make its continuance impossible. The forms of collective bargaining will remain but the substance will be so altered as to be largely meaningless.

Approval of S. 622 is recommended by the great majority of the members of the eight local unions on the Alaska Railroad together with their national organizations and by the Railway Labor Executives' Association, representing all railroad employees in the United States under union agreements. Passage of S. 622 provides additional benefits to Alaska Railroad employees and takes nothing from veterans.

We feel certain that Congress never intended by any law to destroy collective bargaining on the Alaska Railroad and we are hopeful that Congress does not intend to do so now.

I would like to state to the committee that the operating of what would be termed a Class I railroad is not a usual or common function of the Federal Government in the United States. Because of this and the peculiar needs of the railroad's service to be operated efficiently and safely and because it is evident to myself, as a veteran, that an application of the veterans' preference procedures would actually afford veterans less protection and reduce, in many cases, the veterans' pay, the relief provided by the passage of S. 622 should be granted.

In closing, I might add that the present working agreements, in effect on the Alaska Railroad, have been very carefully scrutinized by the Interior Department, and signed, in good faith, by the management of the railroad and the unions involved with the Secretary of the Interior's approval. Since these agreements have been signed in good faith, any adverse modifications or changes in these agreements certainly would be looked upon by the employees as a breach of faith.

Thank you very much for permitting me to appear here and testify.

Mr. BECKWORTH. Do you feel that based on the information you have, there would be a great many veterans in our country, or in your section, greatly disappointed if this kind of legislation were passed?

Mr. SHAKE. You ask if I feel that there would be a great many disappointed if enacted?

Mr. BECKWORTH. Yes.

Mr. SHAKE. On the Alaska Railroad, I am sure that there will not be any disappointment. I think it very safe in saying there would be great rejoicing.

Mr. BECKWORTH. With reference to veterans other than those on the Alaska Railroad, do you have any information? I am just asking you because I am sure you have studied this and have had consultations. It is always better to bring the facts out before rather than after.

Mr. SHAKE. I suppose that other veterans, not realizing exactly how this thing would operate, should S. 622 become law, might take exception to it and possibly would not realize that it is a permissive thing and would allow the employees of the railroad by craft through their unions to adopt veterans' preference procedures any time the majority so desired.

Mr. BECKWORTH. We surely do thank you, Mr. Shake.

Mr. SHAKE. Thank you, Mr. Chairman.

Mr. BECKWORTH. We will call Mr. Kenneth Wood next.

STATEMENT OF KENNETH WOOD, VICE CHAIRMAN, GENERAL GRIEVANCE COMMITTEE, BROTHERHOOD OF LOCOMOTIVE FIREMEN & ENGINEMEN

Mr. Wood. My name is Kenneth G. Wood. My address is 2609 Galewood Street, Anchorage, Alaska.

I am here before this committee as representative for the Brotherhood of Locomotive Firemen & Enginemen and the American Train Dispatchers Association of the Alaska Railroad. I am a member of

the grievance committee and local organizer of the B.L.F. & E. Lodge 894. Both are duly elected offices. We are pleased to have the support of the Railway Labor Executives Association on bill S. 622.

I am employed by the Alaska Railroad as locomotive engineer and fireman. I am a veteran. My veteran's rights were established during the period February 12, 1952, to February 13, 1954, while I was in the U.S. Marine Corps. My date of hire on the Alaska Railroad is August 22, 1949. You will notice these veteran's rights were acquired after more than 2 years of employment on the Alaska Railroad.

When released from active duty I returned to the Alaska Railroad and was immediately placed back in service as locomotive fireman. During my absence the man ahead of me on the firemen's roster and the man below me on the roster were promoted to engineers. This was on March 15, 1953. After being back to work on the Alaska Railroad approximately 1 year I was given the opportunity to write the examination for promotion to engineer. I passed the examination and was given a seniority date of March 15, 1953. Since this time I have worked as engineer or fireman, making my own choice whenever I chose and my seniority allowed my being assigned the position. This choice is made by bidding on the position you desire. The system is very successful and has been practiced on the Alaska Railroad for many years. This is only one of the many rules we would lose. Every rule of our present agreement pertaining to seniority would be lost or radically changed.

Presently there are 86 enginemen on the seniority roster. This group is composed of 52 percent veterans and the balance nonveterans.

During the summer more trains are operated because of the tourist business and the freight tonnage is higher. At this time I can hold an engineers' position in Anchorage. In the fall of the year when train crews are reduced I usually get bumped—demoted from engineer. I then take a position as fireman in Anchorage so that I will be working where my permanent residence is maintained. If veterans preference were applied on the Alaska Railroad I would not be allowed to voluntarily demote myself to fireman. Instead I would have to accept an engineers' position in Fairbanks, 356 miles away from my home. The Civil Service Commission has already informed us of this fact.

On our present seniority roster I am No. 55. Under the veterans roster I am No. 31. This means 24 senior enginemen would be furloughed or demoted before I would be demoted. Here is a very startling and true example. The No. 1 man, Mr. O'Neil, on our present roster, has over 30 years service on the Alaska Railroad and is a nonveteran. Myself, as a veteran could displace this man who has over twice the years of service on the railroad that I have. I cannot believe that an inequity such as this was intended when the Veterans' Preference Act as amended in 1944 became law.

Alaska Railroad employees and their families have built their lives on the foundation of our present agreement, mainly their seniority which would be destroyed. This destruction of our present seniority system would create economic chaos among every nonveteran and also many veteran enginemen, as I have indicated in my own position which is the same as any other engineman.

Bill S. 622 is our only means of economic salvation.

The Alaska Railroad is an outstanding example, as a Government agency, with labor-management relations. The first contract between management and labor was with the train and enginemen on April 1, 1922. Since that time great amounts of time and money by both the railroad and labor have been expended to improve and modernize the agreements. The present agreement, now in effect on the Alaska Railroad, is equal to any agreement on any major railroad of this Nation, and, in view of the President's Executive order, the Alaska Railroad is far ahead of any other agency and should remain as such.

A poll was taken in August 1961 and the majority wished to retain our present system of seniority and rules. Without the passing of bill S. 622 this majority will never have the right to vote in a referendum on this issue. It is not my desire nor the desire of anyone here to deny the minority their point of view, but to defend this point through the provisions granted in the bill S. 622.

I personally feel every right I have as a veteran, pertaining to my employment on the Alaska Railroad, has already been extended to me.

In conclusion, and on behalf of the 95 employees who I have represented on this date, we thank you, and it is our sincere desire S. 622 becomes law.

Mr. BECKWORTH. Thank you very much, Mr. Wood.

I will next call Mr. Paul Shelmerdine.

STATEMENT OF PAUL SHELMERDINE, PERSONNEL OFFICER, THE ALASKA RAILROAD

Mr. SHELMERDINE. Thank you, Mr. Chairman, for the opportunity of being here.

My name is Paul Shelmerdine. I have been labor relations and personnel officer for the Alaska Railroad since July 1946. I have taken part in all of the wage agreements as well as working agreements negotiated between the Alaska Railroad and the various unions representing Alaska Railroad employees since that time.

My railroad service prior to 1946 amounts to 28 years of service in the transportation department of western railroads.

I am a veteran of World War II. I entered service October 25, 1942, and was separated from active duty March 12, 1946. I served in the South Pacific and was awarded the Philippine Liberation Ribbon, Asiatic Pacific Service Medal, American Theater Service Medal, Bronze Star Medal, Army Commendation Medal, Unit Citation, and World War II Victory Medal. I am presently a Reserve officer (retired) as lieutenant colonel, service No. O91986.

Since my statement is in general a brief summary of previous statements and reemphasizes certain important points, it is somewhat repetitious.

I would like, however, to make a few brief comments and then to submit my statement for the record.

Mr. OLSEN. Without objection it is so ordered.

Mr. SHELMERDINE. It should be expressly noted that Mr. John Manley, general manager of the Alaska Railroad, who testified in favor of passage of this legislation in the Senate hearings last year

pointed out that, as of the end of May 1962, the railroad had 971 employees of which 900 were male employees. Of the male employees there were 422 veterans, which is 47 percent. In addition, Mr. Manley pointed out that 56 percent of the conductors and 54 percent of the engineers were veterans and, further, that the dispatchers, with a substantial majority of veterans, voted 100 percent in support of this bill. Also, that the Brotherhood of Railway Carmen of America conducted an election allowing only veterans to vote, which resulted in a 15-to-2 vote in favor of S. 2593, with the vote confined only to veterans.

It is interesting to note also that as of July 31, 1963, we had 1,031 employees, which is a slight increase because of our seasonal employment for our summer trackwork.

It is also extremely interesting to note, and I think very important to note, that with approximately half of the employees of the railroad being veterans at this time, which is over 1 year, some 14 months later, there have been no cases filed by employees under civil service rules in connection with veterans' preference. This indicates, very clearly, that employees of the Alaska Railroad, both veterans and non-veterans, alike, have chosen to abide by the union agreements negotiated between the railroad and the various organizations representing railroad employees. During this time, we have changed to winter schedule in September of last year and to summer schedule in June of this year, which has caused a considerable amount of reassignments, bids, bumps, reductions in force, and similar actions which could produce many cases to the Civil Service Commission because of the conflict between civil service rules and regulations and Alaska Railroad seniority agreements. Even so, as indicated, no cases have been submitted nor are any pending at this time. Again, with approximately half of our employees veterans, this should serve as clear indication that employees of the Alaska Railroad prefer the seniority system provided by their union agreements instead of civil service rules and regulations providing veterans' preference.

My statement, which I shall file, will further reemphasize some important points in this connection, and this is all I have to offer at this time.

Mr. OLSEN. Thank you.

(The prepared statement of Paul Shelmerdine follows:)

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Mr. Chairman and members of the committee, my name is Paul Shelmerdine. I have been labor relations and personnel officer for the Alaska Railroad since July 1946. I have taken part in all of the wage agreements, as well as working agreements negotiated between the Alaska Railroad and the various unions representing Alaska Railroad employees since that time.

My railroad service, prior to 1946, amounts to 28 years of service in the transportation department of western railroads.

