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2016-17 Governor's Budget, Mediation Services, Bureau of

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<http://www.mn.gov/bms>

AT A GLANCE

- The Bureau of Mediation Services (BMS) oversees the collective bargaining relationship between all public sector employers, some private sector employers and their unionized employees.
- Of the 260,000 MN Public Employees; 72% work under 3,548 union contracts.
- In FY14 the BMS received 1,287 requests for service and during the same period there were zero strikes.
- BMS grant funding helped nonprofit mediation centers to provide services in approximately 2,000 neighbor, family, school, housing and other similar types of cases last year.

3. 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.
4. BMS clients are: employers, labor organizations, employees, elected officials, labor attorneys and other labor relations professionals.

Alternative Dispute Resolution

Through the Office for Collaboration and Dispute Resolution (OCDR), BMS provides: 1) public policy collaborative dispute resolution services; 2) funds and promotes the broad use of community-based dispute resolution; and, 3) assistance to other state agencies in effectively implementing collaborative and dispute resolution initiatives. The OCDR works with elected officials, state and local government employees, and citizen leaders to develop sustainable solutions to contentious matters of public interest.

The BMS contributes to the statewide outcomes of: A thriving economy that encourages business growth and employment opportunities; strong and stable families and communities; and efficient and accountable government services.

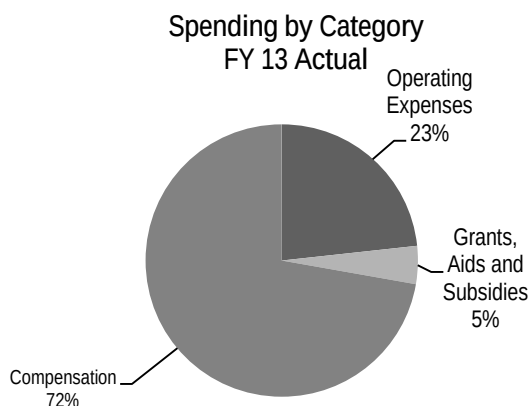
PURPOSE

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

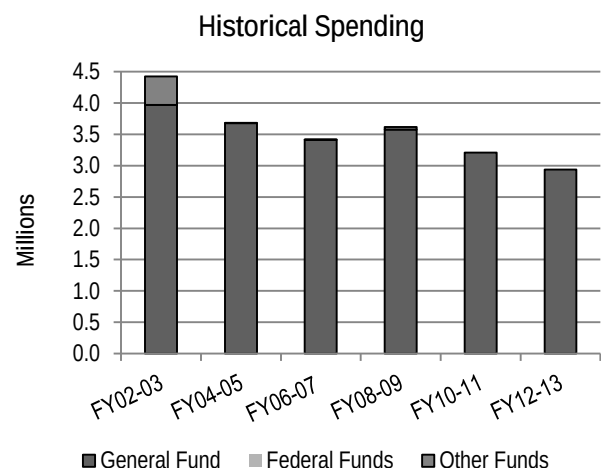
Labor-Management Relations

1. The BMS monitors collective bargaining disputes and works to prevent strikes and arbitration by directly mediating labor negotiations and grievances.
2. Beginning in FY16 the BMS will have the responsibility to assist the new Public Employment Labor Relations Board in resolving unfair labor practice claims.

BUDGET



Source: BPAS



Source: Consolidated Fund Statement

STRATEGIES

The BMS contributes to statewide outcomes by:

- Mediating collective bargaining and grievance disputes and beginning in FY16 unfair labor practices
- Promoting voluntary resolution of representation questions
- Promoting cooperation among labor and management through worksite labor management committees
- Administering a state-wide 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.
- Investigating unfair labor disputes and issuing recommended decisions beginning in FY16
- Ensuring the sustainable resolution of matters of public interest by providing collaborative problem solving services to state and local government
- Administering a \$160,000 annual grant program to community dispute resolution centers which provide free and low cost mediation services across the state

RESULTS

In FY14 BMS resolved a total of 501 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.

The collaborative resolution of public policy issues improves the efficiency and effectiveness of government by preventing gridlock, generating higher quality solutions, and faster implementation of those sustainable solutions.

