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Mediation Services, Bureau of

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AT A GLANCE

- The Bureau of Mediation Services (BMS) oversees the collective bargaining relationship between all public sector employers, charitable hospitals and nursing homes, some private sector employers and their unionized employees.
- Of the 310,600+ MN Public Employees; over 2/3 work under nearly 4,000 union contracts.
- In FY20 the BMS received 2,854 requests for service and during the same period there were two strikes, fifty-nine arbitrations (of which 12 were contract arbitrations) and six veterans' preference hearings.
- While the BMS did not have a chance to mediate every case presented to arbitration; including cases arbitrated but not mediated, a 97% success rate was achieved.
- The BMS conducted in FY20, 1,196 mediation meetings, 120 trainings and facilitations, 35 election tabulations and 30 representation hearings and pre-hearings.

PURPOSE

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

Labor-Management Relations

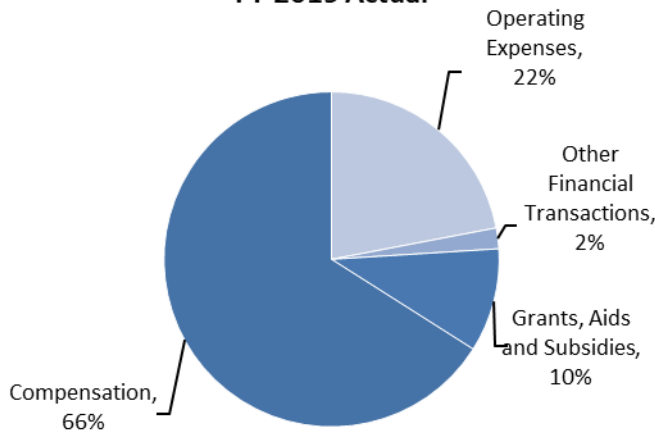
1. The BMS monitors collective bargaining disputes and works to prevent strikes and arbitration by directly mediating labor negotiations and grievances and by providing labor-management training.
2. Representation rights (employee's right to unionize or refrain from such) are regulated through a quasi-judicial administrative process including administrative investigations, hearings and elections.
3. BMS clients are: employers, labor organizations, employees, elected officials, labor attorneys and other labor relations professionals.

Training and Facilitation

1. The BMS has absorbed regional labor -management committee training previously conducted by Area Labor Management Committee consortiums.
2. The BMS provides committee effectiveness and co-chair training, conflict resolution training, Interest Based Bargaining Training, training on the Minnesota Public Employment Labor Relations Act, and training for Contract and Grievance Mediation.
3. For established labor-management committees and interest based bargaining groups, the BMS will provide facilitation for difficult issues.

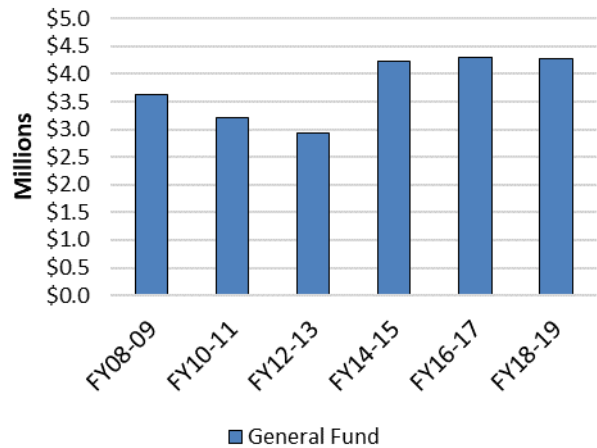
BUDGET

**Spending by Category
FY 2019 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

STRATEGIES

The BMS contributes to statewide outcomes by:

- Mediating collective bargaining and grievance disputes and promoting voluntary resolution of representation questions.
- Promoting cooperation among labor and management through worksite labor management committees.
- Administering a statewide labor-management grant program.
- Maintaining a roster of qualified neutral arbitrators to hear and decide contract and grievance disputes that cannot be resolved through mediation.
- Training labor and management representatives in the skills of negotiation, mediation, conflict resolution, relationship management and interest focused bargaining.
- Ensuring the sustainable resolution of matters of disputes by providing collaborative problem-solving services to state and local government.

RESULTS

In FY20 BMS resolved a total of 439 grievance and contract cases improving the efficiency and effectiveness of the public and private sector due to stable labor management relations. This resulted in dollars and work hours saved by the prevention of strikes, arbitration, and litigation, and contributed to improved productivity and higher employee morale.

Measures of BMS work are successful case settlement rates, timely resolution of representation petitions and the quantity of successful community mediations.

