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Bureau of Mediation Services

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<https://mn.gov/bms/>

AT A GLANCE

The Bureau of Mediation Services (BMS) oversees the collective-bargaining relationship between all public-sector employers, charitable hospitals and nursing homes, and some private-sector employers and their unionized employees. The following data are for FY 2022.

- There are over 315,000 public employees, and over two-thirds work under about 4,000 union contracts.
- BMS received 2,594 requests for service; during the same period there were 2 strikes, 43 arbitrations (of which 11 were contract arbitrations), and 3 veterans’ preference hearings.
- BMS doesn’t have an opportunity to mediate every case that goes to arbitration, but BMS still achieved a 91% success rate in preventing cases from going to arbitration.
- BMS conducted 1,465 mediation meetings, 216 trainings and facilitations, 44 representation election tabulations, and 207 representation hearings, prehearings, and investigations.

PURPOSE

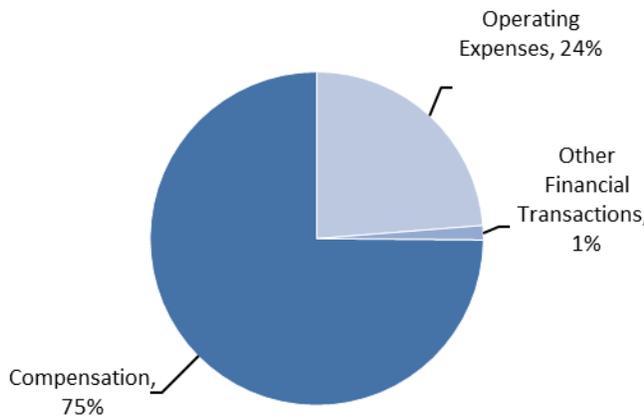
The mission of BMS is to promote orderly and constructive labor-management relations and to advance the use of alternative dispute resolution and collaborative processes.

The Bureau monitors collective-bargaining disputes and works to prevent strikes and arbitration, by directly mediating labor negotiations and providing labor-management training. Representation rights—an employee’s right to unionize or refrain from unionizing—are regulated through an administrative law process that includes administrative investigations, hearings, and elections.

BMS provides training in several areas, including labor-management committee effectiveness and cochair facilitation, conflict resolution, interest-based bargaining, the Minnesota Public Employment Labor Relations Act (PELRA), and contract and grievance mediation. For existing labor-management committees and parties using interest-based bargaining, BMS assists with facilitating meetings and guiding parties through the process of interest-based bargaining.

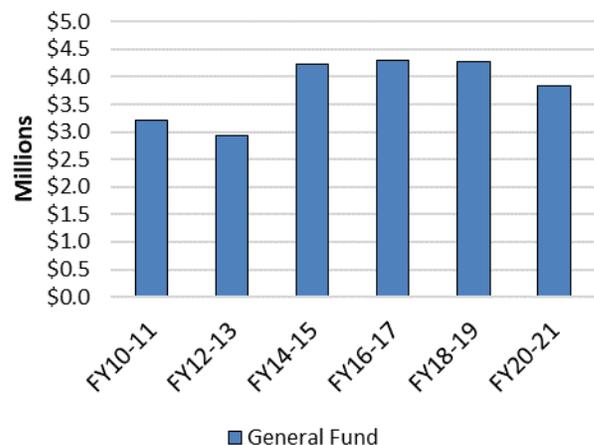
BUDGET

**Spending by Category
FY 2021 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

STRATEGIES

BMS contributes to statewide outcomes by:

1. mediating collective-bargaining and grievance disputes and promoting voluntary resolution of representation questions;
2. promoting cooperation among labor and management through worksite labor-management committees;
3. administering a statewide labor-management grant program;
4. maintaining rosters of qualified neutral arbitrators to hear and decide contract and grievance disputes that cannot be resolved through mediation;
5. training labor and management representatives in negotiation, mediation, conflict resolution, relationship management, and interest-focused bargaining; and
6. ensuring that disputes are efficiently resolved by providing collaborative problem-solving services to state and local governments.

RESULTS

In fiscal years 2021 and 2022, BMS resolved a combined 726 grievance and contract cases, improving the efficiency and effectiveness of the public and private sector with stable labor-management relations. This stable labor-management relations resulted in dollars and work hours saved by preventing strikes, arbitration, and litigation, and also contributed to improved productivity and higher employee morale. The inability to meet in person during the pandemic negatively impacted resolutions. FY 2022 outcomes are improved over FY 2021 as work has transitioned back to in-person.

