

April 5, 2017

Chair Senator Jeremy Miller
3107 Minnesota Senate Building
St. Paul, MN 55155

Vice-Chair Senator Paul Anderson
2103 Minnesota Senate Building
St. Paul, MN 55155

Dear Senators Miller and Anderson:

I am writing to express concerns with SF1937. In its current form, SF1937 rejects each of Governor Dayton's supplemental budget proposals related to BMS. 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 / SF942 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.

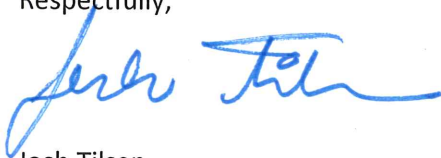
OCDR Community Mediation Grant Program. Minnesota citizens are currently challenged by facing people with differing views on key issues and changing communities, but also by a lack of skills and tools necessary to engage in discussions that lead to conflict resolution. By increasing the awareness and 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. The Governor's proposal of an additional \$250,000 per year 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.

I strongly urge you to include these 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:

Senators Bobby Joe Champion, Rich Draheim, Michael Goggin, Karin Housley, Jason Isaacson, Matt Little, Paul Utke, Erik Simonson