<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 successfully settled through mediation	92%	97%	FY19, FY20
Quality	Percentage of representation elections successfully completed within 90 days	92%	91%	FY19, FY20

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Number of Interest Based and Labor Management Cooperative Meetings Held	101	138	FY19, FY20

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>

Mediation Services, Bureau of

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	2,101	2,168	1,761	2,727	2,281	2,281	2,796	2,841
2001 - Other Misc Special Revenue	4	6		10	10	10	10	10
Total	2,105	2,174	1,761	2,737	2,291	2,291	2,806	2,851
Biennial Change				219		84		1,159
Biennial % Change				5		2		26
Governor's Change from Base								1,075
Governor's % Change from Base								23
<u>Expenditures by Program</u>								
Mediation Services	2,105	2,174	1,761	2,737	2,291	2,291	2,806	2,851
Total	2,105	2,174	1,761	2,737	2,291	2,291	2,806	2,851
<u>Expenditures by Category</u>								
Compensation	1,459	1,434	1,347	1,763	1,723	1,723	2,176	2,221
Operating Expenses	417	482	414	838	500	500	562	562
Grants, Aids and Subsidies	228	217		136	68	68	68	68
Other Financial Transaction	2	42						
Total	2,105	2,174	1,761	2,737	2,291	2,291	2,806	2,851
<u>Full-Time Equivalent</u>								
	12.25	11.31	10.80	13.05	12.80	12.80	15.80	15.80

Mediation Services, Bureau of

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		323		475				
Direct Appropriation	2,417	2,525	2,641	2,761	2,290	2,290	2,805	2,850
Transfers In				102				
Transfers Out	10	10	405	509	9	9	9	9
Cancellations		669		102				
Balance Forward Out	306		475					
Expenditures	2,101	2,168	1,761	2,727	2,281	2,281	2,796	2,841
Biennial Change in Expenditures				219		74		1,149
Biennial % Change in Expenditures				5		2		26
Governor's Change from Base								1,075
Governor's % Change from Base								24
Full-Time Equivalents	12.25	11.31	10.80	13.05	12.80	12.80	15.80	15.80

2001 - Other Misc Special Revenue

Balance Forward In	47	58	60	65	60	55	60	55
Receipts	15	6	5	5	5	5	5	5
Balance Forward Out	58	59	65	60	55	50	55	50
Expenditures	4	6		10	10	10	10	10
Biennial Change in Expenditures				0		10		10
Biennial % Change in Expenditures				3				
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Direct				
Fund: 1000 - General				
FY2021 Appropriations	2,761	2,761	2,761	5,522
Base Adjustments				
Current Law Base Change		(73)	(73)	(146)
Transfer Between Agencies		(398)	(398)	(796)
Forecast Base	2,761	2,290	2,290	4,580
Change Items				
Increased Funding for PERB		435	435	870
Operating Adjustment		80	125	205
Total Governor's Recommendations	2,761	2,805	2,850	5,655
Dedicated				
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	10	10	10	20
Forecast Base	10	10	10	20
Total Governor's Recommendations	10	10	10	20
Revenue Change Summary				
Dedicated				
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	5	5	5	10
Total Governor's Recommendations	5	5	5	10

Mediation Services, Bureau of
FY 2022-23 Biennial Budget Change Item

Change Item Title: Increased Funding for PERB

Fiscal Impact (\$000s)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
General Fund					
Expenditures	0	435	435	435	435
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	435	435	435	435
FTEs	0	3	3	3	3

Recommendation:

The Governor recommends \$435,000 each year for the Public Employment Relations Board (PERB). The Board handles unfair labor practice complaints brought by public employees.

Rationale/Background:

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 is not enough to perform its core responsibilities. This funding would allow PERB to hire full-time staff members and would provide additional resources for other operating expenditures.

Proposal:

The Governor recommends an increase in funding for PERB to support the Board’s statutory responsibilities.

Results:

This proposal is intended to allow the Public Employment Relations Board to continue to provide current levels of service and information to the public.

Mediation Services, Bureau of
FY 2022-23 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
General Fund					
Expenditures	(102)	80	125	125	125
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(102)	80	125	125	125
FTEs	0	0	0	0	0

Recommendation:

The Governor recommends a reduction of \$102,000 to the FY 2021 general fund operating appropriation and additional funding of \$80,000 in FY 2022 and \$125,000 in each subsequent year from the general fund to maintain the current level of service delivery at the Bureau of Mediation Services (BMS).

This change represents a 3% increase in FY 2022 and a 5% increase each year thereafter.

Rationale/Background:

The FY 2021 operating reduction amount reflects the savings generated due to the state hiring freeze and other operating efficiencies in the current year. The agency collected savings by not operating an underutilized grant program. Additionally, retirements and redeployments have provided salary savings.

The operating increases recommended in FY 2022 and FY 2023 fund a portion of the projected cost increases in the upcoming biennium. Each year, the cost of doing business rises—including growing costs for employer-paid health care contributions and other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year without enacted increases.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. To manage costs, most agencies find ways to become more efficient with existing resources. For BMS, efficiencies have already been implemented to produce savings in FY 2021 and these efficiencies will continue into FY 2022 and FY 2023 along with additional efficiencies including:

- Reducing travel expenses by conducting some lower level mediations virtually instead of in-person, and
- Providing, receiving and processing petitions and data electronically when possible.

Efficiencies will continue in the next biennium; however, cost growth will continue to put pressure on budgets and without additional resources, service delivery erodes. For BMS, this means: an inability to maintain the upgrading of facilities to provide remote hearings or meetings for stakeholders; reducing the number of cases in which can be processed; limiting the training and facilitations provided to stakeholders; creating delays in hearing and mediation meeting scheduling, and creating a need for delays in staff replacements.

Proposal:

The Governor recommends reducing the FY2021 general fund operating appropriation by \$102,000. In addition, the Governor recommends increasing agency operating budgets to support the delivery of current services. For BMS, this funding will cover expected and anticipated employee compensation growth, known cost increases in rent and IT services, increases in travel expenses, administrative hearing officer certification expenses, severance payments for four long term staff anticipated to retire during the biennium, and other operating expenditures.

Results:

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