I am a veteran of World War II. I entered service October 25, 1942, and was separated from active duty March 12, 1946. I served in the South Pacific and was awarded the Philippine Liberation Ribbon, Asiatic Pacific Service Medal, American Theater Service Medal, Bronze Star Medal, Army Commendation Medal, Unit Citation, and World War II Victory Medal. I am presently a reserve officer (ret.) as Lieutenant Colonel ser. No. 0919186.

At a hearing before the Subcommittee on Civil Service of the Committee on Post Office and Civil Service, U.S. Senate, on June 21, 1962, a number of important witnesses testified, urging prompt enactment of then S. 2593. This bill, as you are aware, was not acted on during the last session of Congress, and was reintroduced by Senator Bartlett as S. 622. This bill has since been passed by the Senate, on June 24 of this year.

The Honorable E. L. Bartlett, U.S. Senator from the State of Alaska, testified as first witness. Senator Bartlett submitted a prepared statement, running several pages, but further emphasized that: "I welcome this opportunity to appear before you in support of S. 2593 (S. 622). Enactment of this legislation is of urgent, and I will provide underscoring to the word "urgent"—importance to the 950 employees of the Alaska Railroad. Only through its provisions can they continue to enjoy the protection of collective bargaining agreements which they have negotiated in good faith with the Secretary of the Interior."

In addition, Senator Bartlett's statement provided an article from the Monthly Labor Review of May 1961 entitled "The Government and Bargaining on The Alaska Railroad," setting forth wage policies, adjustment board procedures, arbitration of wage rates or wage rules, and similar agreements in effect on the Alaska Railroad. Senator Bartlett also furnished letters from Alaska Railroad labor unions, all urging passage of this bill.

The Honorable John W. Macy, Jr., Chairman, U.S. Civil Service Commission, also testified in support of this bill, and emphasized that "* * * subsection (j) of the bill would enable the railroad to make agreements with unions on such matters as demotion, retention, layoff, and recall without regard to the Veterans' Preference Act. Such authority would be necessary to introduce, fully, the common seniority practices of railroading which do not give the same weight to service in the Armed Forces as do the current civil service regulations, which are based on the retention preference for veterans prescribed by the Veterans' Preference Act" and, further, "As for the general authority of subsection (j) to enter into written agreement with unions on various matters, the agency already has this, of course, and has made such agreements for many years. Also, as we pointed out in our report, Executive Order 10988 of January 17, 1962, encourages employee-management cooperation in the Federal service, so that one of the purposes of this bill, as reflected in this subsection, is consonant with the President's program for employee-management relations."

The statement of Mr. Irvin Barney, general vice president and national legislative representative of Brotherhood of Railway Carmen of America, testified in support of S. 2593; also for the Railway Labor Executives Association. Mr. Barney stated that "The Railway Labor Executives Association is an organization of the chief executives of the standard international and national railway labor unions which represent practically all employees in the railroad industry of this Nation." The Railway Labor Executives Association is comprised of 24 railroad labor unions and represents 7 of the 8 labor unions on the Alaska Railroad. There are eight labor unions, representing employees of the Alaska Railroad, including the American Federation of Government Employees. While this union is not a member of the Railway Labor Executives Association, they are urging prompt passage of this bill.

Mr. Robert L. Shake, chairman, general grievance committee of the Brotherhood of Railroad Trainmen of the Alaska Railroad, and Mr. Kenneth G. Wood, vice chairman, general grievance committee for the Brotherhood of Locomotive Firemen and Enginemen of the Alaska Railroad, both of them veterans, testified, at length, urging passage of this bill and pointing out the conflicts in the Alaska Railroad seniority system with the civil service rules and regulations should this legislation not pass.

Mr. John E. Manley, general manager of the Alaska Railroad, also testified in favor of passage of this legislation, and pointed out that, as of the end of May 1962, the railroad had 971 employees, of which 900 were male employees. Of the male employees, there were 422 veterans, which is 47 percent. In addition, Mr. Manley pointed out that 56 percent of the conductors and 54 percent of the engineers were veterans, and, further, that the dispatchers, with a substantial majority of veterans, voted 100 percent in support of this bill. Also, that the Brotherhood of Railway Carmen of America conducted an election allowing only veterans to vote, which resulted in a 15-to-2 vote in favor of S. 2593 with the vote confined only to veterans.

It is interesting to note, with approximately half of the employees of the railroad being veterans, that, at this time, over 1 year later, there have been no cases filed by employees under civil service rules, in connection with veterans' preference. This indicates, very clearly, that employees of the Alaska Railroad, both veterans and nonveterans alike, have chosen to abide by the union agreements negotiated between the railroad and the various organizations representing railroad employees. During this time, we have changed to winter schedule in September of last year and to summer schedule in June of this year, which has caused a considerable amount of reassignments, bids, bumps, reductions

in force, and similar actions which could produce many cases to the Civil Service Commission because of the conflict between civil service rules and regulations and Alaska Railroad seniority agreements. Even so, as indicated, no cases have been submitted nor are any pending at this time. Again, with approximately half of our employees veterans, this should serve as clear indication that employees of the Alaska Railroad prefer the seniority system provided by their union agreements instead of civil service rules and regulations providing veterans' preference.

In the statement of John A. Carver, Assistant Secretary, Public Land Management, Department of the Interior, Mr. Carver made some strong comments concerning the safety of lives and property on the Alaska Railroad and further stated that "On the Alaska Railroad, as on any railroad, safety is a product of good management plus vigilance, experience, skill, and qualifications of employees. The experience and qualification requirement is established, in part, in the seniority rules of the labor agreements. They read generally as follows: 'Qualifications (or fitness of ability) being sufficient, seniority shall govern.' Whereas the sufficiency of qualifications is determined by on-the-job training and management tests to insure that the training has been effective, the sufficiency of experience is determined by length of service in the occupation in which the employee has been trained and in which he is being used."

Quoting again from Secretary Carver, "My second point concerns the importance of collective bargaining to good labor relations on the Alaska Railroad. You are, of course, aware of the heightened importance to collective bargaining in the Federal service that has been marked by the issuance of the President's Executive Order 10988 in January of this year. This administration stresses the collective-bargaining rights of employees—their rights to join unions and to share with management through their union representatives in the determination of conditions of work, and the handling of employee grievances. The Alaska Railroad has more than 40 years of experience with unions and collective bargaining. Eight unions, including the standard railroad labor organizations, and two unions of Federal employees, have been recognized as the bargaining agents of the employees for many years."

Secretary Carver goes on to say, "Unless S. 2593 or some comparable legislation is enacted, the main structure of labor relations which has been built up in the Alaska Railroad will, in large part, disappear. The forms of collective bargaining will remain but its substance will be so altered as to be largely meaningless." He also said, "The Department of the Interior looks with pride on the results to Alaska Railroad labor relations of Department encouragement to the growth of collective bargaining. If S. 2593 becomes law that growth can continue. If it does not become law much of the accomplishment of years of labor-management negotiation on the railroad will be destroyed."

In addition, Assistant Secretary of the Interior, D. Otis Beasley, in his letter of May 17, 1962, to the Honorable Olin D. Johnston, chairman of the Committee on Post Office and Civil Service, recommends for the Department of the Interior the enactment of this bill. Secretary Beasley sets forth in cogent language why passage of S. 2593 is necessary if many of the working rules contained in the covering labor agreements are to continue.

Mr. E. M. Fitch, Assistant to the General Manager, Alaska Railroad, also testified and reemphasized some important points made by Secretary Carver, namely: that "This bill does touch on veterans' rights. But it is wrong to say that it excludes Alaska Railroad employees from the protection of the Veterans' Preference Act. S. 2593 does no such thing. It reemphasizes veterans' preference in hiring and appointments. It continues veterans' protection in reemployment. It does not alter the counting of military service in railroad seniority for employees who have left railroad service to join the Armed Forces."

Mr. Fitch also gave testimony concerning the background and reasons for introducing this personnel bill and the necessity for such legislation. This testimony was accepted by Senator Yarborough, as chairman, as a careful summary of how the conflict and the necessity for this legislation arose.

Mr. John A. McCart, then Director of Legislation, American Federation of Government Employees, now Operations Director, Government Employees Council, pointed out that "We in the American Federation of Government Employees have placed particular emphasis on our agreements in the Alaska Railroad because they have a very peculiar significance for us. We represent, as you know, white collar and blue collar, a few postal employees in the Federal service where collective-bargaining arrangements are a rarity. For some years now

we have enjoyed the collective-bargaining arrangements with the Alaska Railroad. We have found them to be very fruitful. In our testimony before the President's task force on employee-management cooperation in the fall of last year, we emphasized very strongly the existence of the Alaska Railroad agreements in our organization as an example of highly enlightened management practices. We like to believe that the issuance of Executive Order 10988 reflects to some degree the fine practices that have been developed on the Railroad."

Some of this evidence may well be repetitious but we regard it as important enough to warrant this repetition. Because of the urgency of this legislation your favorable recommendations are sincerely sought.

Mr. OLSEN. Now, Mr. Rivers, do you have another witness?

Mr. RIVERS. Yes, sir, Mr. Chairman. We have been calling them in the order the committee desires.

Mr. Fitch, Assistant to the General Manager.

Will you identify yourself, Mr. Fitch?

**STATEMENT OF EDWIN M. FITCH, ASSISTANT TO THE GENERAL
MANAGER OF THE ALASKA RAILROAD, DEPARTMENT OF THE
INTERIOR**

Mr. FITCH. Mr. Chairman and members of the committee, my name is Edwin Fitch. My home address is 4905 Longfellow Street, McLean, Va. I am Assistant to the General Manager of the Alaska Railroad. My headquarters are in Washington, D.C., at the Department of the Interior.

I have been with the Alaska Railroad for a little more than 15 years. In fact, I just noted in the Rail Belt Reporter, our employee paper, that I was just awarded my 15-year pin. I have been in the transportation business much longer than that, much of it in labor relations. I was in the section of labor relations of the Federal Coordinator of Transportation where I learned to know and admire very much Mr. Joseph B. Eastman, who was Federal Coordinator.

I have also been director of labor relations for the Air Transport Association, so I have had considerable experience with labor relations in the airline industry.

