

UNITED STATES DEPARTMENT OF LABOR  
OFFICE OF LABOR-MANAGEMENT STANDARDS

Labor Organization Annual Financial Reports: LM Form Revisions  
RIN 1245-AA10

COMMENTS ON BEHALF OF  
THE AMERICAN POSTAL WORKERS UNION, AFL-CIO

The American Postal Workers Union, AFL-CIO (APWU) submits these comments in opposition to the proposal issued by the Office of Labor-Management Standards (OLMS) on October 13, 2020 to make various revisions to the Form LM-2. 85 FR 64726 (Oct. 13, 2020). The LM-2 Form is already an extensive form that ranges from approximately 1,000 pages to 10,000 pages. The proposed rule to expand the form would unnecessarily double the amount of time it would take to fill out these forms and provide unions with additional costs at its members' expense.

The APWU is a national labor organization representing employees of the United States Postal Service and dedicated to advancing the interests of its members and their families. The APWU has hundreds of locals and state affiliates. Representing more than 200,000 employees in every state and territory in the United States, the APWU is one of the largest unions of postal workers in the world. It is the exclusive bargaining representatives for Postal Service employees in the Clerk, Motor Vehicle Service, and Maintenance crafts. In addition, the APWU represents employees in Support Services, workers in Material Distribution Centers, Information Service Centers, Mail Equipment Shops, and Operating

Services Facilities. The APWU also represents private-sector employees who work for Postal Service contractors.

Although OLMS has not provided sufficient justification to warrant any changes to the Form LM-2, this comment focuses on the increased burden of certain proposed changes to the Form LM-2. In short, OLMS proposes certain categories of receipts and disbursements of \$5,000 or more, or aggregating to \$5,000 or more, are itemized. Notably, Schedule 3—Sales of Investments and Fixed Assets, and Schedule 4—Purchase of Investments and Fixed Assets are each split into two categories and require itemization. Additionally, the Department proposes certain revenue items must be itemized on newly created schedules: Dues and Agency Fees; Per Capita Tax; Fees, Fines, Assessments, Work Permits; Sales of Supplies; Rents; On Behalf of Affiliates for Transmittal to Them; and From Members for Disbursement on Their Behalf. Lastly, OLMS introduces two new functional categories by splitting both Political Activities and Lobbying, and Representational Activities.

OLMS estimates that each new schedule “would result in 5 hours of new burden, 4.4 hours of recordkeeping burden, and 0.6 hours of reporting burden.” 85 FR 64726, 64753 (October 13, 2020). And OLMS estimates the transition will impose “32.5 hours in nonrecurring recordkeeping burden and 44.3 in nonrecurring reporting burden hours.” 85 FR at 64748 (October 13, 2020). Based on our experience, OLMS grossly underestimates the burden of its proposed changes.

## I. Schedule 3—Sales of Investments and Fixed Assets and Schedule 4—Purchase of Investments and Fixed Assets

OLMS's proposal to address investments and fixed assets separately and to itemize each schedule with the name of the purchaser and the date of the transaction changes unjustifiably adds a significant amount of time to reporting.

OLMS proposes that transactions of \$5,000 or more, or aggregating to \$5,000 or more, in a union's investment portfolio be itemized. This information is not currently collected by the APWU or the investment custodian. Likely, the APWU will have to request that the custodian document every investment transaction on a newly generated form. Each transaction will have to be catalogued, even those less than \$5,000, in case the union buys or sells an investment to the same entity at a later date, which then totals over \$5,000.

The implementation of a completely new requirement on all investment transactions will likely take dozens of hours. This one change alone will likely account for the entire non-reoccurring costs OLMS estimates. Moreover, the documentation of every transaction onto a new form will cost dozens of hours per year. Then, each transaction will have to be catalogued, analyzed, and inserted into the Form LM-2, as required. This will likely increase every Form LM-2 by hundreds of pages. OLMS estimates this will impose 20 additional hours per year. It will easily surpass twice that.

## II. New Revenue-Side Itemization

OLMS's new revenue-side itemization would also surpass the additional 5 hours projected per schedule and would require a reprogramming of the APWU's

accounting system. OLMS proposes certain revenue items be itemized on newly created schedules: Dues and Agency Fees (Item 36); Per Capita Tax (Item 37); Fees, Fines, Assessments, Work Permits (Item 38); Sales of Supplies (Item 39); Rents (Item 42); On Behalf of Affiliates for Transmittal to Them (Item 47); and From Members for Disbursement on Their Behalf (Item 48). Each new schedule, OLMS estimates, will cost 5 hours per year.

OLMS's estimate for the new revenue schedules is irreconcilable with its other estimates. For example, OLMS also proposes raising the triggering amount for reporting on Schedule 1 and Schedule 8 from \$5,000 to \$7,500 and estimates that this reduction of line items will reduce the union's burden by 5 hours. Reducing line items in Schedule 1 and Schedule 8, OLMS estimates, will offset the addition of completely new categories. But the implementation of new categories imposes a significantly higher burden than just the new line items it imposes.

The APWU will have to reprogram the transactions that are pulled from the general ledger and placed onto the Form LM-2. This program currently does not pull transactions from the revenue side. The process of reprogramming will be extremely burdensome.

The APWU had to reprogram the transactions pulled from its general ledger following the changes to the Form LM-2 in 2003. The APWU's CPA described the 2003 transition as a "nightmare." The APWU has already taken significant time and expense to adopt systems designed to comply with the current LM-2 reporting requirements. At a minimum, the APWU and presumably other unions would

require several years and much expense to implement changes to systems and processes to comply with the contemplated reporting requirements.

The Department should recognize that imposing the itemization of entirely new categories will create a significantly greater burden than simply the addition of new line items.

### III. Functional Splits of Representational Activities and Political Activities and Lobbying

Lastly, the Department proposes splitting Representational Activities into two different categories: Contract Negotiation and Administration. The Department also proposes splitting Political Activities and Lobbying into two categories: Political Activities and Lobbying.

The addition of new functional categories significantly complicates the reporting process and offers no discernable benefit for the APWU's members. New functional categories significantly increase the reporting burden because only itemization of \$5,000 or more, or that aggregates to \$5,000, within one category must be itemized. If the APWU pays a printer \$4,000 for a Lobbying expense and pays the same printer \$4,000 for a Political Activity expense, this would not have to be itemized. Not only does the APWU have to track any entity that receives more than \$5,000 in a year, but it also must calculate the type of expense before knowing whether it must be itemized. As OLMS field investigators note, this actually "reduce[s] transparency by limiting the number of itemized transactions." 85 FR at 64732. Moreover, if a member is interested in figuring out how much money the APWU gave to a given printer, they would have to look across multiple schedules.

Moreover, dividing the categories in our accounting system will be very burdensome, as it will require thousands of additional project codes for LM-2 reporting.

The addition of new functional categories significantly increases the reporting burden while simultaneously decreasing transparency.

#### IV. Conclusion

The Form LM-2 is already incredibly burdensome. In 2009, OLMS withdrew a similar proposal to expand the Form LM-2 because it “may have underestimated the increased burden that the rule would place on reporting labor organizations.” 74 FR 52401, 52402 (Oct. 13, 2009). OLMS has repeated its mistake and again underestimated the burden. OLMS is now proposing that the APWU radically restructure its procedures for complying with these new changes. The new proposals add many more layers of complexity and burden which will be costly and time-consuming, both at the expense of its members.