

*This opinion is nonprecedential except as provided by
Minn. R. Civ. App. P. 136.01, subd. 1(c).*

**STATE OF MINNESOTA
IN COURT OF APPEALS
A20-0906**

Special School District No.1, Minneapolis Public Schools,
Appellant,

vs.

Minneapolis Federation of Teachers,
Respondent.

**Filed March 15, 2021
Affirmed
Slieter, Judge**

Hennepin County District Court
File No. 27-CV-19-21340

Margaret A. Skelton, Christian R. Shafer, Frank E. Langan, Ratwik, Roszak & Maloney,
P.A., Minneapolis, Minnesota (for appellant)

Debra M. Corhouse, Education Minnesota, St. Paul, Minnesota (for respondent)

Considered and decided by Slieter, Presiding Judge; Gaïtas, Judge; and Rodenberg,
Judge.*

NONPRECEDENTIAL OPINION

SLIETER, Judge

This is an appeal from an order of the district court confirming an arbitration award
granting the grievance filed by respondent via the parties' collective bargaining agreement

* Retired judge of the Minnesota Court of Appeals, serving by appointment pursuant to
Minn. Const. art. VI, § 10.

(CBA). Appellant argues that the district court erred by deferring to the arbitrator and concluding that the arbitrator had not exceeded his authority. Because appellant did not raise a genuine issue of arbitrability and the district court is required to give deference to the arbitrator of both the facts and the law, we affirm.

FACTS

This appeal stems from a grievance filed by respondent Minneapolis Federation of Teachers (the federation) against appellant Special School District No. 1, Minneapolis Public Schools (Minneapolis Public Schools) on behalf of grievant K.T.

In 1997, Minneapolis Public Schools hired K.T.—then 50 years old—as a Japanese language teacher. On May 25, 2010, Minneapolis Public Schools discharged K.T.—then age 64—citing “discontinuance and lack of pupils.” K.T. began employment in a different school district during the 2010-11 school year, where she was employed until her retirement six years later.

As part of her preparation for retirement, K.T. contacted the federation and inquired regarding her eligibility for the “wellness pay” benefit—a payment of “up to fifty (50) percent of their unused sick leave at their current daily rate of pay” into a “Minnesota Retirement System (MSRS) Post Retirement Health Care Savings Account.” In response to the federation’s formal application on behalf of K.T. for this benefit, Minneapolis Public Schools indicated on August 2, 2017, that K.T. was not to receive “wellness pay” benefits.

On August 11, 2017, the federation filed a grievance on behalf of K.T., alleging that “[K.T.] submitted a retirement form to [Minneapolis Public Schools] during the 2016-17 school year and is being denied the Wellness Sick Leave benefit (50% of sick leave benefit)

as part of the 2016-17 class of retirees.” Pursuant to the terms of the CBA, the grievance ultimately proceeded to arbitration. The arbitrator ruled in favor of K.T., and found that she was eligible to receive “wellness pay” benefits. Minneapolis Public Schools challenged the arbitrator’s award in the Hennepin County District Court. The district court confirmed the arbitrator’s award. This appeal follows.

DECISION

I. The district court properly deferred to the arbitrator in affirming his award.

Appellate courts “ha[ve] de novo review when reviewing arbitration clauses.” *Onvoy, Inc. v. SHAL, LLC*, 669 N.W.2d 344, 349 (Minn. 2003). However, while “[appellate courts] review arbitration awards de novo, judicial review of arbitration decisions is generally extremely limited.” *See City of Richfield v. Law Enf’t Labor Servs., Inc.*, 923 N.W.2d 36, 41 (Minn. 2019).

[A]n arbitrator, in the absence of an agreement limiting his authority, is the final judge of both law and fact, including the interpretation of the terms of any contract, and his award will not be reviewed or set aside for mistake of either law or fact in the absence of fraud, mistake in applying his own theory, misconduct, or other disregard of duty.

State, Office of State Auditor v. Minn. Ass’n of Prof’l Emps., 504 N.W.2d 751, 754 (Minn. 1993) (quotation omitted). An arbitrator’s award may also be overturned if the arbitrator “clearly exceeded the powers granted to them in the arbitration agreement.” *Seagate Tech., LLC v. W. Digital Corp.*, 854 N.W.2d 750, 760-61 (Minn. 2014) (emphasis in original).

On appeal, Minneapolis Public Schools argues that the district court erred by (1) deferring to the arbitrator on questions of timeliness, (2) concluding that the arbitrator

had not exceeded his authority in interpreting the CBA, and (3) affirming the arbitrator's award despite the arbitrator's impermissible constitutional determinations. Because we must defer to the arbitrator as the "the final judge of both law and fact," *Minn. Ass'n of Prof'l Emps.*, 504 N.W.2d at 754, and we otherwise find no grounds for reversal, we affirm the decision of the district court upholding the arbitrator's award.

A. Timeliness¹

Pursuant to the terms of the CBA, a grievant is required to seek relief "within twenty (20) days after the event giving rise to the grievance occurred." The arbitrator ruled that K.T.'s grievance was timely because "the event giving rise to the grievance" was August 2, 2017, the date when Minneapolis Public Schools provided the federation written notice of its denial of "wellness pay" benefits. Therefore, the arbitrator concluded, the August 11, 2017 date for filing of the grievance was within 20 days of "the event giving rise to the grievance" and was timely. Minneapolis Public Schools argues that the district court erred by deferring to the arbitrator's finding that K.T.'s grievance was timely because (1) K.T. was no longer a teacher at the time the grievance was filed, and (2) the "event giving rise to the grievance" took place well before the filing of her grievance in August of 2017.

