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### Bureau of Mediation Services

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

### 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 2023-24.

- There are approximately 438,000 public employees<sup>1</sup>, who are employed by 87 counties, 800+ cities, 300+ school districts, higher education institutions, public utilities, townships, and State Employees.
- BMS received 4816 requests for service; covering representation, contract and grievance mediation, labor management facilitation and training and arbitration requests. There were 4 strikes, 460 arbitration panels distributed, 99 arbitration decisions posted, and 26 veterans' preference requests.
- BMS settled 98% of contract mediation cases prior to arbitration or strike.
- BMS conducted 1592 mediation meetings, 103 trainings and facilitations, 45 representation election tabulations, and 34 representation hearings, prehearings, and investigations.

The Public Employment Relations Board (PERB) investigates and decides public-sector unfair labor practice (ULP) allegations.

- In FY 2024, unions, employers and employees filed 63 charges<sup>2</sup> with PERB. Without the PERB, parties were forced to litigate cases in district courts, that lack experience with Minnesota's public labor law.

### PURPOSE

The mission of BMS is to promote stable and constructive labor-management relations.

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.

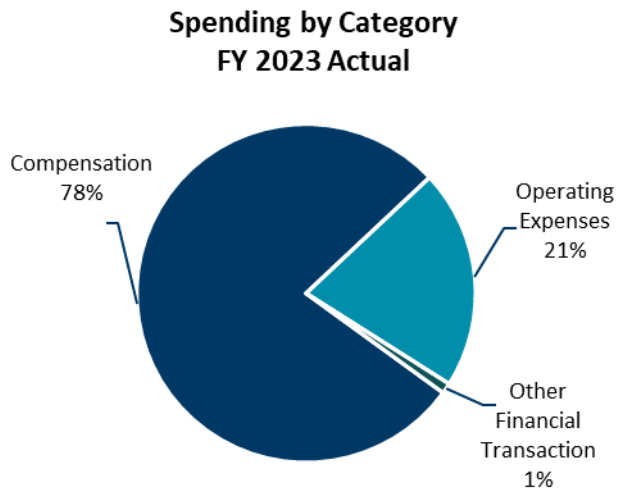
The PERB also supports stable labor-management relations through the resolution of unfair labor practice (ULP) charges in the public sector. The PERB investigates, issues complaints and conducts hearings when necessary, and will then issue a decision and order related to the charges. The PERB also educates and provides technical assistance to stakeholders and parties. The PERB is made up of appointed experts in collective bargaining and PELRA from labor, management, and recognized neutrals. Prior to PERB's FY 2024 jurisdiction and funding, parties had to litigate cases in state district courts that lack expertise in PELRA.

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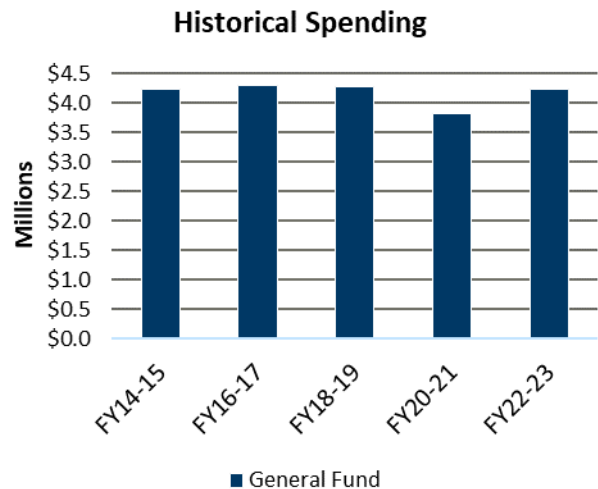
<sup>1</sup> <https://mn.gov/deed/data/data-tools/current-employment-statistics/>

<sup>2</sup> <https://mn.gov/perb/case-status/case-logs/>

## BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

## STRATEGIES

BMS contributes to statewide outcomes by:

1. mediating collective-bargaining agreements, grievance disputes and resolving 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, and through resolution of Unfair Labor Practice cases by the Public Employment Relations Board (PERB).