I have been in many of the negotiations on the Alaska Railroad during the last 15 years.

Mr. Chairman, I would like to present a statement of John Manley, General Manager of the Alaska Railroad, and I would like to ask that this statement be entered in the record, and then if I may be permitted to summarize a few points which he makes—

Mr. OLSEN. Without objection it is so ordered.

(The prepared statement of John E. Manley is as follows:)

STATEMENT OF JOHN E. MANLEY, GENERAL MANAGER, THE ALASKA RAILROAD

Mr. Chairman and members of the committee, I appreciate the opportunity to present a statement to your committee on the problems of personnel, collective bargaining, and veterans' preference on the Alaska Railroad. The bill which you are now considering is the same in principle as S. 2593, about which I testified in June 1962. The principal change made in S. 622 as compared with S. 2593 has been occasioned by the passage by the last Congress of the Work Hours Act of 1962. That law gives Federal agencies the authority to use employees for overtime hours of work in excess of 8 per day, provided that time and one-half is paid for the overtime so worked. Sections (d) and (h) of S. 2593 are therefore no longer necessary and have been eliminated from S. 622.

I do not think that there is any controversy about any sections of S. 622 except for section (g), which relates to veterans' preference. May I emphasize here that section (a) specifically preserves the rights of veterans in appointment and hiring. We are not in any way proposing that the provisions of the Veterans' Preference Act be altered or amended in this respect.

There are only two aspects of the Veterans' Preference Act which may be affected by the enactment of S. 622. These are procedures relating to reduction-in-force on account of lack of work or funds, and adverse action against employees. Here, it is neither fair nor true to say that S. 622 amends the Veterans' Preference Act by making its provisions relating to reduction-in-force and adverse action inapplicable to Alaska Railroad employees.

Section (g) of S. 622 leaves these provisions of Veterans' Preference Act and the regulations under them applicable to Alaska Railroad employees unless, by negotiation with management, a set of alternative procedures is established in Alaska Railroad labor agreements. Alaska Railroad employees would thus have a democratic choice to adopt, if they desire, those procedures which give them greater job protection than they can obtain from veterans' preference.

Without the bill Alaska Railroad employees must observe, for reduction-in-force, the very complicated system of retention points based on total Government length of service which is called for by veterans' preference procedures. Without the bill they cannot adopt, either for reduction-in-force or adverse actions, the time-honored seniority system which they have taken over from private railroads. They cannot do this because the railroad would then be in violation of veterans' preference regulations. This is not because the veterans' preference rules are better or worse than the railroad's seniority system, but only because they are different.

If S. 622 becomes law, veterans on the Alaska Railroad will have greater job protection in many respects than veterans' preference procedures give them. If S. 622 does not become law, veterans will be unable to keep the job protection rights of the labor agreements which, in the opinion of all our veterans who understand the two systems of job protection, are more valuable to them than the rights given them by veterans' preference.

This point is so essential to an understanding of S. 622 that I would like to elaborate somewhat upon it.

There are two aspects of veterans' preference, and only two, for which S. 622 permits the substitution of labor agreement rules for civil service rules. These are what are called adverse actions and reduction-in-force.

Adverse actions are defined in the Veterans' Preference Act as discharge, furlough for 30 days or less, suspensions for more than 30 days, and reduction in rank or compensation. Reduction-in-force under veterans' preference means job abolition or layoffs on account of lack of work. In reduction-in-force, the Veterans' Preference Act gives some, but not all veterans, preference over nonveterans. But the protection given is far from absolute. For adverse actions, the civil service rules generally provide that there must be adequate cause for the action taken, that the employee must be given 30 days' notice before the action is taken, and that employees must have an opportunity to appeal.

In May 1962, the Civil Service Commission applied adverse action procedures to nonveteran Federal employees in the competitive service whereas these procedures had formerly been applied only to veterans. This means that, in this respect, veterans' preference is no longer involved. Veterans do not here have superior rights over nonveterans in the case of adverse actions. They now have the same rights. There is therefore no argument about veterans' preference in adverse action cases but only an argument as to whether the labor agreements or veterans' preference procedures provide the more desirable job protection for railroad workers.

I would like to summarize the reasons why Alaska Railroad employees think that these labor-agreement procedures are better for them and why, therefore, they think they should have the right to adopt them through the means of collective bargaining.

First, more veterans (and nonveterans) are protected by the labor agreements than by veterans' preference procedures. This is because civil service procedures do not apply until the employee has been in the service of the railroad for 1 year. Under the labor agreements the procedures apply after 60 days of service.

Second, veterans' preference regulations do not afford a right of hearing before management's decision is made. The current labor agreements, on the other hand, require that such a hearing be held.

Third, neither veterans nor nonveterans have rights under the Veterans' Preference Act if they are suspended for 30 days or less, but only if the suspension is for more than 30 days. Under the labor agreements, employees now have rights to hearings for proposed disciplinary suspensions of any duration.

Fourth, under veterans' preference, management can lay off employees in any order management wishes if the layoff is for 30 days or less. Under the agreements, employees have seniority protection irrespective of the length of the layoff period.

Fifth, Alaska Railroad employees under veterans' preference do not have the rights to bump in the event jobs are abolished nor do they have the right to bid on vacancies. They do have such rights under the labor agreements and these rights are among the most valuable of the job protections which employees under labor agreements enjoy.

Sixth, under veterans' preference neither veterans nor nonveterans have a right to third-party arbitration of their grievances. Under Alaska Railroad labor agreements employees have rights to third-party arbitration.

Under the circumstances, outlined above, it is easy to understand the desire of Alaska Railroad employees to maintain the job protection provisions of the labor agreements instead of the procedures of veterans' preference.

The other aspect of working rules which is affected by S. 622 relates to reduction-in-force because of lack of work or funds when the layoff is in excess of 30 days. Here, there also seems no reason to question that the seniority protection of the labor agreements is superior to the protections provided by the Veterans' Preference Act.

First, as in the case of adverse actions, the labor agreement rules for reduction-in-force cover more employees than do veterans' preference procedures. Alaska Railroad employees with less than a year of service are not covered by veterans' preference, while the procedures of the labor agreements cover all employees with at least 60 days' service.

Second, veterans' preference procedures for reduction-in-force establish a complicated system of retention rosters and retention points to determine employees' relative rights. Few Alaska Railroad employees understand this system. Furthermore, the relative rights established for employees under veterans' preference are never fixed but can be changed through efficiency ratings or through new hires of employees with other Government service. Alaska Railroad agreements, on the other hand, use a simple rule according to which the youngest employee in point of service in a given occupation is the first to be laid off while the oldest employee laid off is the first to be rehired. Seniority rights are stable and not subject to constant change since seniority dates are fixed as of the first day of entry into Alaska Railroad service.

Third, veterans' preference rules require that both veterans and nonveterans be separated from service if they cannot be assured of a return to service within a year of layoff. Alaska Railroad agreement rules, however, do not permit laid-off employees to be separated except as they fail to keep themselves available for reemployment or fail to return to duty when called.

Fourth, veterans' preference rules are not conducive to safe operations in train and engine service because they give an employee with 1 year of service as a brakeman and 10 years of other Government service of any kind, prior rights over an employee with 10 years of service on the Alaska Railroad as a brakeman. Veterans' preference rules count all Government service toward seniority, irrespective of occupation. The Alaska Railroad agreement rules only count service in the occupation in which the employee has acquired seniority on the Alaska Railroad.

Fifth, and this point has already been made previously in regard to adverse actions, under veterans' preference rules, neither Alaska Railroad veterans nor nonveterans have rights to bid on vacancies, or rights to bump when jobs are abolished. Alaska Railroad labor agreements now provide both rights to bid on vacancies, and to bump employees with less seniority when jobs are abolished.

In the case of reduction-in-force, as well as in the case of adverse actions, it is easy to see why Alaska Railroad employees who have studied the rules have concluded that both veterans and nonveterans are not placed in a strong position by the Veterans' Preference Act in those instances where veterans' preference means that the protection of the agreement-working rules would be lost.

There is no doubt that, in a nonunion situation, veterans' preference procedures are a good thing for veterans and for some nonveterans. But when compared with the job security provided by the working rules typical of the railroad industry, veterans' preference rules and protections appear relatively less effective.

S. 622 is designed to give Alaska Railroad employees the right to negotiate for job protections that are superior to veterans' preference, and to substitute these job protections for the procedures of veterans' preference. If the proposed bill should fail of enactment, by reason of misunderstanding of its intent, the primary losers will be the employees of the Alaska Railroad, both veteran and non-veteran, who will be unable to retain many of the working rules which have been established in more than 40 years of collective bargaining.

Mr. FITCH. First, may I call the attention of the committee to the fact that the Senate bill differs slightly from the previous bill and this is due to the fact that the Work Hours Act of 1962 provided for all Federal employees an 8-hour permissive authority—Federal agencies, rather, to work more than 8 hours per day, providing overtime was paid and, therefore, there is no necessity for granting that authority to the Alaska Railroad. We now have it under general legislation. That is the major difference between these two laws.

I think also, about the only section of the law in controversy is the one dealing with veterans preference.

Mr. Manley, in his statement points out very strongly that it really isn't fair to say that we are against veterans preference or that we are advocating the repeal of any section of veterans preference. Actually the sections of the law which occupy most of the explanatory space in documents both of the Civil Service Commission and of the veterans organization deal with sections of the law which we don't propose to change in any particular. The appointments procedure with preference for veterans remains. The veterans will have the right to count their military service after leaving the Railroad, just as much as before. Their reemployment rights after return to military duty exists just as before.

Even on the two items which this bill affects—adverse action and reduction in force—we are not asking that the Veterans' Preference Act be repealed, but we are merely asking that if the employees chose, through their elected representatives to negotiate an agreement as they have done, many of them, that the agreement may be part of the Veterans' Preference Act.

There is coverage if they decide they want to retain veterans preference. Mr. Manley emphasizes strongly that it is not repealed. It is merely a provision for a democratic choice of employees and in many of the unions veterans are in the majority, to select the rules of the labor agreements, rather than the rules of the Civil Service Commission. Their really strong argument—there isn't strong argument as to which is better, although our employees obviously think our rules are better. They are different and, therefore, you can't apply two different rules to the same situation. You have to pick one or the other. And our employees of over 40 years developed these agreements which, of course, are adapted to the railroad industry very precisely and they naturally prefer to continue with the rules with which they are familiar.

