

March 27, 2017

Chair Pat Garofalo
485 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Vice Chair Jim Newberger
371 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Dear Representatives Garofalo and Newberger:

I am writing to express concerns with HF2209. In its current form HF2209 not only rejects each of Governor Dayton's supplemental budget proposals related to BMS, it eliminates all funding for the Office of Collaboration and Dispute Resolution (OCDR) and the Public Employment Labor Relations Board (PERB). Additionally, the HF2209 proposal unnecessarily restricts transfers of money and billing both within and across state agencies. HF2209 also caps spending on salaries and limits FTE allocations. As we have discussed previously, the statutory mission of the Bureau of Mediation Services (BMS) is to promote stable and constructive labor management relations and the use of alternative dispute resolution in areas other than labor-management. Governor Dayton's budget proposals are critical to accomplishing this mission.

The Governor's BMS budget / HF1081 has the following elements:

BMS Operating Adjustment. Each year, compensation costs rise due to wage growth and changes in employer-paid contributions for insurance, FICA, Medicare, retirement, and other factors. Absorbing this increase in compensation costs within existing agency base appropriations results in reduced capacity to deliver service. Other costs, such as in-state travel, are essential for continued agency service delivery for Minnesotans and the associated costs continue to rise. Lack of an operating increase will result in a reduction of the number of mediation meetings, hearings and other direct services BMS can provide. The Governor recommends increasing agency operating budgets to maintain operations at current service levels. For the Bureau of Mediation Services, this funding includes employee wage and benefit costs, employer-paid pension costs, and other operating cost increases.

OCDR Community Mediation Grant Program. Minnesota citizens are currently challenged by facing people with differing views on key issues and changing communities, but also by a lack of skills and tools necessary to engage in discussions that lead to conflict resolution. By increasing the awareness and use of effective community-based and volunteer-delivered conflict resolution tools, Minnesotans will have more opportunities to manage personal, neighbor, community, cultural, and other differences and disputes. The Governor's proposed funding will enable nonprofit community dispute resolution programs (CDRP's) to expand their existing conflict resolution services statewide to underserved communities in both greater Minnesota and to culturally specific groups in metropolitan areas by developing a coordinated infrastructure among the CDRPs to leverage existing resources and technology. CDRP services are provided by community volunteers at low or no cost. CDRPs currently receive a share of the \$160,000 from the Executive Branch and \$100,000 from the Courts every year through a grant program that is jointly administered. Requesting an additional \$250,000 will allow CDRPs to leverage additional non-state funding from a variety of sources, including foundation grants, individual giving, volunteer service provision, etc.

PERB Base Appropriation.

Beginning July 1, 2017, the PERB will receive, investigate and resolve unfair labor practice charges for all public employers and their employees across the State of Minnesota. Funding in FY 2015 through FY 2017 was appropriated to BMS for purposes of assisting the PERB in the amount of \$125,000 per year from the general fund. Beginning in FY 2018, PERB will begin implementation, utilizing the rules it has adopted governing the procedures of investigations, hearings and appeals of unfair labor practices. Beginning in FY 2018 and each year thereafter, the \$125,000 base appropriation will be increased to \$525,000 and moved from BMS to PERB, in order to support PERB in its first year as an operational agency and each year thereafter.

HF2209 has the following negative impacts to BMS:

1. **Elimination of OCDR Funding.** As I have stated before, OCDR represents an important opportunity for Minnesota to take advantage of modern problem solving dispute resolution tools and models to address complex and controversial matters of public concern. Such is the mission of OCDR. Since its establishment as a program of BMS in 2013, OCDR has served as a resource and a catalyst in a number of important, high profile matters affecting Minnesotans. Among the most important is the ongoing strengthening of Minnesota's Community Mediation Agencies. Community Mediation Minnesota programs utilize highly-trained volunteer mediators who live in the communities they serve. Services are provided at low or no charge to users, and save money. Types of cases include:
 - Conciliation Court Mediation
 - Neighborhood Disputes
 - Landlord-Tenant Issues
 - Family Law Disputes
 - Restorative Justice
 - Conflict Resolution Skill Building Workshops
 - Problem Solving and Facilitation
 - Business-Consumer
 - Community Policing: Police Officer Training
 - Victim-Offender Resolutions

OCDR's delivery of collaborative solutions and problem solving services in the area of public policy and other matters of public concern has become recognized as a valuable public resource in a few short years. Examples of some of these projects are:

- Child Custody Dialogue
- City of North Branch
- Governor's Water Summit
- North St. Paul City Council
- North Branch City Council
- St. Paul Schools
- Marshall-Lyon Library – Plum Creek Regional Library
- MDH and Minnesota Community Measurement
- City of Lake Elmo
- Capitol Preservation Art Subcommittee
- Metropolitan Council Wastewater Treatment Division
- Mn State Hospital St. Peter –Patient-Centered Care & Worker Safety
- MnSCU Charting the Future Initiative

2. **Elimination of PERB Funding.**

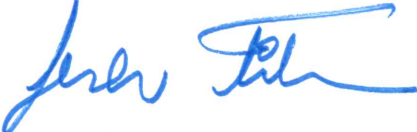
- Elimination of the PERB just as it prepares to launch its services will cause parties to continue seeking resolution through the more expensive court system.

3. Restictions on hiring, salary, transfers of money, and billing.

- Limits cost effective or cost savings cooperation between agencies
- Does not allow for FTE increases funded by grants, federal dollars or fees
- Does not statutorily provide for OCDR or PERB which allows for inconsistent prioritization of the offices.
- Capping aggregate salaries may conflict with labor agreements

I strongly urge you to reconsider the financial cuts and operating restrictions proposed in HF2209 and rather, include important proposals that will strengthen the State of Minnesota that are included in the Governor's BMS budget proposal.

Respectfully,



Josh Tilsen
Commissioner
Minnesota Bureau of Mediation Services.

cc:

Karen Clark, Tim Mahoney, Jean Wagenius, Paul Anderson, Cal Bahr, Dave Baker, Jim Davnie, Dan Fabian, Jeff Howe, Sandy Layman, Erin Maye Quade, Jason Metsa, Rena Moran, Ann Neu, Marion O'Neill, Jason Rarick, Peggy Scott, Mike Sundin, Paul Thissen, Bob Vogel, Nolan West