

NOTE TO REVIEWER
OMB No. 1215-0188

The information requirements of the Labor-Management Reporting and Disclosure Act (LMRDA) are currently approved under OMB # 1215-0188, with an expiration date of November 30, 2006. The currently approved collection includes Forms LM-1, LM-2, LM-3, LM-4, LM-10, LM-15, LM-15A, LM-16, LM-20, LM-21, LM-30, and S-1. This information collection was submitted to OMB on September 8, 2006 for a three-year renewal. However, prior to OMB action on that request, the Department published a final rule on September 29, 2006 issuing another LMRDA form-- Form T-1, Trust Annual Report. The following information collection submission combines the continuing approval submission for all current forms and the submission of Form T-1 into one collection under 1215-0188. Because Form T-1 was previously approved by OMB but not issued as initially submitted due to circumstances explained below, it is considered a revision of an existing collection.

Form T-1, Trust Annual Report

In December 2002, the Department proposed to substantially revise Form LM-2, Labor Organization Annual Report, which is filed by the largest labor organizations. The proposed rule also included a new Form T-1 to be filed by Form LM-2 filers to report on trusts in which the union held an interest. The Department received over 35,000 comments. After consideration of the comments, the Department issued its new union financial reporting rule on October 9, 2003.

In November 2003, the AFL-CIO filed a complaint against the Department, challenging the rule. The rule was upheld on its merits by the district court, but on appeal the Court of Appeals for the District of Columbia Circuit in 2005 vacated the rule relating to Form T-1. In light of the decision by the D.C. Circuit and guided by its opinion, the Department has again reviewed the proposal as it related to the Form T-1 and the comments received on the proposal. The final Form T-1 rule is based on that review.

OLMS previously submitted to, and received approval from, OMB for the projected reporting and recordkeeping burdens associated with Form T-1. As the requirements of the Form T-1 have been narrowed, the reporting and recordkeeping burden are less than the previously approved burden.

This information collection does not include a forthcoming final rule revising Form LM-30, Labor Organization Officer and Employee Annual Report,

The Government Paperwork Elimination Act, Title XVII of Public Law 105-277, requires public agencies to provide the public with the option of maintaining, submitting, or disclosing required information collections electronically when practicable. OLMS is in compliance with this requirement.

**PAPERWORK REDUCTION ACT
LABOR ORGANIZATION AND AUXILIARY REPORTS
SUPPORTING STATEMENT**

A. JUSTIFICATION

1. Congress enacted the Labor-Management Reporting and Disclosure Act (LMRDA), 29 U.S.C. 401 et. seq., to provide for the disclosure of information on the financial transactions and administrative practices of labor organizations. The statute also provides, under certain circumstances, for reporting by labor organization officers and employees, employers, labor relations consultants, and surety companies. In addition, the statute requires: (a) the maintenance and retention of supporting records for five years after the required reports are filed, and (b) the preservation for one year of records of elections of union officers. Section 208 of the Act authorizes the Secretary to issue rules and regulations prescribing the form of the required reports and such other rules and regulations (including rules prescribing reports concerning trusts in which a labor organization is interested) as may be necessary to prevent circumvention or evasion of the reporting requirements.

The LMRDA reporting provisions were devised to protect the basic rights of union members and to guarantee the democratic procedures and financial integrity of labor organizations. The 1959 Senate report on the version of the bill later enacted as the LMRDA stated clearly, “the members who are the real owners of the money and property of the organization are entitled to a full accounting of all transactions involving their property.” A full accounting was described as “full reporting and public disclosure of union internal processes and financial operations.”

The LMRDA applies to unions with private sector employees working in interstate commerce within the meaning of sections 3(i) and (j) of the LMRDA, 29 U.S.C. 402(i) and (j), and unions composed of U.S. Postal Service employees. Unions that represent employees of the executive branch agencies of the Federal Government, the Library of Congress, the Government Printing Office, and certain employees of the U.S. Congress are subject to the standards of conduct requirements of the Civil Service Reform Act (CSRA), 5 U.S.C. 7120, the Foreign Service Act (FSA), 22 U.S.C. 4117, or the Congressional Accountability Act of 1995 (CAA), 2 U.S.C. 1301. The Acts and the implementing regulations provide that in administering the standards of conduct, the Assistant Secretary will be guided by the interpretations and policies followed by the Department of Labor in applying provisions of the LMRDA. In addition, the regulations specifically incorporate by reference the LMRDA reporting and record retention requirements of labor organization information, annual financial, and trusteeship reports, as well as the requirement for the preservation of election records.