Mr. Manley's statement contains a good many examples of comparison of these rules in civil service regulations and in the labor agreements of the Alaska Railroad. I don't want to burden the record with repeating these comparisons, but I would like to mention just one. The seniority rules of course have been mentioned a great deal. I would like to mention something in which the seniority rule is not the major item.

In the retention registers which are provided under Civil Service Commission rules, even the veterans, if you considered them by themselves, would be disadvantaged because of the fact that civil service regulations count all Government service toward the retention roster seniority.

Let's suppose we have two veterans. One of them comes from Port Richardson where he has been a mechanic's helper for 10 years and he applies to us for a brakeman's job, and we give him such a job. He takes his student trips and he works up as a brakeman and he has been with us 1 year. He, as a veteran, he has had 11 years of Federal experience because he has had 10 years as a mechanic's helper and 1 year as a brakeman on the Alaska Railroad.

Now, we have another veteran on the Alaska Railroad. He didn't happen to come from Elmendorf. He came to us 10 years ago. He has 10 years of seniority as a brakeman. Plainly, assuming he is a reasonably good man—and we try not to hire anybody who isn't—that man's 10 years of brakeman service makes him a much more experienced brakeman than the man who came with 10 years of mechanic's helpers service and has only been with us 1 year. Yet on the retention roster the man with only 1 year's service as a brakeman has superior rights to the veteran with 10 years' service as a brakeman.

I don't think our veterans care very much for a proposition like that.

I would like to then give one more example. The retention roster regulations require that when men are furloughed because of lack of work, they be furloughed for a specific period. There is no such thing as indefinite furlough under civil service regulations.

The maximum period is 1 year. Unless we can guarantee that the employee can be returned to service within a 1-year period, the regulations, under the Veterans' Preference Act, require that we separate him from service. As a separated employee he has no right to return to service. You can't do that under the labor agreements because our layoffs are indefinite. We don't have to predict when we can bring a man back. And such are the variations in railroad service that it is very difficult to tell a man, "We have no work for you now. We will have some come next July."

But when our men go off on reductions in force, they are never separated. They are furloughed with rights to return to duty as long as they file their name and address with the railroad and they respond to calls to service when they are called back. So that if a veteran then under the veterans' preference regulations were laid off and we couldn't promise him a job within 1 year, we have to separate him. He has no rights to come back. But that same veteran, under the labor agreements, we lay him off and he has rights to come back. This is one good example of our veteran employees' statements, that the rights which they have under the labor agreements are ones which they regard as very valuable to themselves and that they don't wish to lose them.

This is one reason why veterans themselves feel that the labor agreement rules are ones which give them valuable rights that they don't wish to lose.

I won't burden the record with other examples of this, because they are all in John Manley's statement.

I thank you for allowing me to appear, and I would like to conclude by saying that I am honored to be in the same hearing with

John Macy, Chairman of the Civil Service Commission, and with the veterans who have testified before you. I am one of the minority of nonveterans. During World War II my secretary said that my draft status meant "in case of invasion, don't come."

I have great hopes for the future of labor relations in the Federal Government when men like Chairman Macy are in charge of it.

Thank you very much.

Mr. OLSEN. Thank you.

My one question is this: The real argument, though, is fear of reduction in force?

Mr. FITCH. That's right, because that is the only part of these types of veterans' preference regulations which involves veterans' preference. Adverse action doesn't involve it. They both have the same rights.

Mr. OLSEN. Loss of job is a terrible fear, and it is a pretty terrible thing when a man is out of work.

Mr. FITCH. That's right. I would add the fact that we could not maintain our system of bidding and bumping, bidding on vacancies and bumping in terms of the higher seniority man over the lesser seniority man, the fact that we would lose that system is also very important to the employees, including the veterans.

Mr. OLSEN. You anticipate reductions in force on the Alaskan Railroad?

Mr. FITCH. We have a reduction in force every year in the fall.

In the overall I am very hopeful that we will be able to maintain our employee strength at about 1,000, but on the Alaska Railroad, as in many other railroads, and as in industry generally we keep learning of methods to apply machine techniques toward application and accomplishment of jobs, and as a matter of fact, we are performing—providing the same number of ton-miles of service now with 1,000 employees that we provided with 2,200 employees 15 years ago.

Mr. OLSEN. Thank you.

Mr. RIVERS. Mr. Chairman, there is one more witness, Mr. Irvin Barney.

Mr. OLSEN. Mr. Barney.

STATEMENT OF IRVIN L. BARNEY, GENERAL VICE PRESIDENT AND NATIONAL LEGISLATIVE REPRESENTATIVE OF BROTHERHOOD OF RAILWAY CARMEN OF AMERICA

Mr. BARNEY. With your permission, Mr. Chairman, I will identify myself. My name is Irvin L. Barney. I am a general vice president and national legislative representative of the Brotherhood of Railway Carmen of America. I appear here today pursuant to a request by the Railway Labor Executives' Association to present its views on S. 622 on behalf of the chief executives of the nonoperating railway labor organizations of the association.

The Railway Labor Executives' Association is an organization of the chief executives of the standard international and national railway labor unions which represent practically all employees in the railroad industry of this Nation. The chief executives of the following rail unions are affiliated with the association:

American Railway Supervisors' Association.

American Train Dispatchers' Association.

Brotherhood of Locomotive Engineers.
 Brotherhood of Locomotive Firemen & Enginemen.
 Brotherhood of Maintenance of Way Employees.
 Brotherhood of Railroad Signalmen.
 Brotherhood of Railroad Trainmen.
 Brotherhood of Railway Carmen of America.
 Brotherhood of Railway & Steamship Clerks, Freight Handlers,
 Express & Station Employees.
 Brotherhood of Sleeping Car Porters.
 Hotel & Restaurant Employees & Bartenders' International
 Union.
 International Association of Machinists.
 International Brotherhood of Boilermakers, Iron Ship Builders,
 Blacksmiths, Forgers, & Helpers.
 International Brotherhood of Electrical Workers.
 International Brotherhood of Firemen & Oilers.
 International Organization Masters, Mates & Pilots of America.
 National Marine Engineers' Beneficial Association.
 Order of Railway Conductors & Brakemen.
 Railroad Yardmasters of America.
 Railway Employees' Department, AFL-CIO.
 Seafarers' International Union of North America.
 Sheet Metal Workers' International Association.
 Switchmen's Union of North America.
 The Order of Railroad Telegraphers.

Of the above-listed organizations the following represent employees of the Alaska Railroad and maintain agreements with the U.S. Government covering such employees with respect to their rates of pay, rules, and working conditions:

Brotherhood of Locomotive Firemen & Enginemen.
 Brotherhood of Railroad Trainmen.
 American Train Dispatchers' Association.
 Brotherhood Railway Carmen of America.
 The Order of Railroad Telegraphers.
 International Association of Machinists.
 International Brotherhood of Boilermakers, Iron Ship Builders,
 Blacksmiths, Forgers & Helpers.

The Railway Labor Executives' Association is already on record as recommending the enactment of Senate-passed bill S. 622. It is my purpose to present some of the basic reasons for this recommendation on behalf of the nonoperating organizations. A spokesman for the Brotherhood of Railroad Trainmen will also present views of the association favoring this legislation on behalf of the operating organizations.

As shown on the face of the bill, S. 622 is designed to improve and encourage collective bargaining between management of the Alaska Railroad and representatives of its employees and to legally permit through Federal legislation, insofar as practicable, continuing the adoption by the Alaska Railroad of personnel policies and practices of the railroad industry which have become traditional over a period of 42 years.

Basically S. 622 represents an effort to resolve a conflict which has arisen in the past several years between rules of long standing em-

bodied in Alaska Railroad collective bargaining agreements and some of the provisions of the Veterans' Preference Act of 1947. In order to more clearly appreciate the nature of the conflict and the reasons why this remedial legislation has been proposed and is supported by all factions which would be affected by its passage, it is necessary to relate a little history of how the problem arose which necessitated the introduction of this proposed legislation.

The first collective bargaining agreement between railroad labor and the Alaska Railroad was executed in April of 1920, about 3 years before completion of the Alaska Railroad. Probably no agency of the Federal Government has had such a long history of collective bargaining. Such bargaining has paralleled the history and practices of the railroad industry generally. This was natural since the Alaska Railroad was initially staffed with officials and employees who had come from the ranks of private railroads. Today nearly all rank-and-file employees of the Alaska Railroad are represented by trade unions with whom the carrier had negotiated and signed labor agreements, all of which have been approved by the Secretary of the Interior. As a result, collective bargaining on the Alaska Railroad has a settled history which has been successful and most satisfactory not only to railroad labor but to rail management and to the Federal Government which controls it.

While this has been the historical pattern of established labor relations between the Federal Government and its employees on the Alaska Railroad for the past 42 years, the legal situation which ultimately necessitated the proposed legislation began to emerge about 1945 through the enactment of a series of Federal laws applying to Government personnel. Although the Alaska Railroad was exempted from the Civil Service Classification Act of 1949 and was also exempted by Executive order of the President from competitive civil service, it was not exempted from certain Federal pay acts such as the Pay Act of 1945. Neither was it exempted from the Veterans' Preference Act of 1947. At the time this act became law it had little impact on the Alaska Railroad because by this time the seniority system had become so firmly imbedded in the various governing collective bargaining agreements that it would have been most impracticable to change it. Moreover, we understand that for 12 years after the passage of the Veterans' Preference Act not a single complaint was brought to the Civil Service Commission by any veteran employee on the Alaska Railroad. In 1959, however, the first veterans' preference case of an Alaska Railroad employee covered by a collective bargaining agreement was appealed to the Civil Service Commission. This case involved an employee who was discharged after a hearing in regard to an accident which resulted in the death of three men. The Civil Service Commission ordered the employee's restoration on the ground that the procedures of the Veterans' Preference Act had not been followed. Following this case several other claims were filed, some alleging veterans' preference rights and some alleging nonveterans' rights since the act contains provisions applicable to nonveterans as well as veterans.