¹ Minneapolis Public Schools frames this as an issue of both timeliness and arbitrability. However, "arbitrability" does not appear to be here disputed. The issue presented is one of timeliness—i.e., when the event giving rise to the grievance occurred, and whether the grievance was filed at an appropriate time so as to permit arbitration. Furthermore, the arbitrator clearly had authority to decide such issues as they derive from the CBA. *See* Minn. Stat. § 572B.06(b) (2020) ("[I]n the case of a grievance arising under a collective bargaining agreement . . . an arbitrator shall decide" arbitrability.).

The arbitrator is the “final judge of both law and fact, including the terms of any contract.” *Minn. Ass’n of Prof’l Emps.*, 504 N.W.2d at 754. The arbitrator’s determination as to what constituted “the event giving rise to the grievance” necessarily involved questions of both law and fact. Therefore, the arbitrator’s determination regarding this issue “will not be reviewed or set aside for mistake of either law or fact.” *Id.* As such, it was proper for the district court to defer to the arbitrator on this issue, and we affirm the district court.

B. Interpretation of the “Wellness Pay” Provisions

Minneapolis Public Schools argues that the arbitrator “exceeded his authority by modifying the language of the CBA” when he found that K.T. was not required to retire from employment with Minneapolis Public Schools in order to trigger eligibility for “wellness pay” benefits.

It is important to first note that except as related to the issue of timeliness as described above, Minneapolis Public Schools does not claim that the grievance filed by the federation and pursuant to the terms of the CBA is not arbitrable. Nor does the record suggest that arbitrability of the grievance related to the CBA terms was raised during arbitration or to the district court.

However, a claim that an arbitrator exceeded his authority in making an award necessarily implicates arbitrability—whether the determinations made by an arbitrator were “within his authority to decide.” *Liberty Mut. Ins. Co. v. Sankey*, 605 N.W.2d 411, 414 (Minn. App. 2000). Insofar as appellant challenges the arbitrator’s interpretation of the CBA as exceeding his authority, such challenge is not properly before us. *See Minn.*

Stat. § 572B.06(b) (arbitrator decides arbitrability in cases involving interpretation of a collective bargaining grievance). Furthermore, any claims that the arbitrator misinterpreted the CBA apart from arguments relating to arbitrability are similarly outside our narrow scope of review, as the arbitrator was the “final judge of both law and fact, including the interpretation of the terms of any contract.”² *Minn. Ass’n of Prof’l Emps.*, 504 N.W.2d at 754. For these reasons, we affirm the district court.

C. Constitutional Issues

Finally, Minneapolis Public Schools argues that reversible error occurred when the arbitrator made several improper constitutional determinations. Citing *Cleveland Bd. of Educ. v. Loudermill*, 470 U.S. 532, 105 S. Ct. 1487 (1985), the arbitrator concluded: “The School District denied [K.T.] property and failed to afford [K.T.] due process” by “refus[ing] ‘wellness pay’/severance pay . . . without fully informing the employee of the circumstances under which her property rights will be terminated.” Minneapolis Public Schools argues that this impermissible determination requires reversal.

We agree that an arbitrator may not decide constitutional issues. *McGrath v. State*, 312 N.W.2d 438, 442 (Minn. 1981) (“The fact that we decline to interfere with the arbitration process does not confer upon the arbitrator the right to decide constitutional

² Even were we to consider Minneapolis Public Schools’ argument that the arbitrator materially misread and misinterpreted the language of the CBA, we disagree. Minneapolis Public Schools argues that K.T. was required to retire at that time of her separation from Minneapolis Public Schools. However, no language in this provision requires that a teacher must do so—the only requirements are that (1) a teacher be eligible to retire at the time of separation from Minneapolis Public Schools and (2) be at least fifty-five years of age. The arbitrator was correct when it noted that K.T. met both of these qualifications, and thereby qualified for “wellness pay.”

issues . . . [A]rbitrators are without such authority in Minnesota.”); *see also County of Hennepin v. Law Enf’t Labor Servs., Inc., Local No. 19*, 527 N.W.2d 821, 825 (Minn. 1995). However, we do not find this error to require reversal.

Both *McGrath* and *County of Hennepin* reiterate that arbitrators may not decide constitutional claims. However, they do not stand for the proposition that an impermissible constitutional determination requires reversal of an arbitrator’s award which is otherwise based upon proper grounds and Minneapolis Public Schools has cited no authority directing such a result. Instead, the supreme court in *McGrath* specifically examined a situation in which a case involving both claims under a collective bargaining agreement and other constitutional claims were presented to an arbitrator. *See McGrath*, 312 N.W.2d at 441. No constitutional claim was here raised as it was addressed by the arbitrator *sua sponte*.

In this case, the arbitrator’s permissible determinations—that the grievance was timely and that the CBA provided for the “wellness pay” benefit—were made solely upon his review of the CBA and consistent with his role as the arbitrator. It is these determinations we review and affirm. The fact that the arbitrator impermissibly, and alternatively, reached the same result via a constitutional basis does not mandate reversal of an otherwise valid award.

Affirmed.