The following is a list of the reporting forms, their regulatory and legislative citations, and a brief description of each form's usage.

LM-1, Labor Organization Information Report, 29 CFR 402, 29 U.S.C. 431(a). All labor organizations are required to file a Form LM-1 concerning the organization and its governing rules, including copies of its constitution and bylaws, within 90 days after it becomes subject to the LMRDA, CSRA, FSA, or CAA. Labor organizations are also required to file an amended Form LM-1 to report certain changes to this information when they file the annual financial report.

LM-2, Labor Organization Annual Report, 29 CFR 402.5 and 403.3; 29 U.S.C. 431(b). Every labor organization whose total annual receipts are \$250,000 or more and those organizations which are in trusteeship must file an annual financial report on Form LM-2 within 90 days after the end of its fiscal year, to disclose its financial condition and operations for its preceding fiscal year. This reporting form is also used by such labor organizations to file a terminal report if they cease to exist. This report must be filed electronically.

LM-3, Labor Organization Annual Report, 29 CFR 402.5 and 403.4; 29 U.S.C. 431(b). Every labor organization that is not in trusteeship whose total annual receipts are less than \$250,000, may elect to file a simplified report, Form LM-3. Labor organizations qualified to use this form may also use it to file the required terminal report if they cease to exist.

LM-4, Labor Organization Annual Report, 29 CFR 402.5 and 403.4; 29 U.S.C. 431(b). Every labor organization that is not in trusteeship whose total annual receipts are less than \$10,000, may elect to file an abbreviated report, Form LM-4. Labor organizations qualified to use this form may also use it to file the required terminal report if they cease to exist.

LM-10, Employer Report, 29 CFR Part 405, 29 U.S.C. 433(a). Every employer, who in any fiscal year has made payments to or other financial arrangements with a union, its officers, its agents or its employees; payments to employees for the purpose of causing them to persuade other employees with respect to their bargaining and representation rights; payments for the purpose of interfering with employees in the exercise of their bargaining and representation rights, or obtaining information on employee or union activities in connection with labor disputes involving their company; and arrangements (and payments made under these arrangements) with a labor relations consultant for the purpose of persuading employees with respect to their bargaining and representation rights, or for obtaining information concerning employee activities in a labor dispute involving their company is required to file an annual report on Form LM-10 within 90 days after the end of its fiscal year.

LM-15, Trusteeship Report, 29 CFR Part 408, 29 U.S.C. 461. Every labor organization that assumes a trusteeship over a subordinate labor organization is required to file an initial Form LM-15 within 30 days after imposition of the trusteeship. Every labor organization that files the initial report is required to file a semi-annual report on Form LM-15 during the continuance of the trusteeship.

LM-16, Terminal Trusteeship Report, 29 CFR Part 408, 29 U.S.C. 461. Every labor organization that has assumed a trusteeship over a subordinate labor organization is required to file a terminal trusteeship report on Form LM-16 within 90 days of the termination of the trusteeship along with a terminal trusteeship financial report on Form LM-2.

LM-20, Agreement and Activities Report, 29 CFR Part 406, 29 U.S.C. 433(b). Every labor relations consultant or other person or organization that makes an agreement or arrangement with an employer to undertake activities with the object to persuade employees how to exercise their right to organize and bargain collectively or to supply an employer with information concerning the activities of employees or a labor organization involved in a labor dispute with the employer is required to file a report on Form LM-20 on the nature of the agreement and specific details on the activity to be performed. Form LM-20 must be filed

within 30 days of entering into the agreement.

LM-21, Receipts and Disbursements Report, 29 CFR Part 406, 29 U.S.C. 433(b). Every labor relations consultant or other person or organization that is required to file the preceding agreement and activities report (Form LM-20), and who as a result of such agreement or arrangement received any payment during the fiscal year, is required to file within 90 days after the end of its fiscal year a detailed report on Form LM-21 of receipts from employer(s) and disbursements made by the filer in connection with labor relations advice or services provided to the employer(s).

LM-30, Labor Organization Officer and Employee Report, 29 CFR Part 404, 29 U.S.C. 432. Every labor organization officer and employee who in a fiscal year holds or has held certain economic interests, received certain payments, or is involved in financial transactions that could indicate possible conflicts of interest, is required to file a Form LM-30 within 90 days after the end of his/her fiscal year.