Measures of BMS work are successful case settlement rates and timely resolution of representation petitions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percentage of collective-bargaining contract and grievance disputes resolved through mediation	97%	85%	FY 2021, FY 2022
Quality	Percentage of representation elections successfully completed within 90 days	91%	88%	FY 2021, FY 2022

Bureau of Mediation Services Statutory Jurisdiction:

Minnesota Labor Relations Act – M.S. 179, <https://www.revisor.leg.state.mn.us/statutes/?id=179&view=chapter>

Public Employment Labor Relations Act – M.S. 179A, <https://www.revisor.leg.state.mn.us/statutes/?id=179A>

Data Practices Act – M.S. 13.37 – 13.43, <https://www.revisor.leg.state.mn.us/statutes/?id=13>

Peace Officer Grievance Arbitration Selection Procedure – M.S. 626.892,

<https://www.revisor.mn.gov/statutes/cite/626.892>

Mediation Services, Bureau of

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<u>Expenditures by Fund</u>								
1000 - General	1,761	2,063	2,120	2,632	2,274	2,274	3,691	3,773
Total	1,761	2,063	2,120	2,632	2,274	2,274	3,691	3,773
Biennial Change				929		(204)		2,712
Biennial % Change				24		(4)		57
Governor's Change from Base								2,916
Governor's % Change from Base								64

Expenditures by Program

Mediation Services	1,761	2,063	2,120	2,632	2,274	2,274	3,691	3,773
Total	1,761	2,063	2,120	2,632	2,274	2,274	3,691	3,773

Expenditures by Category

Compensation	1,347	1,541	1,645	1,724	1,686	1,705	2,868	3,005
Operating Expenses	414	490	474	771	519	500	754	699
Grants, Aids and Subsidies		2		136	68	68	68	68
Capital Outlay-Real Property			0					
Other Financial Transaction		29	1	1	1	1	1	1
Total	1,761	2,063	2,120	2,632	2,274	2,274	3,691	3,773

Full-Time Equivalent

	10.80	11.96	12.24	13.30	13.00	13.00	19.00	19.00
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Mediation Services, Bureau of

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In		499		233				
Direct Appropriation	2,641	2,761	2,370	2,415	2,290	2,290	3,707	3,789
Transfers In		102						
Transfers Out	405	833	14	16	16	16	16	16
Cancellations		466	3					
Balance Forward Out	475		233					
Expenditures	1,761	2,063	2,120	2,632	2,274	2,274	3,691	3,773
Biennial Change in Expenditures				929		(204)		2,712
Biennial % Change in Expenditures				24		(4)		57
Governor's Change from Base								2,916
Governor's % Change from Base								64
Full-Time Equivalents	10.80	11.96	12.24	13.30	13.00	13.00	19.00	19.00

2001 - Other Misc Special Revenue

Balance Forward In	60	65	65	66	68	70	68	70
Receipts	5	0	0	2	2	2	2	2
Balance Forward Out	65	65	66	68	70	72	70	72

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Direct				
Fund: 1000 - General				
FY2023 Appropriations	2,415	2,415	2,415	4,830
Base Adjustments				
All Other One-Time Appropriations		(125)	(125)	(250)
Forecast Base	2,415	2,290	2,290	4,580
Change Items				
Maintain Current Service Levels		667	749	1,416
Public Employment Relations Board		750	750	1,500
Total Governor's Recommendations	2,415	3,707	3,789	7,496
Revenue Change Summary				
Dedicated				
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	2	2	2	4
Total Governor's Recommendations	2	2	2	4

Bureau of Mediation Services

FY 2024-25 Biennial Budget Change Item

Change Item Title: Maintain Current Service Levels

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	667	749	749	749
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	667	749	749	749
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$667,000 in FY 2024 and \$749,000 in each subsequent year from the general fund to maintain the current level of service delivery at the Bureau of Mediation Services (BMS).

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. For BMS, the following efficiencies have been implemented to help offset rising operating costs:

- reducing travel expenses when possible by conducting some mediations virtually instead of in person;
- providing, receiving, and processing petitions and data electronically when possible;
- partnering with other state agencies by using interagency agreements for financial and human resource services; and
- attending professional training virtually when offered.

However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes.

For BMS, operating cost pressures exist in multiple categories—increases in compensation and insurance costs at the agency, increasing costs to maintain our current staff compliment in a challenging labor market, and increasing IT costs. If an operational increase is not provided, the services BMS delivers to Minnesotans will be impacted.