## RESULTS

In FY 2023-24 BMS resolved a total of 629 grievance and contract mediation cases, improving the efficiency and effectiveness of the public and private sector with stable labor-management relations. Stable labor-management relations result in dollars and work hours saved by preventing strikes, arbitration, litigation, and contributes to improved productivity and higher employee morale.

Measures of BMS and PERB work are successful case settlement rates, and timely resolution of representation petitions and ULP cases.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Measure Data Source</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percentage of BMS collective-bargaining contract disputes resolved through mediation.	BMS Caseload Software / Database	92%	96%	FY 2023, FY 2024
Quality	Percentage of BMS grievance disputes resolved through mediation.	BMS Caseload Software / Database	84%	94%	FY 2023, FY 2024

<b>Type of Measure</b>	<b>Name of Measure</b>	<b>Measure Data Source</b>	<b>Previous</b>	<b>Current</b>	<b>Dates</b>
Quality	Percentage of BMS representation elections successfully completed within 90 days.	BMS Caseload Software / Database	88%	78%	FY 2023, FY 2024
Quantity	Cases filed by unions, employers and employees with the PERB.	BMS Caseload Software / Database	N/A	63 Cases	FY 2024

Bureau of Mediation Services Statutory Jurisdiction:

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

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

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

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

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

Public Employment Relations Board Jurisdiction:

Chapter 7325, Unfair Labor Practices, <https://www.revisor.mn.gov/rules/7325/>

Unfair Labor Practices – M.S. 179A.13, <https://www.revisor.mn.gov/statutes/cite/179A.13>

Unfair Labor Practices Involving Charitable Hospitals – M.S. 179A.135,

<https://www.revisor.mn.gov/statutes/cite/179A.135>

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
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**Expenditures by Fund**

1000 - General	2,120	2,112	2,782	4,668	3,770	3,770	3,823	3,877
<b>Total</b>	<b>2,120</b>	<b>2,112</b>	<b>2,782</b>	<b>4,668</b>	<b>3,770</b>	<b>3,770</b>	<b>3,823</b>	<b>3,877</b>
Biennial Change				3,217		90		250
Biennial % Change				76		1		3
Governor's Change from Base								160
Governor's % Change from Base								2

**Expenditures by Program**

Mediation Services	2,120	2,112	2,782	4,668	3,770	3,770	3,823	3,877
<b>Total</b>	<b>2,120</b>	<b>2,112</b>	<b>2,782</b>	<b>4,668</b>	<b>3,770</b>	<b>3,770</b>	<b>3,823</b>	<b>3,877</b>

**Expenditures by Category**

Compensation	1,645	1,637	1,946	2,976	2,998	3,030	3,051	3,137
Operating Expenses	474	440	703	1,690	770	738	770	738
Capital Outlay-Real Property	0		0					
Other Financial Transaction	1	35	133	2	2	2	2	2
<b>Total</b>	<b>2,120</b>	<b>2,112</b>	<b>2,782</b>	<b>4,668</b>	<b>3,770</b>	<b>3,770</b>	<b>3,823</b>	<b>3,877</b>

**Full-Time Equivalents**

	12.24	12.39	12.74	19.50	19.50	19.50	19.50	19.50
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
<b>1000 - General</b>								
Balance Forward In		254		902				
Direct Appropriation	2,370	2,415	3,689	3,771	3,775	3,775	3,828	3,882
Transfers Out	14	420	5	5	5	5	5	5
Cancellations	3	137						
Balance Forward Out	233		902					
<b>Expenditures</b>	<b>2,120</b>	<b>2,112</b>	<b>2,782</b>	<b>4,668</b>	<b>3,770</b>	<b>3,770</b>	<b>3,823</b>	<b>3,877</b>
Biennial Change in Expenditures				3,217		90		250
Biennial % Change in Expenditures				76		1		3
Governor's Change from Base								160
Governor's % Change from Base								2
Full-Time Equivalents	12.24	12.39	12.74	19.50	19.50	19.50	19.50	19.50