S-1, Surety Company Annual Report, 29 CFR Part 409, 29 U.S.C. 441. Each surety company which issues a bond required by Section 502 of the LMRDA or Section 412 of ERISA is required to file a report within 150 days after the end of its fiscal year describing its bonding experience under the Acts. The report provides for detailed information on premiums, loss data, and specific items of losses occurring during the report year.

T-1, Trust Annual Report, 29 CFR Part 403, 29 U.S.C. 431(b). Each labor organization with total annual receipts of \$250,000 or more must file a Form T-1 for each trust in which it is interested pursuant to section 3(l) of the LMRDA where certain conditions are met: the union's financial contribution to the trust was \$10,000 or more during the year; the trust had \$250,000 or more in annual receipts; and the union, either alone or in combination with other unions, selects a majority of the members of the trust's governing board or the union's contribution to the trust, alone or in combination with other unions, represents greater than 50% of the trust's revenue in the one-year reporting period. There are four exceptions to the Form T-1 requirements, and unions will not, therefore, be required to file a Form T-1 for: (1) a political action committee (PAC) fund, if publicly available reports on the fund are filed with federal or state agencies; (2) a political organization for which reports are filed with the Internal Revenue Service under 26 U.S.C. 527; (3) an employee benefit plan filing a complete and timely report under the Employee Retirement Income Security Act ("ERISA"); and (4) a trust or trust fund for which an independent audit has been conducted, in accordance with the standard set forth in the final rule, if the audit is made publicly available. Under this exception the labor organization must file the first page of the Form T-1 and a copy of the audit. This submission contains the revised Form T-1. Form T-1 must be filed electronically.

Simplified Annual Report Format, 29 CFR Part 403, 29 U.S.C. 431(b). Extremely small labor organizations (those with no assets, liabilities, receipts or disbursements during the fiscal year) are permitted to have their parent national or international labor organization file the annual financial report on their behalf in a simplified format.

Under this request, the Office of Labor-Management Standards (OLMS) is seeking approval to extend for three years the expiration of a single approval date for all OLMS forms.

2. Pursuant to §205 of the LMRDA, the purpose of the reporting requirements is the public disclosure of administrative information and financial reports for covered labor organizations,

labor organization employees and officers, employers, and other entities. The information supplied on the reports is used primarily by 1) union members to self-govern their unions; 2) the Department of Labor and other government agencies to detect improper practices on the part of labor organizations, their officers, and/or representatives and other filers; and 3) the Congress in oversight and legislative functions. The general public, the media, and researchers may also use the information for their own purposes.

Violations of Title II and Title III LMRDA reporting requirements may be subject to civil action by the Secretary of Labor or may be referred to the Department of Justice for appropriate criminal action. Certain receipts or transactions reported may also involve violations of other Federal laws and may be referred to the Department of Justice for appropriate criminal action.

Since June 2002, an Internet Web site (www.union-reports.dol.gov) makes it possible for anyone to view union annual financial reports, conduct data searches, and display the results in a number of user-definable reports, free of charge. Individuals can view and print facsimiles of reports for year 2000 and later and the reports are searchable by a variety of criteria, including union name, file number, affiliation, designation name and number, and location. The OLMS Web site also features a powerful search system where users can search for specific labor organizations. Users can obtain information about labor organization officers and employees and payers and payees, define the scope of the search to be conducted, and generate a number of reports using the search results. Users can also download archive files that contain raw data in pipe delimited format of union financial information as reported for public disclosure.

Reports filed by employers, labor relations consultants, and union officers and employees for year 2000 and later can also be viewed at the Web site and earlier reports can be ordered there.____

Copies of every report submitted are also maintained for public inspection and copying, upon request, at the U.S. Department of Labor, Room N-1519, 200 Constitution Avenue, NW, Washington, D.C. 20210. OLMS receives approximately 210 requests per month for public disclosure of reports.

3. OLMS has developed an Electronic Labor Organization Reporting System (e.LORS) that utilizes electronic technology to collect, maintain, and disclose the information OLMS collects. The objectives of the e.LORS system include the electronic filing of Forms LM-2, LM-3, and LM-4, and T-1; disclosure of reports via a searchable Internet database; improving the accuracy, completeness and timeliness of reports; and creating efficiency gains in the reporting system. Effective use of the system reduces the burden on reporting organizations, provides increased information to union members, and enhances LMRDA enforcement by OLMS. The Department recently developed an enhanced e.LORS system for the revised Form LM-2 and Form T-1.