As a result of these cases the General Manager of the Alaska Railroad determined that he could no longer comply with certain rules embodied in the collective bargaining agreements if by such observance

claims involving large amounts of retroactive pay could be ordered by the Civil Service Commission for violation of the Veterans' Preference Act. Consequently, both railroad management and railroad labor recognized that the conflict so presented either meant the abandonment of long-established rules and working conditions in collective bargaining agreements or passage of remedial legislation. The Senate-passed bill S. 622 will cure the situation.

As I have said previously in this statement, this bill is supported by all those vitally concerned with the problem which led to its introduction. Its passage has been recommended by the Department of the Interior and it has been endorsed by the Bureau of the Budget. The management of the Alaska Railroad is in favor of the legislation and the Civil Service Commission is also agreeable to its passage. Railroad labor, through the Railway Labor Executives' Association, urges passage of the legislation. Its basic reason for doing so is that the railroad employees concerned on the Alaska Railroad overwhelmingly support the bill because they wish to retain their labor agreements. These employees have told us that the heart of their collective bargaining agreements—namely, their seniority system—will be destroyed if S. 622 does not become law.

Now let us examine how S. 622 would resolve the conflict between provisions of the civil service laws and rules negotiated between railroad labor and management and embodied in collective bargaining agreements.

First, the bill would enable the Alaska Railroad to retain by law exemptions from the civil service rules which the Civil Service Commission has heretofore granted as a matter of administrative discretion. Most important, it would enable the railroad employees to retain their labor agreement rules, now in legal conflict with the Veterans' Preference Act, if they chose to do so by free collective bargaining.

In this connection, it should be recognized, as stated by Senator Bartlett upon his introduction of the bill, that its main thrust "is in a complete exemption from veterans' preference, by a provision which grants employees, including veterans, the right to choose, through negotiation, whether they wish to keep their present seniority system, or wish to abandon it in favor of civil service procedures applicable both to veterans and nonveterans." It deserves to be emphasized that no one seeks to wholly exclude Alaska Railroad employees from the Veterans' Preference Act. For example, initial appointments would still have to be made under the procedures of the Veterans' Preference Act. The Alaska Railroad has, in fact, over the years carefully observed veterans' preference in appointments. The only provisions of the Veterans' Preference Act in direct conflict are those which give special rights to veterans in employment retention and seniority. These provisions give one class of employees—the veterans—a competitive advantage over all others on the railroad under the retention point system prescribed by civil service regulations. This system depends upon establishment of competitive levels, upon efficiency ratings, upon veterans' preference and upon total Government service, irrespective of occupation. Under such a system an Alaska Railroad carman helper with 6 months' service but 10 years of Government service in any occupation is superior to an Alaska Railroad carman with 10 years of journeyman carman experience but no other Government service.

Such an example of what can happen under the present law points up the clash between established railroad seniority systems under which senior men in a given classification or occupation prevail over junior men. Another example which points up the inequity sought to be cured by the present bill is afforded by the following illustration in the event of a layoff or furlough of employees by the railroad. If the proposed bill does not pass, a 25-year nonveteran carman or telegrapher or train dispatcher would have to be laid off while a 1-year veteran would be retained if a choice has to be made between the two. Neither the unions nor management on the Alaska Railroad believe it is possible to perform railroad work safely and efficiently under the retention point system required by present civil service regulations. We believe that on the job seniority must continue to control the rights of the various employees on the railroad in the interest of safe and efficient operations.

Second, the bill would give legislative authority for the establishment of wage rates and working rules by collective bargaining. The Alaska Railroad has not had such authority by law although it has negotiated such wage rates and working rules under the permissive authority of the Secretary of the Interior.

Third, the proposed legislation will permit the Alaska Railroad to retain the system of merit and demerit rating which it has adopted from experience on private carriers in the railroad industry. Otherwise, the Alaska Railroad will be required to abandon a performance rating system that it has followed successfully for 42 years.

Finally, the bill would permit certain payments to be made to train engine service employees under the dual system of pay in effect for those employees. Since these provisions are not of direct concern to the nonoperating employees and will doubtless be discussed by the representative from the trainmen's organization, I need not discuss them further. This is likewise true of the provisions of the bill which permit payment of officials and professional personnel upon the basis of monthly or annual salaries, thus precluding the necessity of overtime payments to officials and professional employees.

In concluding may I summarize our position by quoting from a letter addressed on May 24, 1963, by the Assistant Secretary of the Interior to Senator Johnston, chairman of the Senate Post Office and Civil Service Committee, with respect to that Department's position on S. 622. Assistant Secretary John A. Carver, Jr., said:

Unless S. 622 or some comparable legislation is enacted, the main structure of labor relations which has been built up in the Alaska Railroad will, in large part, disappear. The forms of collective bargaining will remain but its substance will be so altered as to be largely meaningless. The effect of such a change upon the morale of the employees of the Alaska Railroad, who have pioneered collective bargaining in the Federal Government, is certain to be disastrous. They are railroad employees as well as Federal employees and both management and union representatives want to keep them railroad employees as well as Federal employees.

This completes my statement on behalf of the nonoperating rail unions affiliated through their chief executives with the Railway Labor Executives' Association. I shall be pleased to try to answer any questions you may care to ask.

MR. OLSEN. I have no questions. Thank you very much, Mr. Barney.

Our next witness will be Mr. Clarence H. Olson, director of the national legislative commission. We are glad to have you with us.

**STATEMENT OF CLARENCE H. OLSON, DIRECTOR OF THE NATIONAL
LEGISLATIVE COMMISSION, THE AMERICAN LEGION**

Mr. OLSON. My name is Clarence H. Olson. I am director of the National Legislative Commission of the American Legion. I am glad to be here since my esteemed Congressman, Congressman Olsen, of Montana, is presiding.

I have with me a member of our staff who works in the area of civil service and veterans' preference, Mr. Austin E. Kerby.

Mr. OLSEN. We are glad to welcome Mr. Kerby.

Mr. OLSON. We feel we are in distinguished company with the Chairman of the Civil Service Commission, the Honorable Mr. Rivers, and the members of the Alaska Railroad and their associates. I think the record of the past will show that we have long supported the Civil Service Commission. We have had the pleasure of working with Mr. Rivers in trying to establish hospital facilities for the veterans in the State of Alaska. We have a warm feeling of friendship with union labor throughout the country, and a great many members of the great labor organizations are members of our American Legion.

The American Legion in Alaska is a rather small organization. I think they have about 2,900 members. We, of course, who work for the American Legion, include the veterans of Alaska as part of our responsibility, and it is our obligation to come before this and other committees to speak in defense of the principles of the American Legion.

I am sure all of those present know that the American Legion is very much interested in veterans preference. We strongly support it. We are not here to fight with the Alaska Railroad or with the Civil Service Commission, or Mr. Rivers, or any of those present. We are here to fight for veterans preference. With that sir, I would appreciate if you permitted Mr. Kerby to read his statement.

Mr. OLSEN. Certainly. And thank you very much for the statement of your position. I must say that you are certainly welcome here in that capacity, as you are before any committee. I must say that your organization has been most successful in supporting and in obtaining the passage of veterans legislation, and I have great admiration, as do all, for your wonderful activity on behalf of the disabled veterans, particularly, and widows and the orphans of veterans.

I am a member of the American Legion and am very proud of the activities of the organization.

You may proceed, Mr. Kerby.

**STATEMENT OF AUSTIN E. KERBY, ASSISTANT DIRECTOR, NA-
TIONAL ECONOMIC COMMISSION, THE AMERICAN LEGION**

Mr. KERBY. Mr. Chairman and members of the subcommittee, we appreciate the opportunity to appear before this subcommittee and express the views of the American Legion in connection with S. 622, a bill concerning the Alaska Railroad which is designed to radically amend the Veterans' Preference Act of 1944, as amended.

Section 1(g) of S. 622 would repeal the Veterans' Preference Act, as it applies to veteran preference eligibles in connection with demotion, retention, discharge, layoff, etc.

The American Legion has a devoted interest in the provisions of the Veterans' Preference Act of 1944. That statute was enacted with the unqualified endorsement of the American Legion, and in fact, the American Legion was instrumental in the drafting of the language contained in the Veterans' Preference Act.

It follows, therefore, that the American Legion is unalterably opposed to any legislative or administrative action which seeks to destroy or eliminate any features of the Veterans' Preference Act of 1944, as amended. Our authority to testify here today in opposition to S. 622 is based on Resolution No. 282 adopted at our 1962 national convention.

Veterans' preference in Federal employment has been the policy of this Nation since its beginning. The first statute granting preference to veterans was enacted in 1865, almost 100 years ago. Veterans' preference in Federal employment is older than the civil service merit system and it has been merged successfully with the civil service merit system since 1883. In 1944 all the existing laws, Executive orders, and regulations giving preference to veterans were brought together in one law, given legislative stamp of approval, and enacted into one statute. While the manner in which veterans' preference has been accorded has varied over the years, Congress has never abandoned this traditional principle. We see no reason whatsoever in doing so now as proposed in section 1(g) of S. 622.

Veterans' preference in its present form has been in existence for 19 years. The law has proven itself most successful, and in fact, so successful that the President, on January 17, 1962, signed an Executive order extending identical appeal rights to nonveterans for adverse actions as veterans have under section 14 of the Veterans' Preference Act.

Contrary to reports from certain sources that Alaska Railroad employees who are veterans favor this bill, we have been advised by officials of the American Legion, Department of Alaska, that preference employees oppose this legislation. As a matter of fact, our office has handled several cases where veteran preference employees with the Alaska Railroad have been adversely affected and have appealed such adverse actions to the Civil Service Commission.

Mr. OLSEN. Mr. Johnson, I wanted you to request of the Civil Service Commission that they supply for the committee the number of cases and the nature of the cases that have been appealed by veterans, in purview of this particular problem.

(The information was received and is retained in the official committee files.)

Mr. OLSEN. Proceed.

Mr. KERBY. Thank you.

The concept of labor-management relations in the United States provides for recognized organizations of employees (unions) to negotiate with management the collective-bargaining contracts covering working conditions, hours, fringe and related employee benefits.