**2001 - Other Misc Special Revenue**

Balance Forward In	65	66	75	82	88	94	88	94
Receipts	0	10	6	6	6	6	6	6
Balance Forward Out	66	75	82	88	94	100	94	100

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
<b>Direct</b>				
<b>Fund: 1000 - General</b>				
FY2025 Appropriations	3,789	3,789	3,789	7,578
Base Adjustments				
Allocated Reduction	(18)	(18)	(18)	(36)
Minnesota Paid Leave Allocation		4	4	8
Forecast Base	3,771	3,775	3,775	7,550
Change Items				
Operating Adjustment		53	107	160
<b>Total Governor's Recommendations</b>	<b>3,771</b>	<b>3,828</b>	<b>3,882</b>	<b>7,710</b>
<b>Revenue Change Summary</b>				
<b>Dedicated</b>				
<b>Fund: 2001 - Other Misc Special Revenue</b>				
Forecast Revenues	6	6	6	12
<b>Total Governor's Recommendations</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>12</b>

## Bureau of Mediation Services

### FY 2026-27 Biennial Budget Change Item

#### Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
General Fund					
Expenditures	0	53	107	107	107
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	53	107	107	107
FTEs	0	0	0	0	0

#### Recommendation:

The Governor recommends additional funding of \$53 thousand in FY 2026 and \$107 thousand in each subsequent year from the general fund to help address operating cost increases at the Bureau of Mediation Services.

#### Rationale/Background:

The cost of operations rises each year due to increases in employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs. 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 year to year.

Agencies face challenging decisions to manage these rising 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 the Bureau of Mediation Services, the following efficiencies have been implemented to help offset rising operating costs:

- Relocated in 2024 to a space with lower annual lease increases.
- Improved fleet operations utilizing green-friendly vehicles with reduced fuel costs.
- Employing IT assets to conduct meetings and attend training courses virtually rather than in-person when available and practical.

For FY 2026-27, agencies will need to continue to find additional efficiencies and leverage management tools to help address budget pressures. Holding open vacancies in certain programs or delaying hiring in other programs are examples of ways agencies manage through constrained operating budgets. Such decisions are difficult and must be weighed against a program's ability to conduct business with less staffing and its impact to service delivery. Agencies will need additional tools and flexibility, similar to those available in the private sector and other government entities, to help address operating pressures in upcoming biennium.

Without additional resources to address these cost pressures, both in funding and in flexibility to manage internal budgets, services delivered to Minnesotans will be impacted.

#### Proposal:

The Governor recommends increasing agency operating budgets to support current services. For the Bureau of Mediation Services, this funding will help cover expected growth in employee compensation and insurance, and other operating costs.

Additionally, the Governor recommends providing agencies with additional management tools to address upcoming operating pressures. This includes:

- The ability for executive branch agencies to carryforward unexpended non-grant operating appropriations for the second year of a biennium into the next beginning in FY 2025 (costs carried in standalone change item in MMB Non-Operating Budget Book).

These new authorities will provide agencies with additional flexibility to manage through cost pressures within agency divisions and prioritize needs to help minimize impacts on services to Minnesotans.

**Dollars in Thousands**

<b>Net Impact by Fund</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 25-27</b>	<b>FY 28</b>	<b>FY 29</b>	<b>FY 28-29</b>
General Fund	53	107	160	107	107	214
<b>Total All Funds</b>	<b>53</b>	<b>107</b>	<b>160</b>	<b>107</b>	<b>107</b>	<b>214</b>

<b>Fund</b>	<b>Component Description</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 26-27</b>	<b>FY 28</b>	<b>FY 29</b>	<b>FY 28-29</b>
GF	Compensation	53	107	160	107	107	214

**Results:**

This recommendation is intended to help the Bureau of Mediation Services address rising cost pressures and mitigate impacts to current levels of service and information to the public.