The Government Paperwork Elimination Act, Title XVII of Pub. L. 105-277, requires public agencies to provide the public with the option of maintaining, submitting, or disclosing required information collections electronically when practicable. OLMS has developed software that permits filers to complete all of the reporting forms electronically. The software for completing all forms electronically is available on the OLMS Web site.

4. Other than certain financial data received by the Internal Revenue Service (IRS), there is no

duplication of existing labor organization reporting requirements, nor is similar information required by any other federal agency or statute.

To prevent duplication with the forms, a labor organization is not required to report a Political Action Committee (PAC) fund, if publicly available reports on the PAC's funds are filed with federal or state agencies. Similarly, a labor organization is not required to file a Form T-1 for a political organization for which reports are filed with the IRS under 26 U.S.C. 527 or for an employee benefit plan which has filed a complete and timely report with the Department of Labor under ERISA.

The Form LM-30 requires union officers and employees to report payments from employers. Form LM-10 requires employer to report, among other things, payments to union officers and employees. This results in duplicate reporting, a result mandated by Congress in designing parallel reporting schemes to facilitate compliance. See 29 U.S.C. §§ 432, 433.

- 5.** This information collection does not have a significant economic impact on a substantial number of small entities.
 - 6.** The LMRDA explicitly sets the frequency of required filings so any change would require a statutory amendment. If the information were collected less frequently OLMS would not have current information available to make the essential public disclosure and to conduct enforcement and oversight activities.
 - 7.** The only special circumstance that requires this collection to be conducted in a manner inconsistent with the general guidelines in 5 CFR 1320.6 is that records necessary to verify the required reports must be maintained for at least five years after the report is filed. The five-year retention period is established by the LMRDA (LMRDA Sec. 206, 29 U.S.C. 436).
 - 8.** A Notice was published in the Federal register on June 6, 2006 soliciting comments on the information collection. Public comments received will be summarized as will steps taken by OLMS to address these comments. Comments received in regard to cost and hour burden will specifically be addressed.
- With the exception of Form T-1, the information collections remain unchanged and DOL contacts with respondents through various stakeholder meetings, feedback from compliance assistance activities, and feedback received through the OLMS Public email list-serv have not indicated any substantive problems with providing the information required on the forms during this period.
- 9.** OLMS does not provide any payment or gift to respondents.
 - 10.** The contents of the reports filed pursuant to the LMRDA reporting requirements are by law public information. Therefore, no assurances of confidentiality are provided.
 - 11.** There is no sensitive information collected on the form.
 - 12.** Exhibit 1 details the annualized reporting and recordkeeping burden for all OLMS public disclosure forms and Exhibit 2 details the annualized respondent cost estimates for all the forms. These numbers reflect filing figures based on the total number of filers submitting an original report in fiscal year 2005 for all forms except Forms LM-10 and LM-30 and Form T-1.

Because of increased compliance assistance and enforcement measures during fiscal year 2006 pertaining specifically to Forms LM-10 and LM-30, the Department is using the number of filings during fiscal year 2006 for these forms in order to reflect these assistance and enforcement efforts. Between October 1, 2005 and September 22, 2006, the Department received 1,741 Form LM-10 reports and 4,348 Form LM-30 reports. However, some respondents mistakenly submitted reports with no reportable transactions, i.e, blank forms. Of the 1,741 Form LM-10 reports submitted, 389 were blank; of the 4,348 Form LM-30 reports submitted, 882 were blank. The submission of blank forms is being eliminated through continuing compliance assistance. Therefore, for purposes of estimating the number of respondents for this three year approval, the Department has removed the number of submitted blank forms from its totals, leaving 1,352 Form LM-10's and 3,466 Form LM-30's.

The figures used by the Department in determining the Form T-1 burden are derived from the Department's computations based on assumptions, rounded to the nearest hundredth, published in the 2003 rule. 68 FR 58433. Both the Form LM-2 and the Form T-1 have the same filing dollar threshold, \$250,000 or more in receipts. For today's rule, baselines and other estimates (such as whether union, trust, or outside personnel will complete the form) for the Form T-1 will be assumed to parallel those of the revised Form LM-2. Filers of Form T-1 will be a subset of the Form LM-2 filers, i.e., those Form LM-2 filers that participate in a section 3(l) trust will be required to file the Form T-1 when other criteria, as explained above, are met. In reaching its estimates, the Department considered both the one-time and recurring costs associated with the final rule. Separate estimates are included for the initial year of implementation as well as the second and third years. For filers, the Department included separate estimates, based on the relative size of unions as measured by the amount of their annual receipts.