Current measures of BMS work are shown as 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	87%	90.2%	FY13, FY14
Quality	Percentage of representation elections successfully completed within 90 days	87.2%	87.1%	FY13, FY14
Quantity	Number of mediations provided by BMS funded nonprofit dispute resolution centers	2,339	1,886	CY13, CY14
Quality	Percentage of mediations provided by BMS funded centers which successfully reached resolution	71.0%	72.0%	CY13, CY14

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>

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	1,431	1,504	2,001	2,305	2,183	2,183	2,717	2,534
Total	1,431	1,504	2,001	2,305	2,183	2,183	2,717	2,534
Biennial Change				1,371		60		945
Biennial % Change				47		1		22
Governor's Change from Base								885
Governor's % Change from Base								20

Expenditures by Program

Program: Mediation Services	1,431	1,504	2,001	2,305	2,183	2,183	2,717	2,534
Total	1,431	1,504	2,001	2,305	2,183	2,183	2,717	2,534

Expenditures by Category

Compensation	1,021	1,086	1,299	1,403	1,518	1,518	1,743	1,769
Operating Expenses	332	312	437	674	437	437	746	537
Other Financial Transactions	12	38	37					
Grants, Aids and Subsidies	66	68	228	228	228	228	228	228
Total	1,431	1,504	2,001	2,305	2,183	2,183	2,717	2,534

Full-Time Equivalents

	10.6	10.2	12.1	13.3	13.8	13.3	15.8	15.3
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(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		153		147				
Direct Appropriation	1,584	1,584	2,188	2,158	2,183	2,183	2,717	2,534
Receipts	0							
Net Transfers		(225)	(40)					
Cancellations		9						
Expenditures	1,431	1,504	2,001	2,305	2,183	2,183	2,717	2,534
Balance Forward Out	153		147					
<i>Biennial Change in Expenditures</i>				1,371		60		945
<i>Biennial % Change in Expenditures</i>				47		1		22
<i>Gov's Exp Change from Base</i>								885
<i>Gov's Exp % Change from Base</i>								20
FTEs	10.6	10.2	12.1	13.3	13.8	13.3	15.8	15.3

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	1	1	1	0	0	0	0	0
Net Transfers			(1)					
Balance Forward Out	1	1	0	0	0	0	0	0

Mediation Services, Bureau of

FY16-17 Biennial Budget Change Item

Change Item: BMS Case Management Data Base Phase II

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	250	100	100	100
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	250	100	100	100
FTEs	0	0	0	0

Recommendation:

The Governor recommends undertaking phase II implementation of the BMS Case management data base and case management tool.

Rationale/Background:

- In FY 2013, BMS received a onetime appropriation of \$100K to replace its primary business tool, an obsolete case management database. That appropriation was not adequate to fully complete the project replacing all current functions and add needed modern functionality. The project is being divided into two phases. Phase I is underway and on schedule for completion in 2015. Phase II is proposed to include completion of the unfunded portion of the project; a modern interface for clients to request and perform case filing, document filing, and other services online. This proposal would also create a method for employees to vote in representation elections electronically, either online or via telephone.
- The indicator that this effort will address is effective and efficient government. Existing BMS results indicators are all affected by this proposal.

Proposal:

- This is a continuation\completion of an existing initiative.
- BMS can carry out this initiative using existing staff.
- BMS will continue partnership with MN.IT and contractors as needed to carry out this initiative.
- The intended result is better, more efficient service delivery by BMS supporting the underlying missions of promoting strong and stable labor management relations and use of alternative dispute resolution in areas other than labor management.
- The short term impact on agency operations will be increased workload for staff to help design and implement the new software tools. The long term impact will be more modern and efficient delivery of service to agency clients and stakeholders.

IT Related Proposals:

As described above this is an IT proposal which requires support of MN.IT.

Results:

This recommendation supports all the existing results measures in the agency base budget narrative.

Current measures of BMS work are shown as 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	87%	90.2%	FY13, FY14
Quality	Percentage of representation elections successfully completed within 90 days	87.2%	87.1%	FY13, FY14
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Quality	Percentage of mediations provided by BMS funded centers which successfully reached resolution	71.0%	72.0%	CY13, CY14

Statutory Change(s):

This program will require no statutory change.

Mediation Services, Bureau of

FY16-17 Biennial Budget Change Item

Change Item: Public Employment Labor Relations Board

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	200	200	200	200
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	200	200	200	200
FTEs	2	2	2	2

Recommendation:

The Governor recommends funding for operating the Public Employment Labor Relations Board (PERB).