The exemption of Alaska Railroad employees from provisions of the Veterans' Preference Act will not strengthen labor-management relations as indicated by proponents of the bill. We say this because their benefits such as annual leave, sick leave, workmen's compensation for injury sustained on the job, retirement annuities, and so forth, will still be authorized through specific acts of the U.S. Congress and not through collective bargaining.

Unless all of the above-mentioned fringe benefits are provided through negotiated labor-management contracts and removed from the realm of the acts of the U.S. Congress, one may only conclude that the intent and purpose of S. 622 is another attempt to deprive the war veteran of the rights, privileges, and recognition afforded him by the Congress by virtue of the Veterans' Preference Act of 1944.

The American Legion is not opposed to the Alaska Railroad's efforts to adapt and utilize the rules and practices of private railroads to the extent that they do not violate veteran preference laws. We endorse these principles. We are concerned, however, with statements of proponents of the bill who infer that the Alaska Railroad has never been required to comply with the Veterans' Preference Act. The fact that enforcement of the provisions of the Veterans' Preference Act (with the exception of sections 12 and 14) is vested in the Department of the Interior rather than the Civil Service Commission, certainly grants no basis for concluding that the Alaska Railroad was not required to comply with a law of Congress. Likewise, statements to the effect that the Alaska Railroad has in fact carefully observed veterans' preference in appointments would indicate that the same degree of observance has not been maintained in other personnel practices which this same law requires.

It is our conclusion, which is evidenced by some of the examples cited in Senate Report No. 256, that the purpose of S. 622 is not to give legislative approval to labor agreements by collective bargaining but rather to exclude Alaska Railroad veteran preference employees from the two benefits of the Veterans' Preference Act which the Civil Service Commission can enforce; namely, section 12 dealing with reduction in force and section 14 dealing with discharges and suspensions for cause.

The issue before us is a choice between veterans' preference and union rules. Apparently the principle of veterans' preference conflicts to some extent with union rules. The proposed legislation under consideration will dispose of veterans' preference in certain areas for the convenience of the union officials and undoubtedly a number of its members.

The Alaska Railroad is federally owned and operated by the Department of the Interior. Many Government employees belong to unions and we know of no other union which has suggested that veterans' preference be repealed. The American Legion sees no valid reason to repeal the Veterans' Preference Act in this case simply because Government employees operate a railroad.

Those who favor the proposal in S. 622 argue that the principle of veterans' preference conflicts with bargaining agreements now in existence on the Alaska Railroad. The law was in effect when the agreements were made. We know of no precedent which gives weight to the argument that a law should be repealed simply because it is discovered that it has been violated.

The American Legion sees no real problem nor do we see any great hardship and injustice imposed upon the Alaska Railroad in its compliance with veterans' preference. However, even if there is an existing problem, we respectfully contend that in lieu of exempting the Alaska Railroad from certain provisions of the Veterans' Preference Act, the Alaska Railroad should adjust its employment policies and

practices to comply with all provisions of the Veterans' Preference Act.

If the Alaska Railroad continues to be owned and operated by the Federal Government, the American Legion respectfully contends that veterans' preference should be fully complied with. All other agencies, bureaus, and departments of the Federal Government live with the Veterans' Preference Act and find no great difficulty in complying with its provisions, and we see no need to make exceptions for the Alaska Railroad.

The Alaska Railroad currently has a staff of some 950 employees and it is felt that the war veteran members of this staff are entitled to the benefits and provisions of the Veterans' Preference Act, therefore, in conclusion, the American Legion is strenuously opposed to S. 622 and does hereby respectfully request this subcommittee to reject this bill.

I want to thank you Mr. Chairman and other members of your subcommittee for this opportunity to present the views of the American Legion on S. 622.

Mr. OLSEN. I want to thank you again, Clarence Olson and Mr. Kerby, for your statement of position. It is very clear and firm.

I want to ask you people to come back, though, this afternoon, because I know my colleagues on this committee will be asking me if I discussed alternatives. Regardless of what we consider, and what we might have recommended from each of the members, they want to know if I asked about alternatives.

I would like to have you come back when we reconvene this committee at 2 o'clock.

(Whereupon, at 11:30 a.m., the committee was recessed, to reconvene at 2 p.m., of the same day.)

AFTERNOON SESSION

Mr. OLSEN. The committee will come to order.

Mr. John F. Griner, president of the American Federation of Government Employees, AFL-CIO, accompanied by Mr. George E. Meagher, director of legislation.

We are happy to have you two gentlemen here as always.

We know that you will have something of value for our committee on the record.

You may proceed as you will.

STATEMENT OF JOHN F. GRINER, PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO, ACCOMPANIED BY GEORGE E. MEAGHER, DIRECTOR OF LEGISLATION

Mr. GRINER. Mr. Chairman, I feel like I am qualified as a witness here in two respects this afternoon.

First, I am national president of the American Federation of Government Employees and we actually represent about 40 percent of the nonoperating employees on the Alaska Railroad.

Next, I have many years of service in the railroad industry so I believe that some of the statements I hope to make here this afternoon will be of value to this committee.

We find that S. 622 would correct a conflicting situation potentially detrimental to many of the employees. There are approximately 900 to 1,000 of them on the Alaska Railroad. We note that this measure has already been approved by the Senate and we hope that it will receive favorable consideration of this committee.

Mr. Chairman, I do not think I should go into the history of negotiations in the Alaska Railroad because that has been a matter of discussion many times, not only in this committee but also in the Senate committee. All that I would have to say would be a repetition of what has already been said. To me personally, and speaking for the organization, I might say that I have instructions from those members whom we represent to take the position that we are taking here today, and I am unable to see why we should have this conflict or this difference of opinion with respect to this piece of legislation.

All that we are asking in this particular case is that we continue to comply with railroad practice and thus fulfill the desires of the majority of the employees.

The Alaska Railroad is in need of specific statutory authority in order to do that. This is not a mandatory bill. This is only a permissive bill and any vote with respect to coming under the civil service procedure, or the normal railroad practice, is a matter for determination by the individual crafts through the process of collective bargaining.

All we are asking is that the right of the individuals through their representatives—and that would be a majority vote of the individual craft—to choose between the maintenance of the status quo as it has been for the last 30 or 40 years, and the option to choose the applicable civil service procedure.

To us, this is a democratic way of doing things.

We are not depriving these people of the right to apply the Veterans' Preference Act in whole or in part.

All we are doing under this bill is to say that the employees have a right to accept or reject, insofar as a part of their working conditions are concerned, the Veterans' Preference Act. We realize and we support the philosophy that in coming into the service in the Alaskan Railroad, like any other Federal service, the Veterans' Preference Act must be observed. We want it clearly understood and the record to so indicate that the determination of the procedure which will govern personnel practices in the Alaska Railroad will be a matter for the employee to decide.

We have alternatives in this and I think they are clearly defined in this bill.

Whether or not the Alaska Railroad can operate with strict compliance with the provisions of the civil service regulations, that compliance is virtually certain to clash with the traditional personal practices and principles which have governed the railroad industry throughout this long history.

If I am not mistaken, at one time the Alaska Railroad was under private control and then it was taken over by the Government and the contracts that were then in force were taken over with the Railroad. We have negotiated with the Federal Government, the Department of Interior, year in and year out, and have maintained our relationships and our agreements with that Railroad.

I would like to point out to this committee, Mr. Chairman, that during World War II, the U.S. Army sent a railroad battalion to Alaska to assist in operating this Railroad.

I would also like to point out that at first, or soon after the war began, the civilians in railroad service in Alaska were asked not to join up with the Armed Forces because their services were more needed in the Railroad.

Later on, I would like to point out, these people were actually frozen into their jobs.

Are we going to penalize these people? Many, many of them would have offered their services to the Armed Forces of this country had they been given an opportunity to do just that.

If the Veterans' Preference Act is adopted as a mandatory provision for the people in Alaska on this Railroad and then certainly you are going to discriminate against these people who had no opportunity whatsoever to become a veteran.

In operating a railroad, we need certain flexibility and I believe that S. 622 gives us that flexibility insofar as our personnel policies are concerned. The hiring is, as I have stated before, in accordance with civil service law and must consider veterans' preference.

This bill also grants specific authority to the Secretary of Interior to determine the wages and the salary rates of all employees, to establish working rules and working conditions generally without regard to the 8-hour law, and the Thomas amendment, and also to prescribe for overtime and the rates of pay for overtime, compensation, working hours, and other working conditions that would be determined through collective bargaining between the unions who represent the employees and the management of railroads as has been done for the last 40 years.

Let me reemphasize that we are not against veterans' preference, but we do think that the employees on the Alaska Railroad should have some say through the democratic form of ballot as to whether they want to operate under the Veterans' Preference Act, or whether they want to continue to operate as they are now operating.

So far as the crafts that we represent, I can assure you that we will be governed by the wishes of the majority as we are being governed today. We have been instructed by our people to appear before this committee today and endorse S. 622.

I want to thank you, Mr. Chairman, for the opportunity to appear here in behalf of the people we represent in Alaska.

If there are any questions, I will try to answer them.

MR. OLSEN. Thank you. I have no questions.

Unfortunately, I have only 10 minutes to take the next witness before I have to go over to the floor.

(The prepared statement of Mr. Griner follows:)

STATEMENT ON S. 622, A BILL TO AUTHORIZE ALASKA RAILROAD TO CONTINUE RAILROAD PERSONNEL POLICY AND PRACTICES, SUBMITTED BY AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

The bill S. 622 would correct a conflicting situation potentially detrimental to many of the approximately 1,000 employees of the Alaska Railroad. This measure has the approval of the Senate, and we hope it will receive the favorable recommendation of this subcommittee.

Specifically, the conflict to be resolved concerns, on the one hand, the application of certain civil service laws, and on the other, the determination of work rules according to the seniority system of the railroad industry.

The Alaska Railroad has 500 miles of trackage linking the largest cities of the State and serving the majority of its military bases. Its value is about \$125 million and its annual revenue in the neighborhood of \$15 million. It is the only federally owned railroad, and for a quarter of a century has required no Federal appropriation. Originally a private enterprise, the railroad came under Federal ownership about 40 years ago. Of necessity it was at first manned by former employees of the American railroad industry who brought to Alaska the customs and practices of the privately owned railroads.