EXHIBIT 1
ANNUALIZED REPORTING AND RECORDKEEPING BURDEN

Form	Responses	Hours Per Respondent for Reporting	Reporting Burden Hours	Hours per Respondent for Recordkeeping	Recordkeeping Burden Hours	Total Hours
LM-1	255	0.83	212	0.08	20	232
LM-2	3,827	146.00	558,742	390.00	1,492,530	2,051,272
LM-3	10,812	52.00	562,224	64.00	691,968	1,254,192
LM-4	6,355	8.00	50,840	2.00	12,710	63,550
LM-10	1,352	0.50	676	0.08	108	784
LM-15	354	1.50	531	0.33	117	648
LM-15A	68	0.33	22	0.03	2	24
LM-16	95	0.33	31	0.02	2	33
LM-20	90	0.33	30	0.03	3	33
LM-21	11	0.50	6	0.08	1	7
LM-30	3,466	0.50	1,733	0.08	277	2,010
S-1	179	0.50	90	0.08	14	104
T-1	1,664	17.1	28,454	28.2	46,925	75,379
SARF*	543	0.17	92	0.03	16	108
Total Annualized	29,071	--	1,203,683	--	2,244,693	3,448,376

Note: Some numbers may not add due to rounding

* Simplified Annual Report Format

Exhibit 2 shows estimates of the annualized cost to respondents for the hour burdens for the information collection. Source information for non-union salaries is from the 2004 BLS National Compensation Survey, which is the most recent survey available. Source information for union salaries is taken directly from annual reports filed with OLMS during the most recently completed reporting fiscal year, 2005.

EXHIBIT 2
ANNUALIZED RESPONDENT COST ESTIMATES

Form	Responses	Burden Hours	Cost
LM-1	255	232	\$8,331
Revised LM-2	3,827	2,051,272	\$48,348,891
LM-3	10,812	1,254,192	\$15,182,747
LM-4	6,355	63,550	\$381,936
LM-10	1,352	784	\$10,976
LM-15	354	648	\$27,631
LM-15A	68	24	\$1,483
LM-16	95	33	\$2,039
LM-20	90	33	\$1,394
LM-21	11	7	\$296
LM-30	3,466	2,010	\$88,630
S-1	179	104	\$2,442
T-1	1,664	75,379	\$2,078,336
SARF*	543	108	\$1,749
Total Annualized	29,071	3,448,376	\$66,136,881

Note: Some numbers may not add due to rounding

* Simplified Annual Report Format

13. There are no operation and maintenance costs to respondents or recordkeepers resulting from the collection of information beyond the cost of the burden hours addressed in Item 12. Any capital investments including computers and software that are usual and customary expenses incurred by persons in the normal course of their business are excluded from the regulatory definition of burden as capital investments.

14. Exhibit 3 provides a summary of federal costs associated with the various reporting requirements. Federal estimated costs include costs for contractors and operational expenses such as equipment, overhead, and printing as well as salaries and benefits for the OLMS staff in the National Office and field offices who are involved with reporting and disclosure activities. These estimates include time devoted to: (a) receipt and processing of reports; (b) disclosing reports to the public; (c) obtaining delinquent reports; (d) reviewing reports, (e) obtaining amended reports if reports are determined to be deficient; and (f) providing compliance assistance training on recordkeeping and reporting requirements.

EXHIBIT 3

ANNUALIZED FEDERAL COST ESTIMATES

National Office	\$3,480,167
Field Offices	<u>\$3,417,159</u>
Total	\$6,897,326

15. A decrease of 988,656 annualized burden hours attributable as a program change is noted in Item 13 on OMB Form 83-1. OLMS' current OMB inventory is 4,437,032 hours; OLMS is projecting that the renewed forms and Form T-1 will require 3,448,376 hours. This change is the result of the narrowed Form T-1 requirements, which is expected to substantially reduce the number of Form T-1 filers. However, as indicated in the "Note to Reviewer," a final rule revising Form LM-30 is forthcoming and will result in an increase in the annualized burden hours.

16. OLMS does not publish the results of collections of information.

17. OLMS is not seeking an exemption to the display of the expiration date of the OMB approval of the information collection.

18. OLMS is not requesting any exceptions to the certification statement required by the Paperwork Reduction Act. OLMS is able to certify compliance with all provisions under Item 19 of OMB Form 83-1.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This information collection does not employ statistical methods.