Proposal:

The Governor recommends increasing agency operating budgets to support maintaining the delivery of current services. For BMS, this funding will cover expected and anticipated employee compensation growth and other operating expenses.

Results:

This proposal is intended to allow BMS to continue to provide current levels of service and information to the public.

Bureau of Mediation Services

FY 2024-25 Biennial Budget Change Item

Change Item Title: Public Employment Relations Board

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	750	750	750	750
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	750	750	750	750
FTEs	3	3	3	3

Recommendation:

The Governor recommends an annual budget of \$750,000 in order to hire and maintain a staff that can undertake the basic operations of the PERB.

Rationale/Background:

The PERB is aligned with the Governor’s strategic priority of continuing the economic recovery and protecting the interests of working Minnesotans. PERB was established during the 2014 legislative session to receive, investigate, and resolve unfair labor practice charges for all public employers and their employees across the State of Minnesota. Unfair labor practices are defined as violations of the Minnesota Public Employment Labor Relations Act, which gives certain rights to public employees. The Board consists of three members, two of whom are appointed by the Governor, representing the public and public employers, and a final member that is appointed by the two gubernatorial appointees.

PERB’s authority to hear unfair labor practice disputes was delayed, most recently in 2015, to 2020. The Board receives an annual appropriation of \$125,000 to perform its statutory functions, but the funding has never been enough to perform its core responsibilities in a continuous fashion.

As of next year, the PERB’s annual appropriation of \$125,000 will also end. The Governor’s recommended funding will enable PERB to hire full-time staff members and will provide additional resources for other operating expenditures, including conducting hearings regarding unfair labor practices.

Proposal:

This is not a new initiative. This will enable the PERB to resume its operations at an appropriate funding and staffing level. The primary factors driving the PERB’s funding request are: 1) The fact that it has been underfunded since its inception; 2) the fact that the minimal funding that the PERB has historically received will cease after this fiscal year.

PERB does not intend to expand the scope of the services that it offers, but this will ensure that the PERB can comply with the constitutional mandate of providing remedial support in the event of violations of the Public Employment Labor Relations Act. Additional resources will permit the PERB to hire:

1. Executive Director (using 7/1/20 to 6/30/21 rates in Managerial Plan) would be a range of \$87,320 to \$125,238 annually;
2. Administrative Assistant (using OAS Senior rates from AFSCME 7/1/21 to 6/30/22 rates) would be a range of \$40,486 to \$54,768; and

3. An investigator (using 7/1/20 to 6/30/21 Attorney 1 rates under the Commissioner’s Plan) would be a range of \$57,545 to \$84,794.

This will also enable the PERB to retain hearing officers as necessary. This recommendation is in line with and will facilitate the work that we are already performing.

This recommendation does not affect another agency, except to the extent that it will prevent the PERB from needing to rely on the Bureau of Mediation Services for incidental administrative support. It complements the work of the BMS, but its jurisdiction is wholly separate and does not overlap.

This recommendation will alleviate the persistent underfunding of PERB, and enable us to complete pending investigations and hearings. The effective implementation date should be as soon as possible. PERB is responsible for investigating and assessing the merits of the charges that it receives; its metric for measuring outcomes is the completion of assessments that either result in the issuance of a complaint or a dismissal of a charge.

Impact on Children and Families:

- This recommendation has an indirect and positive impact on children and families. It ensures for the preservation and elevation of worker voice, which is positively correlated with economic outcomes for workers.

Equity and Inclusion:

- Because of the impact of systems of oppression at work in all aspects of society, including state and local government, PERB offers an additional avenue for individuals from BIPOC and other economically marginalized communities to pursue a remedy for workplace unfairness that may implicate PELRA as well as, for example, the Minnesota Human Rights Act. Importantly, PERB is a low cost method of pursuing an investigation into violations of PELRA, so it reduces a barrier that is imposed by a more costly judicial process.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

IT Costs

MNIT provides basic support to PERB with no dedicated support staff. Our approximate service costs are \$15,000 annually.

Results:

The PERB only received and assessed complaints for one year, and therefore does not have a great deal of historical data. The PERB has completed its assessment of every charge that it has received. Some charges have moved to the complaint stage, and in those cases, a hearing officer has either completed a hearing or will be scheduling a hearing. It is our desire to develop case management metrics if the PERB receives funding and jurisdiction to hear cases in the future.

Statutory Change(s):

None.