These early railroad employees brought with them their railroad labor heritage. As a result, collective bargaining has been conducted by the Alaska Railroad management with its employees from the outset. It has been our experience that bargaining has been advantageous both to the employees and to management.

The conflict between agreements in existence and civil service regulations and procedure, which S. 622 is designed to end or resolve, is interrelated with the successful operation of a railroad. Experience and qualifications are established in part in the operating jobs in the seniority rules embodied in collective-bargaining agreements. Length of service and on-the-job training are of paramount importance.

A train crew of a passenger train is responsible first for the lives of passengers and second for protection of valuable Government property. Thus, safety is closely related to experience, skill, and qualifications. An employee whose duties are vital to the safe operation of trains, and who has had 10 years of railroad experience, is appropriately considered as having superior qualifications to another employee having 2 years in a particular railroad occupation and 8 years of other Federal service.

To promote safety of railroad operations a distinction is made, in railroad practice, between kinds of experience in determining whom the railroad shall retain and whom it shall lay off.

If it is to continue to comply with railroad practice and thus fulfill the desires of the majority of its employees, the Alaska Railroad is in need of specific statutory authority. This is a permissive bill. Any vote with respect to coming under civil service procedure or normal railroad practice is a matter for determination by individual crafts through the process of collective bargaining. All we are asking is the right to choose between the maintenance of the status quo and the option to choose the applicable civil service procedure.

We want it clearly understood, and the record so to indicate, that the determination of the procedure which will govern personnel practices on the Alaska Railroad will be a matter for the employees to decide.

The bill does not of itself exempt the Alaska Railroad from all the provisions of normal civil service operation. That may be done by the collective-bargaining procedures it would authorize.

The alternatives are clearly defined. The Alaska Railroad can operate with strict compliance with the provisions of civil service regulations but that compliance is virtually certain to clash with the valuable and traditional personnel practices and principles which have governed the railroad industry throughout its long history.

The American Federation of Government Employees supports the bill as necessary and desirable. However, we do so with one reservation, and we wish to express it in the form of a specific recommendation. Those employees of the railroad who constitute a definable unit should be permitted to indicate as a group whether their service will be governed by civil service procedures or the seniority system of the railroad.

S. 622 permits the flexibility needed to operate a railroad. Hiring may be done without regard to civil service laws, but still within the provisions of the Veterans' Preference Act. It also grants specific authority to the Secretary of the Interior to determine wage and salary rates of all employees, establish hours of work, working rules, and working conditions generally without regard to the 8-hour law and the Thomas amendment prescribing overtime payment. Compensation, working hours, and other working conditions would be determined through collective bargaining between the unions representing the employees and the management of the railroad, as practiced for the last 40 years.

Exemptions from existing laws have been permitted pending definitive legislation. We urge the enactment of such legislation as a sound solution to the existing dilemma.

Our thanks to you, Mr. Chairman, for granting us this opportunity to state our viewpoint.

Mr. OLSEN. Mr. Francis W. Stover, director, National Legislative Service, Veterans of Foreign Wars of the United States.

STATEMENT OF FRANCIS W. STOVER, DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. STOVER. I might say before starting out that I have been sitting here all day and the title of this bill, I think, is incomplete. It should be as stated, “* * * And to repeal the Veterans’ Preference Act as it applies to the Federal agency, the Alaska Railroad.”

The witnesses have been quite noticable in failing to discuss any section of the bill but section (g). Section (g) would repeal the heart and soul of the Veterans’ Preference Act because that is what the Veterans’ Preference Act is all about.

I might add, Mr. Chairman, that I have heard all of these arguments with some variations over the last 15 years. Every agency is irritated with the Veterans’ Preference Act and has found it to be working hardships and causing disruptions in their service. Anyway, I would like to say another thing: This is a Government agency and they keep talking about railroads. This is a Government agency.

All other railroads, as I understand it, are privately owned and the employees who work for the Government should expect to come under the rules and regulations as applicable to all other Federal employees.

So far as the VFW is concerned, we vigorously oppose section (g) of S. 622, the bill under consideration.

Obviously, this authority would expressly repeal sections 12 and 14 of the Veterans’ Preference Act as it relates to the employees of the Alaska Railroad. These sections are the heart of the Veterans’ Preference Act. To have a Government agency disregard these sections collides head on with our national mandate which has been reaffirmed unanimously by the delegates to our national conventions year after year to “oppose any efforts to weaken or reduce the benefits in the Veterans’ Preference Act of 1944, as amended.”

In addition to our national opposition to this proposal is the position taken by our Department of Alaska Veterans of Foreign Wars, which is found in a resolution approved by the council of administration and which was adopted on February 22, 1963. While this resolution addresses itself to S. 2593 of the 87th Congress, it should be noted that this is substantially identical to S. 622 of this Congress.

The gist of this resolution is “Be it resolved that the Veterans of Foreign Wars, Council of Administration, in a meeting assembled in Juneau, Alaska, the 22d day of February, 1963, oppose any legislation which would in any way abolish or weaken the Veterans’ Preference Act of 1944 from the Alaska Railroad; and, be it further resolved, that a copy of this resolution be forwarded to the Alaska congressional delegation, National Headquarters VFW, and to all veterans organizations in the State of Alaska.

Veterans’ preference is a part of the history and tradition of our Government since its inception and since our Government was founded.

Reduction in force preference—that is, preference to those who served in the Armed Forces, when any reduction in force, or layoff, is

necessary—has been a part of our Government and embodied in our laws since 1870 or thereabouts.

It was during that period, by the way, Mr. Chairman, that any who advocated collective bargaining were probably guilty of a crime. I just mention that to show you how much older veterans' preference is as a part of our system of operating our Government and embodied in the laws of this Nation.

At the heart of the Veterans' Preference Act is sections 12 and 14. Section 12, as we know, as reduction in force which gives a veteran preference over a nonveteran employee. Section 14 is what they call adverse actions, where a man is reduced in rank, laid off indefinitely, or other similar adverse types of action.

As I understand this bill, they would repeal both of these sections.

It is interesting to note that President Kennedy saw fit to elevate—not reduce or take away or diminish—but elevate all Federal employees to the same privileges as veterans, with respect to section 14 rights. In other words, all Federal employees, under the orders of President Kennedy, are now given the same appeal rights in any adverse actions as veterans. This bill would reverse that trend.

It would seem to me that Congress should be devoting its attention to preserving and expanding rights, not diminishing and taking them away, especially so since the right of appeal is a fundamental part of the American way of life.

This is a personal observation but there seems to be no valid reason that I have heard today why collective bargaining agreement cannot tolerate the Veterans' Preference Act, or why they cannot operate side by side or together.

If large agencies can operate efficiently and without any disruption to their service and programs, certainly it would seem logical that the Alaska Railroad could do likewise.

There have been many allegations that the Veterans' Preference Act causes inequities as between preference and nonpreference employees. The Veterans of Foreign Wars have attempted to track down some of these charges that have come to our attention, and we have found them all to be without documentation.

Mr. Chairman, and members of this subcommittee, the VFW is unalterably opposed to section (g) of this bill and urges that it be deleted. We have no position or comment on the balance of the bill which relates to collective bargaining.

If this subcommittee and the Congress sees fit to repeal veterans' preference as it applies to this agency, then it will logically follow that other agencies will be clamoring to have the Veterans' Preference Act repealed with respect to their agencies. If approved, this will be the opening wedge for those who have been trying to have veterans' preference eliminated. The VFW composed of oversea veterans would remind those persons that this recognition granted by the Veterans' Preference Act costs the Government practically nothing to administer and for most veterans is only a potential right, since the great majority will never have need for it.

We feel that the Alaska Railroad is no exception and that the veterans working at that agency should continue to receive the same recognition as is provided their fellow veterans in the Federal civil service.

In closing, I would like to refresh the memory of this Congress by reading the remarks of Congressman Starnes when he was discussing the bill which eventually became the Veterans' Preference Act, when he stated as follows:

What it does is to give legislative sanction to existing veterans' preference, to the rules and regulations in the executive branch of the Government and to broaden and strengthen those preferences with the idea that when a man is selected by the country to serve in battle and give his life, if need be, for the preservation of this country and its institutions, that same man is certainly entitled to some degree of preference for positions in Government departments and agencies in serving his country in peacetime. It is a reward to a man for patriotic duties well performed; it encourages our young men and women to serve their country in an hour of need; and it makes them feel when they have given their all, or offered to give their all, in defense of this country and its institutions, that a grateful country will recognize their sacrifice and service when peace comes by giving them preference for service in various capacities with their Government.

These same reasons are just as valid today as when they were so eloquently stated by Congressman Starnes back in 1944.

The VFW urges this subcommittee to delete section (g) and preserve the Veterans' Preference Act for Federal civil service employees of the Alaska Railroad.

Again, in behalf of the VFW, thank you for this opportunity to express these views here today.

(The prepared statement of Mr. Stover follows:)

STATEMENT OF FRANCIS W. STOVER, DIRECTOR, NATIONAL LEGISLATIVE SERVICE,
VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. Chairman and members of the subcommittee, thank you for this opportunity to appear here today in behalf of the Veterans of Foreign Wars of the United States. My name is Francis W. Stover and I am the national legislative director.

One of the cornerstones of the programs of veterans' rights and benefits is the preference granted to veterans who choose to enter the Federal civil service. While a number of veterans so employed constitute a small percentage of the total veteran population, it is quite significant that over half of the Federal male work force are veterans. This means that in all Government agencies, on a general basis, more than 50 percent of the employees are veterans who are preference employees.

So far as the VFW is concerned, we vigorously oppose section (g) of S. 622, the bill under consideration. This section states:

"to negotiate and enter into written agreements with duly authorized union representatives, which agreements may, without regard to the provisions of the Veterans' Preference Act of 1944, relate to, but shall not be restricted to, wage rates and rules, promotion, demotion, retention, discharge, layoff, recall, and seniority of employees, and the settlements of grievances and disputes."