Rationale/Background:

- Since the 1971 adoption of PELRA, unfair labor practices (ULPs) were adjudicated by Minnesota's District Courts. This process is slow and costly. By Laws of Minnesota 2014, Chapter 211, the Minnesota Legislature amended PELRA to create PERB, a citizen board appointed by the Governor to hear and resolve ULPs. During FY15 the PERB is to be formed, write rules, establish procedures and hire staff. Chapter 211 did not allocate funds directly to the PERB but instructed BMS to "assist" the Board and appropriated \$125,000 for this purpose. The Bureau interprets its role as the fiscal agent with respect to these PERB funds. Presently, the Board has been appointed but has not hired staff or established rules. The Bureau established a constituent advisory committee to draft recommendations for the new Board on rules, procedures, staffing, and budgeting. This group has undertaken a study of state and federal agencies that perform similar function in other jurisdictions. The appropriation sought here represents an estimate based upon the judgment of the advisory committee and Bureau commissioner of the cost to operate the new PERB when it begins operations in FY16.
- The primary dashboard indicator affected by the new PERB is efficient and accountable government services. The current trend of these indicators is steady. This trend is driven by a stable collective bargaining environment in Minnesota's public sector.

Proposal:

The statute sets forth requirements that "Hearing officers must be licensed to practice law in the State of Minnesota and must conduct the hearings and issue recommended decisions and orders" and also sets forth the board shall appoint a general counsel. BMS mediation staff will not perform some of these tasks as it can conflict with their roles in mediation. Therefore, this will require the hiring of additional staff or contracting for services. This recommendation includes a request for the hiring of up to two additional staff to perform the duties of the PERB. Any additional funding will be used to provide support of the office that cannot be absorbed by the BMS. The statute requires that the PERB be operational and ready to hear cases on July 1, 2015.

IT Related Proposals:

None.

Results:

This is a new statutory function and performance measures will need to be adopted by the PERB.

Statutory Change(s):

None.

Mediation Services, Bureau of

FY16-17 Biennial Budget Change Item

Change Item: Family Child Care Representation Election

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	59	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	59	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends funding for BMS to conduct a family child care representation election pursuant to statute.

Rationale/Background:

- Laws of Minnesota 2013, Chapter 128, enacted Minn. Stat. 179A.50-.54 establishing authority for certain family child care workers and individual providers of direct care to unionize as employees of the state. If petitions are properly filed the Bureau is to conduct elections for these groups and certify the results. Chapter 128 Laws of Minnesota 2013, appropriated a onetime amount of \$59K for the purpose of this election. In 2014, the Bureau conducted a union election for 27,000 individual providers of home care pursuant to this provision of law. The cost of this one election exhausted the appropriated funds for administration of the statute.
- The indicator impacted by this item is effective and efficient government.

Proposal:

- Administering employee unionization elections is an ongoing Bureau function and the cost is part of the BMS base budget. The reason for the increased cost is the size of these election is larger than the Bureau normally conducts. Added costs consist of printing, mailing and increased staff time.
- The statute calls for BMS to partner with DHS in performing this function.
- The intended result is a fair, professional, and timely election process.

IT Related Proposals:

No IT related proposals.

Results:

- The existing results measurement for this function is number of days from filing petition to tabulation of votes (less is better).
- Current trend for this measure is stable.

Statutory Change(s):

None.

Mediation Services, Bureau of

FY16-17 Biennial Budget Change Item - Operating Budget

Change Item: Operating Increase

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	25	51	51	51
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	25	51	51	51
FTEs	0	0	0	0

Recommendation:

The Governor recommends an increase to the Bureau's base mediation/representation budget for past and expected compensation and general operating cost increases.

Rationale/Background:

The agency's FY14-15 appropriation included funding for an increase of 2 FTEs. Accounting for this FTE increase, during FY14-15 the Bureau's base compensation costs increased due to mandated salary and other related increases, as well as unexpected severance costs.

Proposal:

These funds are required to support the Bureau's core activities, of labor mediation, representation, labor-management cooperation, arbitration services, and training.

IT Related Proposals:

n/a

Results:

If the agency does not receive this operating increase the impact will be a reprioritization of services. First priority for reductions would be labor management cooperative services and training. However the key statutory functions of mediation and representation would also be impacted by staff reductions and result in slower service delivery.

Statutory Change(s):

None