A bill for an act

relating to public sector labor relations; specifying factors that must be considered in interest arbitration; amending Minnesota Statutes 2010, section 179A.16, subdivision 7.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2010, section 179A.16, subdivision 7, is amended to read:

Subd. 7. **Decision by the arbitrator or panel.** (a) The decision must be issued by the arbitrator or a majority vote of the panel. The decision must resolve the issues in dispute between the parties as submitted by the commissioner. For principals and assistant principals, the arbitrator or panel is restricted to selecting between the final offers of the parties on each impasse item. For other employees, if the parties agree in writing, the arbitrator or panel is restricted to selecting between the final offers of the parties on each impasse item, or the final offer of one or the other parties in its entirety. In considering a dispute and issuing its decision, the arbitrator or panel shall consider the statutory rights and obligations of public employers to efficiently manage and conduct their operations within the legal limitations surrounding the financing of these operations.

(b) An arbitrator must give substantial weight to the following issues and evidence presented by a public employer in determining an interest arbitration award:

(1) decreases in local government aid under sections 477A.011 to 477A.014, market value homestead credit reimbursement under section 273.1384, or other significant declines in revenue experienced by the public employer in the year immediately prior to or during the contract year being considered; and

(2) the general economic condition of the city, including its ability to raise revenues, and property tax burdens on property owners.

(c) When establishing "ability to pay" by a public employer, an arbitrator must not consider budgetary reserves.

(d) An arbitrator must not grant a general increase or external market adjustment greater than voluntarily negotiated by another exclusive representative within the same public employer for the same contract period.

The decision is final and binding on all parties.

The arbitrator or panel shall render its decision within 30 days from the date that all arbitration proceedings have concluded. The arbitrator or panel may not request that the parties waive their right to have the decision rendered within 30 days, unless the commissioner grants an extension of the deadline. The commissioner shall remove from the roster for six months the name of any arbitrator who does not render the decision within 30 days or within the extension granted by the commissioner. The commissioner shall adopt rules establishing criteria to be followed in determining whether an extension should be granted. The decision must be for the period stated in the decision, except that decisions determining contracts for teacher units are effective to the end of the contract period determined by section 179A.20.

The arbitrator or panel shall send its decision to the commissioner, the appropriate representative of the public employer, and the employees. If any issues submitted to arbitration are settled voluntarily before the arbitrator or panel issues a decision, the arbitrator or panel shall report the settlement to the commissioner.

The parties may, at any time before or after issuance of a decision of the arbitrator or panel, agree upon terms and conditions of employment regardless of the terms and conditions of employment determined by the decision. The parties shall, if so agreeing, execute a written contract or memorandum of contract.

EFFECTIVE DATE. This section is effective ....., 2011.