Obviously, this authority would expressly repeal sections 12 and 14 of the Veterans' Preference Act as it relates to the employees of the Alaska Railroad. These sections are the heart of the Veterans' Preference Act. To have a Government agency disregard these sections collides head-on with our national mandate which has been reaffirmed unanimously by the delegates to our national conventions year after year to "Oppose any efforts to weaken or reduce the benefits in the Veterans' Preference Act of 1944, as amended" (VFW Res. 6.h).

In addition to our national opposition to this proposal, is the position taken by our Department of Alaska Veterans of Foreign Wars, which is found in a resolution approved by its council of administration and which was adopted on February 22, 1963. While this resolution addresses itself to S. 2593 of the 87th Congress, it should be noted that this is substantially identical to S. 622 of this Congress. The resolution reads as follows:

"Whereas there are more than 22,000 veterans of American wars now living and residing in Alaska; and

"Whereas these veterans make up a very large portion of the working and tax-paying force in the State of Alaska; and

"Whereas, during the 87th Congress, Senate bill No. 2593 was introduced by Senator E. L. Bartlett; and

"Whereas additional legislation is being contemplated concerning veterans' preference in the Alaska Railroad, as well as other Government agencies: Now, therefore, be it

"Resolved, That the Veterans of Foreign Wars, Council of Administration, in a meeting assembled in Juneau, Alaska, the 22d day of February, 1963, oppose any legislation which would in any way abolish or weaken the Veterans' Preference Act of 1944 from the Alaska Railroad; and be it further

"Resolved, That a copy of this resolution be forwarded to the Alaska congressional delegation, national headquarters VFW, and to all veterans' organizations in the State of Alaska."

Veterans' preference is a part of the history and tradition of our Government since its inception. Starting shortly after the Civil War, various acts and Executive orders were approved and promulgated, which culminated in the enactment of the Veterans' Preference Act of 1944.

At the heart of the Veterans' Preference Act is the advantages and preferences granted to veterans in the event of a reduction in force or layoff, discharges, demotions, reductions, and similar personnel actions. Veterans are placed in a higher category for retention purposes under section 12, as opposed to competing employees who are not veterans when a reduction in force is necessary.

Since President Kennedy's Executive order all Federal employees regardless of whether they are veterans or not have the right to appeal certain adverse actions such as demotions and reductions in rank in the same manner and procedure as provided under section 14 of the Veterans' Preference Act. This bill would take away this right which is applicable to all Federal employees. While this right of appeal is not a human or natural right, it nevertheless is just a degree or two below that level so far as veterans are concerned. It would seem Congress should devote its attention to preserving and expanding rights—not diminishing and taking them away. Especially so when the right of appeal is so fundamental a part of our American way of life.

There seems to be no valid reason why a collective bargaining agreement cannot tolerate the Veterans' Preference Act or why they cannot operate together. If large agencies can operate efficiently and without any disruption to their service and programs, then certainly it would seem logical that the Alaska Railroad could do likewise. There have been many allegations that the Veterans' Preference Act causes inequities, as between preference and nonpreference employees. The Veterans of Foreign Wars has attempted to track down some of these charges that have come to our attention and have found them to be without documentation.

Mr. Chairman and members of the subcommittee, the Veterans of Foreign Wars is unalterably opposed to section (g) of this bill and urges that it be deleted. We have no position or comment on the balance of the bill which relates to collective bargaining.

If this subcommittee and the Congress sees fit to repeal veterans' preference as it applies to this agency, then it will logically follow that other agencies will be clamoring to have the Veterans' Preference Act repealed with respect to their agencies. If approved, this will be the opening wedge for those who have been trying to have veterans' preference eliminated. The VFW composed of oversea veterans would remind those persons that this recognition granted by the Veterans' Preference Act costs the Government practically nothing to administer and for most veterans is only a potential right, since the great majority will never have need for it. We feel that the Alaska Railroad is no exception and that the veterans working at that agency should continue to receive the same recognition as is provided their fellow veterans in the Federal civil service.

In closing, I would like to refresh the memory of this Congress by reading the remarks of Congressman Starnes when he was discussing the bill which eventually became the Veterans' Preference Act when he stated as follows:

"What it does is to give legislative sanction to existing veterans' preference, to the rules and regulations in the executive branch of the Government and to broaden and strengthen those preferences, with the idea that when a man is selected by the country to serve in battle and give his life, if need be, for the preservation of this country and its institutions, that same man is certainly entitled to some degree of preference for positions in Government departments and agencies in serving his country in peacetime. It is a reward to a man for patriotic duties well performed; it encourages our young men and women to serve their country in an hour of need; and it makes them feel when they have given their all or

offered to give their all in defense of this country and its institutions, that a grateful country will recognize their sacrifice and service when peace comes by giving them preference for service in various capacities with their Government."

These same reasons are just as valid today as when they were so eloquently stated by Congressman Starnes back in 1944. The VFW urges this subcommittee to delete section (g) and preserve the Veterans' Preference Act for Federal civil service employees of the Alaska Railroad.

Again, in behalf of the VFW, thank you for this opportunity to express these views here today.

Mr. OLSEN. I have one particular question I would like to direct to the representative of the railroad, Mr. Fitch, or Mr. Shelmerdine.

I would like to have some idea or some prediction on what the reduction in force is going to be in the next 10 years. I am sure the committee will want to know because we are really talking about a reduction in force and that is what everybody is afraid of here, whether veterans or nonveterans. There is a real fear that they are going to be out of a job just as so many are having to face that problem in the railroad industry across the country today.

Mr. FITCH. Since Mr. Shelmerdine is in Anchorage all the time, I think he knows those figures better than I do but I would like him to confirm what I say and add to it.

We have two kinds of reductions in force; the main one that affects us is a seasonal reduction that occurs every fall because our business increases in the summer season in Alaska. For instance, our passenger trains go 7 days a week in each direction from Anchorage to Fairbanks, but as soon as September comes, they drop to 2 days a week.

That reduction force would be how many men?

Mr. SHELMERDINE. Seventy-five to one hundred.

Mr. OLSEN. Every year?

Mr. SHELMERDINE. Every year.

Mr. FITCH. How about the maintenance-of-ways total?

Mr. SHELMERDINE. The total in maintenance-of-way would probably be 50 on an average basis at this time.

Mr. FITCH. That would be a total of 150 in those two?

Mr. OLSEN. Between 75 and 150?

Mr. SHELMERDINE. Yes, sir.

Mr. OLSEN. What is it going to be in the next 10 years? What percentage?

Mr. FITCH. I do not think I am a good enough crystal gazer to predict, but I would hope there would be no reduction.

I would hope Alaska would so grow and prosper under statehood and business development that the railroad gets bigger instead of less.

Mr. OLSEN. This country is growing in population and the census tells us how much more it is going to grow, but it is not happening in our railroad industry. Our railroad industry has curtailed employment and they are going to do a lot more. As a country, we have done very poorly in planning for these people or for these jobs that are being eliminated. I think this committee is entitled to some kind of a statement from you and I should like to have this in writing for the record.

Mr. FITCH. Glad to.

(Material relating to the request is in official committee file.)

Mr. OLSEN. As to the other gentlemen who participated in this hearing, the staff will see to it that you receive that statement and then you will have an opportunity to respond to it. Also we will

insert in the record at this point a letter from Mr. Charles L. Huber, national director of legislation, Disabled American Veterans.
(The letter follows:)

DISABLED AMERICAN VETERANS,
August 6, 1963.

HON. ARNOLD OLSEN,
*Chairman, Post Office and Civil Service Committee,
Old House Office Building, Washington, D.C.*

DEAR CONGRESSMAN OLSEN: On behalf of the Disabled American Veterans, I am taking the liberty of expressing our views in connection with S. 622 which has recently passed the Senate and is currently pending before the House Post Office and Civil Service Committee. The bill proposes to improve and encourage collective bargaining between the management of the Alaska Railroad and representatives of its employees, and to permit to the extent practicable, the adoption by the Alaska Railroad of the personnel policies and practices by the railroad industry.

Your attention is directed to the enclosed copy of Resolution No. 20 adopted at our national convention held at Atlantic City, N.J., August 19-26, 1962. The resolution commands that we take exception to any attempts serving to weaken or reduce benefits provided veterans under the Veterans' Preference Act of 1944, as amended.

The resolution represents a statement of the will and policy of our national organization. It is, therefore, consistent that we oppose section 1(g) of S. 622 inasmuch as it would deprive ex-servicemen certain rights to which they are now entitled under section 12 of the Veterans' Preference Act.

Since the employees of the Alaska Railroad are employed by the Federal Government we feel that they should, like other Federal employees, be subject to those provisions of the Veterans' Preference Act which relate to tenure of employment, military preferences, length of service, and appropriate efficiency ratings.

From information received at Disabled American Veterans national headquarters, it appears that some veterans employed by the Alaska Railroad do not favor passage of S. 622. They contend that should the bill become law, their job security would be greatly reduced.

Your thoughtful consideration in the matter here presented is courteously requested.

Sincerely,

CHARLES L. HUBER,
National Director of Legislation.

RESOLUTION No. 20—LEGISLATIVE EMPLOYMENT

OPPOSE ANY PROPOSED ADVERSE CHANGES IN VETERANS' PREFERENCE ACT

Whereas the U.S. Civil Service Commission is frequently subjected to special studies, investigations, and surveys by various groups whose purpose it is to alter the structure of the Veterans' Preference Act, by eliminating preference for veterans in Federal employment, and

Whereas any attempt to weaken the present structure of the Veterans' Preference Act, as amended, is in direct contrast to the established policy of the Disabled American Veterans, and

Whereas the Disabled American Veterans provides strict surveillance over the conduct of the U.S. Civil Service Commission with a view toward combating any discrimination against veterans and disabled veterans in Federal employment: Now, therefore, be it

Resolved by the Disabled American Veterans in national convention assembled at Atlantic City, N.J., August 19-25, 1962, That the national commander, national legislative officers, and the Congress be called upon to oppose any efforts to weaken or reduce benefits provided veterans by the Veterans' Preference Act and to defeat any attempts to convert such measures into law.

(Mr. OLSEN. Thank you very much, gentlemen.)

The subcommittee is adjourned.

(Thereupon the hearing was adjourned at 2:25 p.m.)

